

EXECUTIVE SUMMARY



TAPESTRY NORTHRIDGE



PASSCO NORTHRIDGE DST | 120 PARKWAY DRIVE | JACKSON, MISSISSIPPI 39211

THE PROPERTY

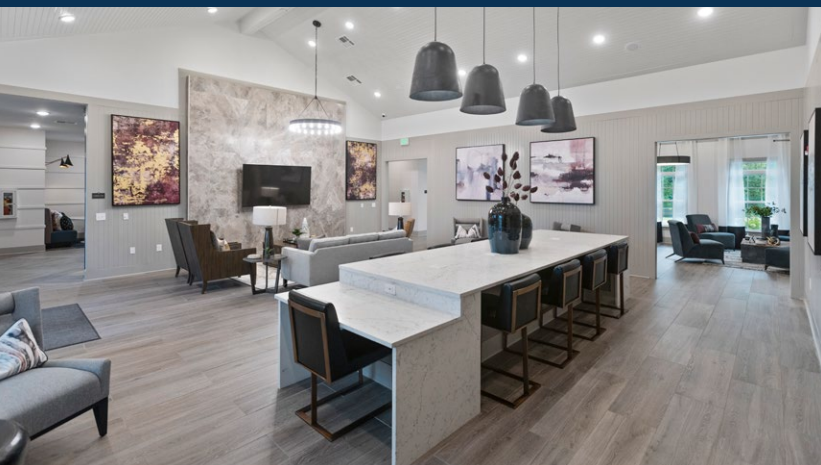
- 220-unit apartment community completed in 2021. The property is comprised of ten 3-story residential buildings situated on approximately 14.38 acres, offering a mix of 1, 2 and 3-bedroom units.
- Unit amenities include gourmet kitchen with subway tile backsplash, stainless steel appliances, eat-in kitchen islands, pantry, custom cabinetry, wood design plank flooring, full size washer/dryers, walk-in closets, ceiling fans and private balconies/patios.
- Community amenities include a resort-style saltwater pool with sun deck, clubhouse with cyber cafe, fitness center with yoga studio, lawn gaming, gourmet coffee and tea bar, dog park and pet spa, grilling terrace with seating and multiple outdoor lounges.

THE INVESTMENT OPPORTUNITY

- Tapestry Northridge is within commuting distance to the area's largest employers – University of Mississippi Medical Center, St. Dominic Hospital and Mississippi Baptist Medical Center, among others.
- Year-over-year asking rent increased by 6.5% in Jackson, far outperforming the region's pre-pandemic figures.
- According to Axiometrics, there is no new supply for apartments in the Jackson market.
- The property is in a more affluent northeast suburb of the Jackson MSA; the education attainment levels and median household income levels within a 1-mile radius exceed the levels in the Jackson MSA.

This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum. Reference is made to the memorandum for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the memorandum. All potential investors must read the memorandum and no person may invest without acknowledging receipt and complete review of the memorandum.

EXECUTIVE SUMMARY



BUSINESS PLAN

The following is a summary of the Master Tenant's intended business plan for the operation of the property. The Trust may be responsible for paying for some of these items.

OPERATING AND MARKETING STRATEGY

The strategy is to use the Property's extensive amenities, unit finishes, and access to major arteries to achieve and maintain market occupancy, increase rental rates based on market dynamics, increase ancillary revenue opportunities, and monitor/control expenses and reserves to maximize investment performance. The Master Tenant will develop a marketing strategy to attract employees of nearby, high-paying employers.

As a condition of entering the Master Lease, the Master Tenant required that the following amenities be added, and changes be made, to the Property to help attract prospective residents.

- Dog Park enhancements which include new agility equipment, shade sails, water source, and seating. This will appeal to dog owners and result in additional income opportunities with increased pet deposits and pet rent fees.
- Enhanced landscaping to improve curb appeal, reduce ongoing landscaping costs by replacing mulch and pine straw with stone, and eliminate erosion.
- Additional exercise equipment in the Fitness Center.
- Add additional pool furniture and umbrellas and add pops of color to refresh and enhance the pool area.
- Prep and seal all 2nd and 3rd-floor breezeways.
- Add electric car charging stations.
- Enhance outdoor grilling area with canvas covering.

Major capital projects planned during the hold period will include; an exterior paint project, parking lot seal coat and stripe, clubhouse/model refresh and fitness center refresh.

MAXIMIZE PERFORMANCE

- Enhance the Property's website and internet marketing by engaging a firm specializing in website design and search engine optimization. The Master Tenant will design and develop a new website for the Property and commission production of community-tailored internet search advertising campaigns.
- Implement aggressive marketing campaign to reach out to local

corporations, businesses, and vendors to obtain referrals, activity sponsorships, and reciprocal business opportunities.

- Introduce and monitor increases in other income items and Property fees. This would include fee-based items such as property utility, trash removal, administrative, application, transfer, pest control, valet trash, pet deposits and pet fees.

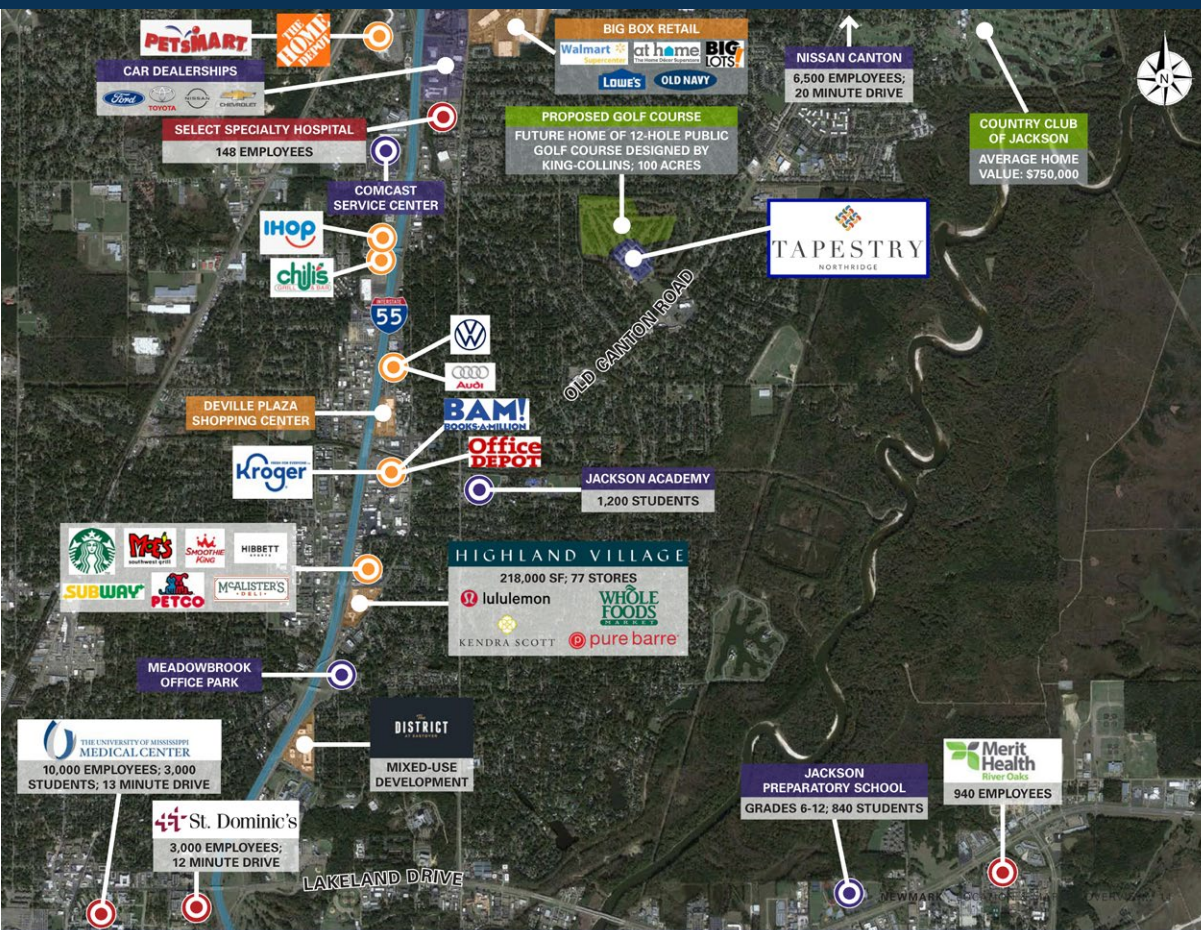
IMPROVE NEW LEASE CLOSING AND RESIDENT RETENTION

- Hire a professional recognized third-party property management company to oversee an on-site management team of experienced and enthusiastic professionals.
- Install a lease management system for the Property that targets the number of monthly lease expirations to match the seasonality of the submarket.
- Install a reputation management system that enhances the Property's online rating scores on industry rating sites as well as multiple search engine rating sites. In today's technology driven market, a property's online rating scores are critical search components for prospective residents.
- Conduct regular meetings between the Master Tenant's investment manager(s) and the regional third-party management company's staff for the purpose of reviewing the Property's performance reports including, but not limited to, new leasing activity, retention activity, pricing, marketing programs, and capital projects.
- Hold regular resident functions to foster a sense of community and therefore increase tenant retention.

IMPLEMENT ASSET MANAGEMENT PROGRAMS

- Leverage the Property Manager's "economy of scale" cost effective pricing structure on Property insurance, contractor and vendor services, and maintenance supply inventory.
- Perform annual competitive bidding of service and maintenance contracts for the Property.
- Implement an annual property tax review and tax appeal program for the Property utilizing recognized national and/or local area tax consultants.
- Implement an annual property insurance review for the Property utilizing recognized national insurance agencies.

TAPESTRY NORTHRIDGE APARTMENTS



TAPESTRY NORTHRIDGE IS A SHORT DRIVE FROM JACKSON'S MOST POPULAR RETAIL CENTERS, RESTAURANTS, AND BIG BOX STORES.

<p>THE OUTLETS OF MISSISSIPPI 325,000 SF 70 Stores</p>
<p>RENAISSANCE AT COLONY PARK 575,000 SF 81 Stores</p>
<p>HIGHLAND VILLAGE 218,000 SF 77 Stores</p>
<p>I-55 AUTO DEALERSHIPS</p>
<p>NORTH JACKSON RETAIL CORRIDOR</p>

THE MARKET

Jackson is the state capital and central city of the Jackson Metropolitan Statistical Area; the Jackson MSA 2021 estimated population is 593,346. The Jackson MSA is located at the center of the southeast within 500 miles of approximately 39% of the nation's population. The 3 largest employment sectors in the MSA are Government (20.9%), Education and Health Services (15.9%) and Professional and Business Services (12.6%). According to CoStar, as the Mississippi state capital, the government sector accounts for approximately 20% of the jobs within the Jackson MSA, providing the MSA with a stable economic base. The Jackson MSA contains over 46,000 health professionals and 1,200 businesses related to health services. There are 18 hospital facilities which include a teaching and research center, a state psychiatric hospital, a Department of Veterans Affairs facility, and 9 other private non-profit and for-profit institutions with an estimated combined hospital bed space of 5,500. The region has exposure to multiple major aerospace firms, including Eaton, Raytheon, and L-3 Vertex Aerospace, all of which have facilities within the Jackson MSA and boast a large aerospace talent pool of more than 1,000 personnel. The Jackson Metro Aeroplex, approximately 11.8 miles from the property, is an 896-acre site adjacent to the Jackson-Medger Wiley Evers International Airport, which offers 458 acres designated for aerospace manufacturing and distribution and more than 200 acres providing access to 2 large runways.

The Jackson MSA provides access to many higher education options. Jackson State University, located 10 miles south of Tapestry Northridge, is a Carnegie Foundation designated research-intensive university offering more than 90 undergraduate and graduate degree programs. University of Mississippi Medical Center, approximately 5.4 miles south of the property, is the State of Mississippi's only academic health science center, with 7 health science schools on campus. Belhaven University, Millsaps College, Mississippi College and Tougaloo College are all 4-year private liberal arts colleges offering curricula for undergraduate and graduate degree pursuits. In addition, Mississippi State University offers graduate-level courses in electrical engineering and computer engineering through the Jackson Engineering Graduate Program, a consortium administered by the University of Mississippi.

According to CoStar, Jackson's apartment market has exhibited strength since the onset of the Pandemic. The year-over-year asking rent growth rate of 6.5% is far outperforming the region's pre-Pandemic figure. With little in the immediate supply pipeline, landlords may remain in an advantageous position to raise rents over the next few quarters contingent the current economic recovery persists. CoStar forecasts the average effective rental growth rate to be 3.56%, annually, between 2022-2026. Axiometrics forecasts the average effective rental growth rate to be 2.69%, annually, between 2022-2026. In addition, CoStar and Axiometrics forecast the average annual vacancy rate to be 8.22% and 6.02% between 2022-2026, respectively.

EXECUTIVE SUMMARY



THE SUB-MARKET

Tapestry Northridge is in a more affluent northeast suburb of Hinds County in the Jackson MSA. Within a 1-mile radius of the property, education attainment levels and median household income levels exceed the levels in the Jackson MSA as a whole. The Appraisal notes that the immediate area around Tapestry Northridge is projected to experience continued growth over the near terms with respect to population, households and income levels, and given the demographics of the neighborhood, it is anticipated that demand for the property will remain stable. Abutting the property to the north lies an undeveloped land plot, which is being proposed as a future development for a 12-hole public golf course by developer King-Collins.

The property is within nearby proximity of some excellent K-12 education options and also benefits from convenient access to a variety of retail options. Jackson Academy (2 miles south), a PK-12th grade private co-educational school, boasts an overall grade of “A” according to Niche. Moreover, Jackson Academy possesses a 7:1 student-instructor ratio (compared to the national average of 17:1) and ranks 2nd of best private K-12 schools in the state of Mississippi, according to Niche. Jackson Preparatory School (5.9 miles south), a 6th-12th grade private co-educational school, possesses an overall grade of “A” according to Niche. Similar to Jackson Academy, Jackson Preparatory School has a low student-instructor ratio of 10:1 and is ranked 2nd of best private high schools in the State of Mississippi, according to Niche. Highland Village Shopping Center (2.7 miles southwest) is a 421,024 square foot community center anchored by Whole Foods Market and MAISON WEISS. Other tenants include Lululemon, Vineyard Vines, Kendra Scott and Pure Barre.

Tapestry Northridge is within commuting distance to the area’s largest employers alongside the Interstate 55 medical corridor. University of Mississippi Medical Center (5.4 miles south), the largest employer in the Jackson MSA, employs 9,750 employees and has a reported annual economic impact of approximately \$2.5 billion as of fiscal year 2019. St. Dominic Hospital (5.5 miles south) is a 571-bed acute care facility employing approximately

3,000 personnel; St. Dominic is the fourth-largest healthcare employer in the Jackson MSA and has an estimated payroll of \$234 million as of fiscal year 2019. Mississippi Baptist Medical Center (6.7 miles south), a 440-bed hospital part of Baptist Health Systems, is the third-largest healthcare employer in the Jackson MSA.

Tapestry Northridge is considered part of the North Jackson Apartment Submarket. According to Axiometrics, there is no new supply in the North Jackson Submarket and 2017 and 2020 mark the only 2 years the North Jackson Submarket has witnessed new deliveries over the past decade. For the North Jackson Submarket, CoStar forecasts annual vacancy rates to average 9.12% and effective rent growth to average 3.66%, per annum, between 2022-2026. Axiometrics projects annual vacancy rates to average approximately 6.64% and effective rental growth rates to average 2.84%, per annum, between 2022-2026.

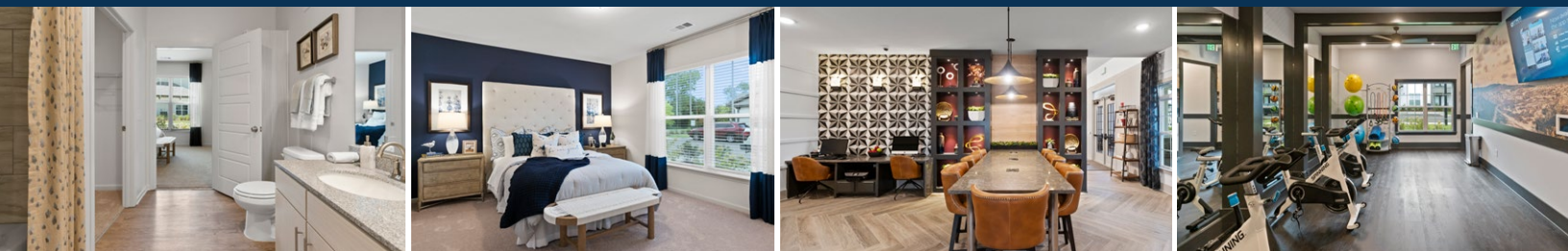


JACKSON, MISSISSIPPI MSA TOP 10 EMPLOYERS

Rank	Company Name	Employees
1	University of Mississippi Medical Center	9,750
2	Merit Health	7,000
3	Nissan	5,250
4	Baptist Health Systems	3,599
5	Cal-Maine Foods Inc.	3,500
6	St. Dominic	3,000
7	Walmart Inc.	2,725
8	AT&T	2,500
9	Ergon Inc.	2,300
10	G.V. (Sonny) Montgomery Medical Center	2,200

Source: Moody's Analytics, April 2021

EXECUTIVE SUMMARY



DEMOGRAPHICS

	Jackson, MS MSA	1-Mile Radius	3-Mile Radius	5-Mile Radius
2010 – 2021 Population Growth	1.20%	-10.76%	-6.10%	-2.80%
2021 – 2026 Population Growth	-0.07%	-4.60%	-2.41%	-1.14%
2021 Estimated Population	593,346	6,417	50,320	97,513
Average Age	38.70	39.63	37.48	38.85
% of Age 25+ w/ Bachelor's Degree or Higher	31.40%	52.77%	47.69%	48.05%
Prime Rental Age 18-34	23.64%	22.16%	25.07%	24.07%
Median Household Income	\$56,955	\$72,229	\$54,669	\$59,184
% of Households > \$100K Income	24.69%	32.52%	20.75%	25.34%
Median Home Value	\$158,957	\$152,246	\$156,046	\$167,756

Source: Claritas Analytics 2021

FLOOR PLAN SAMPLES



One Bedroom | One Bath

UNIT MIX

UNIT TYPE	UNITS	%/UNITS	SF PER UNIT*	TOTAL SF
A1: 1BR/1BA	84	38.2%	821	68,964
B1: 2BR/2BA	112	50.9%	1,108	124,096
C1: 3BR/2BA	24	10.9%	1,331	31,944
Total/Average	220	100.00%	1,023	225,004

*Total square footage divided by total number of units.



Two Bedroom | Two Bath

AMENITIES

COMMUNITY AMENITIES:

- Resort-style saltwater pool with sun deck
- An outdoor fire pit lounge
- Wi-Fi at the clubhouse and pool area
- Fitness center with a yoga studio
- Brewed gourmet coffee and tea bar
- Cyber cafe
- Grilling terrace with seating
- Lawn gaming
- Multiple outdoor lounges
- A leash-free dog park and pet spa
- Door-to-door trash pickup
- 24/7 package concierge
- Smoke Free Community Inside and Out

UNIT AMENITIES:

- Gourmet kitchens with subway tile backsplash
- Goose neck kitchen faucet with deep under mount sinks
- Stainless steel appliances
- Eat-in kitchen islands with pendant lighting
- Pantry
- 42-inch custom cabinetry
- Wood design plank flooring
- Ceiling fans
- 2-inch wood-like blinds
- Linen cabinets
- Curved shower rods
- Walk in closets
- Full size washer and dryer included
- Private patios and balconies
- Direct USB wall connections



Three Bedroom | Two Bath

TAPESTRY NORTHRIDGE APARTMENTS



RISKS

There are substantial risks in this Investment program. This Investment is speculative, is illiquid, and carries a high degree of risk – including the potential loss of the entire investment. See the “risk factors” in the accompanying Private Placement Memorandum for a complete discussion of the risks relevant to this offering. The Memorandum contains more complete information regarding the investment including the following risk factors:

- There will be no public market for the Interests.
- There is no specified time that the investment will be liquidated.
- Delaware Statutory Trusts are a relatively new vehicle for real estate investment and are inflexible vehicles to own real property.
- Investors will have no voting rights and will have no control over management of the Trust or the property.
- There is no guarantee that investors will receive any return.
- Distributions may be derived from sources other than earnings.
- The property will be subject to a Master Lease with an Affiliate of the Sponsor.
- The property will be subject to the risks generally associated with the acquisition, ownership and operation of real estate including, without limitation, environmental concerns, competition, occupancy, easements and restrictions and other real estate related risks.



- The property will be leveraged.
- The Manager, the Master Tenant and their Affiliates will receive substantial compensation in connection with the Offering and in connection with the ongoing management and operation of the property.
- The Manager, the Trust, the Master Tenant and their Affiliates will be subject to certain conflicts of interest.
- An investment in the Interests involves certain tax risks.

MARKETING CONTACTS:

BELDEN BROWN
(949) 263-7905
*Executive Vice President &
National Sales Manager*

THOMAS JAHNCKE
(949) 263-7904
Senior Vice President

ADRIANA OLSEN
(949) 263-7933
Senior Vice President

ANDY WANG
(949) 263-7934
Senior Vice President

MARCO VITULLI
(949) 263-7936
*Registered Marketing
Representative*



TAPESTRY NORTHRIDGE APARTMENTS



PASSCO NORTHRIDGE DST | 120 PARKWAY DRIVE | JACKSON, MISSISSIPPI 39211

INVESTMENT PLAN

- To acquire a 220-unit apartment community that was completed in 2021. The property is comprised of ten 3-story residential buildings, one clubhouse/fitness center and one maintenance building, situated on approx. 14.38 acres, offering a mix of 1, 2 and 3-bedroom units.
- Maximize revenue and occupancy over the holding period.
- Distribute monthly cash flow.
- Sell in approximately 10 years, or when the market dictates.

ACQUISITION DETAILS

- Acquisition Cost\$64,072,205
- Reserves\$2,864,795
- Total Price.....\$66,937,000
- Occupancy (Rent Roll as of 1/18/2022) 95.90%
- Year Completed2021

LOAN AMOUNT AND TERMS

- Loan Amount\$32,962,000
10-year term; seven years interest only, then 30 yr. amortization with a rate of 3.33%
- Leverage..... 49.24%

DST/MASTER LESSEE

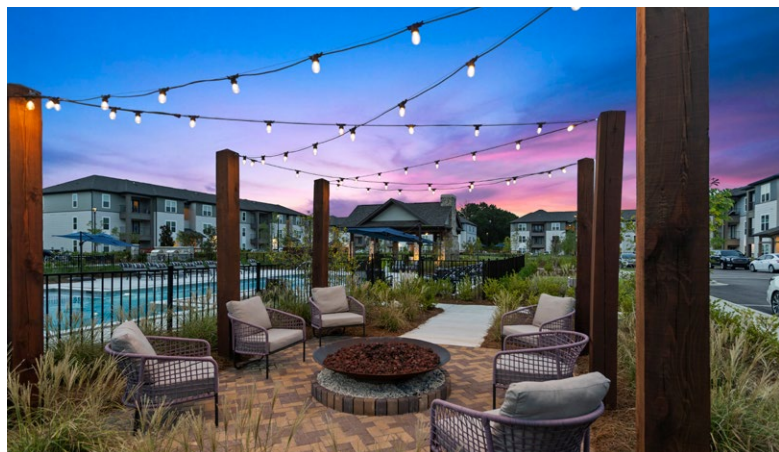
- Offering Size.....\$33,975,000
- Minimum purchase - Cash\$25,000
- 1st year cash flow for cash investors may be up to 100% tax sheltered by depreciation.
- Minimum purchase - 1031\$100,000
- Suitability.....Accredited Only

CASH FLOW

4.05% based on current performance. See Exhibit E of the Private Placement Memorandum for information on the operations for the project.

RISKS

There are substantial risks in this Investment program. This Investment is speculative, is illiquid, and carries a high degree of risk – including the potential loss of the entire investment. There is no guarantee that monthly cash flow will be achieved. See the “risk factors” in the accompanying Private Placement Memorandum for a complete discussion of the risks relevant to



Please review the entire memorandum prior to investing. This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum. Reference is made to the memorandum for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the memorandum. All potential investors must read the memorandum and no person may invest without acknowledging receipt and complete review of the memorandum.

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COPY NO. _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM



CLASS A BENEFICIAL INTERESTS IN PASSCO NORTHRIDGE DST

6,795 Class A Beneficial Interests at \$5,000 per Interest
Minimum Purchase (Cash Purchaser): 5 Interests (\$25,000 of equity)
Minimum Purchase (Code Section 1031 Exchange Purchaser): 20 Interests (\$100,000 of equity)
Maximum Offering Amount: \$33,975,000 (of equity)

THIS MEMORANDUM IS DATED JANUARY 21, 2022

Capital has not authorized the distribution of this PPM to any other person.

**CLASS A BENEFICIAL INTERESTS IN
PASSCO NORTHRIDGE DST**

6,795 Class A Beneficial Interests at \$5,000 per Interest
 Minimum Purchase (Cash Purchaser): 5 Interests (\$25,000 of equity)
 Minimum Purchase (Code Section 1031 Exchange Purchaser): 20 Interests (\$100,000 of equity)
 Maximum Offering Amount: \$33,975,000 (of equity)

Passco Northridge DST (the “Trust”) is a Delaware statutory trust that was formed by Passco Northridge Depositor, LLC (the “Depositor”) pursuant to a trust agreement dated November 18, 2021 (the “Original Trust Agreement”). The Trust is offering for sale up to 6,795 Class A Beneficial Interests (the “Interests”) in the Trust pursuant to this Class A Beneficial Interests in Passco Northridge DST Confidential Private Placement Memorandum, including the Exhibits, as may be amended or supplemented (this “Memorandum”), each representing 0.0147167% of the beneficial interests in the Trust. The Trust is offering the Interests to purchasers (the “Holders”) as set forth in this Memorandum (the “Offering”). The Trust will offer the Interests until the earliest of (i) the sale of \$33,975,000 of Interests, (ii) the first anniversary of the effective date of the Conversion Notice (as defined in the Trust Agreement) or (iii) a determination by the Trust to terminate the Offering (the “Offering Termination Date”). **This Memorandum should be read in its entirety before making an investment decision.**

On December 9, 2021, the Trust acquired an apartment complex known as Tapestry Northridge Apartments, located at 120 Parkway Drive, Jackson, Mississippi 39211 (the “Project”) from Arlington Colonial Club, LLC, an unaffiliated seller (the “Seller”), pursuant to a purchase and sale agreement (the “Acquisition Agreement”) for a purchase price of \$59,903,250 (grossed up from \$58,300,000 to include an advisory fee of \$1,603,250 payable to Passco Management Services, LP).

The Project is subject to a master lease (the “Master Lease”) with Passco Northridge MT, LLC (the “Master Tenant”), an Affiliate of the Depositor and the Trust Manager (as defined below). Passco Companies, LLC (“Passco Companies”) is the sole member of the Depositor. The Master Tenant entered into a management agreement with Passco Management Services, LP, a California limited partnership (the “Property Manager”), to manage the day-to-day operations of the Project. The Depositor deposited the Acquisition Agreement, \$27,103,992 for the acquisition of the Project, \$68,980 for operating reserves (the “Operating Reserves”) and a \$2,343,666 promissory note (the “Reserve Note”) into the Trust in exchange for 6,795 Class B beneficial interests in the Trust representing all of the beneficial interests in the Trust. Passco Northridge Manager, LLC, a Delaware limited liability company (the “Trust Manager”), an Affiliate of the Depositor and the Master Tenant, is the administrative manager of the Trust. Delaware Trust Company (the “Delaware Trustee”) is the trustee of the Trust. The Project, the Reserve Note and the Operating Reserves are the only assets of the Trust.

The purchase price for 1 Interest is \$5,000 in cash. Each cash purchaser must purchase at least 5 Interests (a \$25,000 equity investment) and each Code Section 1031 exchange purchaser must purchase at least 20 Interests (a \$100,000 equity investment), unless a smaller investment is allowed in the sole discretion of the Trust. As part of the acquisition of an Interest, a Holder will be required to enter into the Amended and Restated Trust Agreement (the “Trust Agreement”) with the Depositor, the Trust Manager, the Delaware Trustee and the other Holders. The Trust obtained a loan to acquire the Project in the principal amount of \$32,962,000 (the “Loan”) from KeyBank, National Association (the “Lender”) under the Fannie Mae DUS Loan Program.

The principal objectives of the Trust are to (i) distribute to the Holders rent, after payment of debt service and expenses, at various levels beginning at 4.05% and continuing at varying levels from 3.20% to 4.75% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project and (iii) prepare the Project to be sold in approximately 10 years. **There can be no assurance that any of these objectives will be achieved.**

An investment in an Interest is highly speculative and involves substantial risks including, but not limited to, risks associated with investments in real estate; the Trust, the Trust Manager and the Master Tenant are newly formed with no operating history and have limited capital and limited sources of income; environmental risks; limited environmental representations and warranties provided by the Seller; lack of liquidity; competition; the inflexibility of a Delaware statutory trust as a vehicle to own real estate; the potential need to transfer the Trust Estate (as defined in the Trust Agreement) (or convert the Trust) to a Springing LLC (as defined below); conflicts of interest among the Trust Manager, the Depositor and the Master Tenant and their Affiliates; the Master Lease is not a triple net lease; the Trust is responsible for paying certain capital expenditures and operating expenses including taxes and insurance; the necessity of the Trust to use reserves in order to meet anticipated return levels; in the event that Trust expenses increase, returns to the Holders will decrease; the Trust may not have sufficient funds to pay its expenses; the need to sell the Project before the maturity date of the Loan; the Project is recently constructed and has not yet achieved a stabilized occupancy rate and may be subject to construction defects that have not yet revealed themselves; risks inherent in owning and financing the Project; using leverage to acquire real estate; lack of diversity of investment; the uncertain impact of the COVID-19 virus; reliance on the Master Tenant, the Property Manager and the Trust Manager to operate and manage the Project and the Trust; the Project being subject to the Master Lease; limited reserves held by the Trust; implementation of new tax laws and tax risks. See “Risk Factors.”

The mailing address of the Trust is c/o Passco Northridge Manager, LLC, 2050 Main Street, Suite 650, Irvine, California 92614, and the telephone number is (949) 263-7900 or (877) 4PASSCO.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended (the “Securities Act”), and applicable state securities laws, pursuant to registration or exemption therefrom. Holders should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

	Price to Holders	Selling Commissions and Expenses ⁽¹⁾	Proceeds to Depositor ⁽²⁾
Per Interest ⁽³⁾	\$5,000.00	\$437.50	\$4,562.50
Maximum Offering Amount	\$33,975,000.00	\$2,972,813.00	\$31,002,187

This Memorandum is dated January 21, 2022.

- (1) Offers and sales of Interests will be made on a “best efforts” basis by broker-dealers (the “Selling Group Members”) who are members of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Passco Capital, Inc. (the “Managing Broker-Dealer”), a member of FINRA and an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive selling commissions (the “Selling Commissions”) in an amount up to 6.0% of the purchase price of the Interests sold by the Selling Group Members (combined with all other sales of Interests, the “Total Sales”), which it will reallow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. As a result, certain Holders may acquire Interests net of Selling Commissions. The Managing Broker-Dealer will also receive a nonaccountable marketing allowance in an amount up to 1.0% of the Total Sales, which will be reallocated, in whole or in part, to the Selling Group Members. The Managing Broker-Dealer will also receive a nonaccountable due diligence allowance in an amount up to 0.5% of the Total Sales, some of which may be reallocated to Selling Group Members on an accountable basis. The Managing Broker-Dealer will also receive a placement fee in an amount equal to 1.25% of the Total Sales, a portion of which will be reallocated to certain wholesalers that are internal to the Managing Broker-Dealer, and may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. The total aggregate amount of Selling Commissions, allowances, expense reimbursements and placement fees (the “Selling Commissions and Expenses”) will not exceed 8.75% of the Total Sales. Certain Selling Group Members may, at their request and as set forth in the applicable Soliciting Dealer Agreement, allocate the Selling Commissions and the Marketing Allowance such that the Selling Commissions are decreased and the Marketing Allowance is increased, provided that the total amount paid to the Selling Group Member will not exceed 7%. The Depositor will be responsible for paying all of the Selling Commissions and Expenses. For purposes of calculating the Total Sales, each Interest will be deemed to have a sales price of \$5,000, and any discount provided to a Holder will be disregarded.
- (2) The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$33,975,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$29,516,638). The Depositor is responsible for paying certain costs and expenses, including: (i) Selling Commissions and Expenses of approximately \$2,972,813, (ii) organization and offering costs of approximately \$150,000, (iii) closing costs of approximately \$150,000, (iv) due diligence costs and expenses of approximately \$75,000, (v) carrying costs of approximately \$574,258 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$236,291. The estimates of these costs and expenses are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount. The Depositor estimates that the amount retained by it from the proceeds of the Offering (the “Offering Proceeds”) after paying the costs and expenses described above will be approximately \$300,000. After the Depositor makes distributions to Passco Companies, its sole member, Passco Companies, through its Affiliates, used \$300,000 to fund the Master Tenant to establish reserves to be held by the Master Tenant (which reserves will be retained by the Master Tenant to the extent not used). The net amount retained by the Depositor from Offering Proceeds after funding the Master Tenant and payment of the costs and expenses described above will be approximately \$0. The Depositor and its Affiliates will receive additional compensation from other sources, including an advisory fee of \$1,603,250 which was paid pursuant to the Acquisition Agreement with the Seller. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates” and “Estimated Use of Proceeds.”
- (3) The minimum purchase for cash purchasers is 5 Interests (\$25,000 of equity) (the purchase of 5 Interests also includes an allocation of 0.0735835% of the Loan (\$24,254.59)) and the minimum purchase for Code Section 1031 exchange purchasers is 20 Interests (\$100,000 of equity) (the purchase of 20 Interests also includes an allocation of 0.2943341% of the Loan (\$97,018.41)), except that the Trust may permit a smaller investment in its sole discretion.

The purchase of an Interest involves significant risks. This Memorandum should be read in its entirety and the discussion set forth under “Risk Factors” should be carefully considered. This Memorandum contains forward-looking statements that involve risks and uncertainties. This Memorandum contains Projections of

Operations for the Project (the “Projections”). The Project’s and the Trust’s anticipated performance, as described in this Memorandum, is based on the assumptions contained in the Projections attached hereto as Exhibit E. These assumptions may not be accurate. In addition, there is no assurance that the Projections attached as Exhibit E will be accurate. The Project’s and the Trust’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under “Risk Factors.” Risks of an investment in an Interest include, among others, the following:

1. The Trust is newly formed with no operating history and limited assets. See “Risk Factors – Risks Relating to the Operation of the Trust – New Venture.”

2. Although certain principals of the Trust Manager have experience owning and operating multifamily apartment communities, the Trust Manager is newly formed and therefore has no experience owning or operating multifamily apartment communities, no experience managing a Delaware statutory trust and has limited capital. See “Risk Factors – Risks Relating to the Operation of the Trust – No Experience of the Trust Manager.”

3. The recent outbreak of the COVID-19 virus has created considerable instability and disruption in the United States and world economies. As a result, the Trust may experience results that are lower than anticipated. In addition, the Master Tenant may not be able to evict residents. The occurrence of any of the foregoing events or any other related matters could materially and adversely affect the financial performance and the overall value of the Trust, and investors may lose all or a substantial portion of their investment in the Trust. See “Risk Factors - Real Estate Risks - Potential Effect of the COVID-19 Virus Outbreak.”

4. No public market exists for the Interests, and it is highly unlikely that any such market will develop. The Interests are not freely transferable as a result of substantial restrictions on the transfer of the Interests under federal and state securities laws. Interests must be considered solely as long-term investments. In addition, the Lender imposed certain conditions on the transfer of the Interests, particularly if a prospective Holder will acquire 20% or more of the Interests in the Trust. In some cases, the prior written consent of the Lender will be required before a prospective Holder can acquire or sell their Interests. See “Restrictions on Transferability.”

5. There can be no assurance that the Holders will realize any return on their purchase of the Interests or that the Holders will not lose their investments completely. See “Risk Factors - Risks Relating to Offering and Lack of Liquidity – Speculative Investment.”

6. The Trust Manager has attempted to structure the ownership of the Project by the Trust so that the Trust is a passive owner of the Project. The Trust is an inflexible investment vehicle for owning real property. If the Trust is required to take certain actions that are not within its power, the Project will be transferred (or the Trust will be converted) to a newly formed limited liability company (the “Springing LLC”). If the Project is transferred (or the Trust is converted) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project. See “Risk Factors – Risks Relating to the Trust Structure – Inflexibility of the Trust as a Vehicle to Own Real Property; Inability to Take Business Actions” and “Summary of the Trust Agreement.”

7. Under the Projections prepared by the Trust Manager, the Project will not generate sufficient cash flow to pay for all of the (i) operating expenses, (ii) projected capital expenditures and improvements (including tenant improvements) and (iii) Base Rent and Percentage Rent (each as defined below) under the Master Lease without the use of the reserves that will be established from the Offering Proceeds. Thus, without the establishment of reserves by the Trust, the return to the Holders would be reduced. See “Risk Factors – Risks Relating to the Trust Structure – Insufficient Cash Flow.”

8. The Internal Revenue Service (the “IRS”) issued Revenue Ruling 2004-86 (the “Revenue Ruling”) which sets forth certain factual assumptions regarding the organizational and ownership structure of a Delaware statutory trust. The utilization of a Delaware statutory trust to acquire and hold property for purposes of a Code Section 1031 exchange is a recent development under the tax laws. This ownership structure is based primarily upon the Revenue Ruling, which addresses whether a trust will be treated as an investment trust that is classified as a trust for federal income tax purposes. If the Trust is treated as having the power to vary the investment of the Holders, then

the Trust would be viewed as a partnership and not as an investment trust and the Interests would not qualify as like-kind property for purposes of Code Section 1031. Pursuant to the Master Lease, the Trust and the Master Tenant are each prohibited from taking any action that would violate the provisions of the Revenue Ruling. There is no direct authority other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust that will be classified as a trust. It is possible that the IRS could determine that the Trust does not comply with the requirements of the Revenue Ruling. A determination that the Trust is not taxable as an investment trust that will be classified as a trust would likely have a significant adverse impact on any Holder who has purchased Interests as part of a Code Section 1031 exchange. See “Risk Factors – Tax Risks – Recent Form of Ownership.”

9. The Trust must be a passive owner of the Project in order to qualify as an investment trust that is classified as a trust for federal income tax purposes. Pursuant to the Master Lease, the Trust must pay for the Trust Obligations as set forth in the “Summary of the Offering.” Because the Trust is responsible for the Trust Obligations, it is possible that the Trust could be viewed as having the power to vary the investment of the Holders. In such case, the Trust would be viewed as a partnership and not as an investment trust and the Interests would not qualify as like-kind property for purposes of Code Section 1031. The Trust Agreement and the Master Lease restrict the ability of the Trust or the Master Tenant to take any action that would violate the provisions of the Revenue Ruling. See “Risk Factors – Risks Relating to the Trust Structure – Trust Operating Obligations.”

10. The Trust is responsible for debt service under the Loan and, pursuant to the Master Lease, the Trust is responsible for performing the Trust Obligations, some of which are variable expenses which could be higher than anticipated. The Trust may not have sufficient funds to pay for all of its obligations. In the event that the Trust is required to pay for a significant Trust Obligation that exceeds the available cash, it is likely that the Trust will not have sufficient funds to pay for such amount. The Trust will not be able to renegotiate or refinance the Loan or accept additional capital contributions from any person. As a result, the amount of funds available for distribution to the Holders will decrease, and the return to the Holders would be lower than as set forth in the Projections prepared by the Trust Manager. If the Trust does not have sufficient funds to pay for its obligations, it is likely that the Trust would be required to transfer the Project (or convert the Trust) to the Springing LLC and the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project. See “Risk Factors – Risks Relating to the Trust Structure – Trust Payment Obligations.”

11. One of the facts that is set forth in the Revenue Ruling was that the lease entered into by the Delaware statutory trust was a net lease where the tenant was required to pay all taxes, assessments, fees and other charges, insurance, maintenance, ordinary repairs and utilities. It is not clear whether the Master Lease will qualify as a net lease for federal income tax purposes because the Master Lease requires the Trust to pay for the Trust Obligations. Thus, the structure of the Master Lease is not consistent with the factual assumptions set forth in the Revenue Ruling. If the Trust does not qualify as an investment trust, the Interests will not qualify as like-kind property for purposes of Code Section 1031. See “Risk Factors – Tax Risks – Compliance with the Revenue Ruling.”

12. The Project is subject to the Master Lease with the Master Tenant, an Affiliate of the Trust Manager. In addition, the Master Tenant entered into a property management agreement with the Property Manager, an Affiliate of the Trust Manager and the Master Tenant, to manage the day-to-day operations of the Project. Thus, the performance of the Project will be dependent on the Property Manager and the Master Tenant, and the Project will not have independent management. See “Risk Factors – Risks Relating to the Master Lease – Reliance on Management.”

13. The Loan documents provide that, upon a Master Lease Termination Event (as defined below), the Lender will have the right to access the funds of the Master Tenant and apply such funds to the Loan. It is unclear whether the Lender will have the right to retain amounts in excess of the Master Tenant’s obligations under the Master Lease. If a loss sharing arrangement has been created between the Master Tenant and the Trust, the IRS could take the position that a partnership exists between the Trust and the Master Tenant. See “Risk Factors – Tax Risks – Partnership Classification - Lender Sweep Rights” and “Federal Income Tax Consequences.”

14. If a Master Lease Termination Event occurs, the Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC. Thus, certain actions by the Master Tenant could require the Trust to convert to a limited liability company which would cause the Holders to lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project. See “Risk Factors – Risks Relating to the Master Lease – Mandatory Termination.”

15. Counsel to the Trust has rendered an opinion that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031. This opinion is based, in part, on a certificate received from the Trust Manager and the Master Tenant (the “Tax Certificate”) containing certain representations and certifications regarding certain factual matters related to the Trust, the Master Lease and the Project. If these representations and certifications are not true, the conclusions set forth in counsel’s opinion may not be applicable. See “Risk Factors – Tax Risks – Tax Opinion Relies on Tax Certificate.”

16. The Trust Manager is an Affiliate of the Master Tenant. Therefore, there will be a conflict of interest with respect to the Trust Manager’s management of the Master Tenant on behalf of the Trust and the Master Tenant’s management of the Project. If the Master Tenant defaults under the Master Lease, the Trust Manager will have a conflict of interest regarding whether to pursue any remedies available to the Trust against the Master Tenant. The Trust Manager will have the right to renegotiate the terms of the Master Lease in the event the Master Tenant becomes insolvent or bankrupt without the approval of the Holders. In addition, in the event that the Project is transferred (or the Trust is converted) to the Springing LLC, the final terms of the Springing LLC operating agreement will be determined by the Trust Manager. The Holders do not have the authority to act on behalf of the Trust and only the Delaware Trustee has the power to replace the Trust Manager and may do so only in the case of the fraud, gross negligence or willful misconduct of the Trust Manager. See “Risk Factors – Risks Relating to the Trust Structure – Conflict of Interest Regarding Affiliated Trust Manager and Master Tenant.”

17. Passco Companies obtained an independent Appraisal Report from Newmark Knight Frank (“NKF”) dated December 7, 2021 (the “Appraisal”), which, may be relied upon by the Trust, according to which the “as-is” appraised market value of the Project as of October 25, 2021 was \$59,400,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$64,361,612 (\$66,937,000, less the Operating Reserves, the Reserve Note and the lender established reserves (in the amount of \$162,742, the “Lender Reserves”) and, together with the Operating Reserves and the Reserve Note (the “Trust Reserves”) in the amount of \$2,575,388). The Trust may not be able to sell the Project at a price equal to or greater than the purchase price paid by the Holders for the Interests. See “Risk Factors – Real Estate Risks – Appraised Value” and “Risk Factors – Real Estate Risks – Limited Liability for Third-Party Reports.”

18. According to the Rent Roll (defined below), the Project was approximately 95.9% occupied as of January 18, 2022. There can be no assurance the Project will attain the occupancy rates assumed by the Trust Manager. See “Risk Factors – Real Estate Risks – Occupancy.”

19. An Interest only provides a Holder with a beneficial interest in the Trust. The only assets of the Trust are the Project and the Trust Reserves. Thus, an investment by a Holder will not be diversified. See “Risk Factors – Real Estate Risks – No Diversification.”

20. The Master Tenant is newly formed and has limited capital. The Master Tenant is capitalized with \$50,000 in cash, a \$250,000 short-term note and a \$500,000 demand promissory note. The notes are issued by Passco Management Services, LP and are guaranteed by Passco Companies. The limited amount of cash or any failure of Passco Management Services, LP to fund either note could result in the Master Tenant’s default under the Master Lease. Passco Management Services, LP and Passco Companies each have limited capital and net worth and have guaranteed a significant number of demand notes for prior transactions. Any bankruptcy by the Master Tenant will affect the economic success of the Project and the ability of the Master Tenant to pay rent due to the Trust. Passco Companies or Passco Management Services, LP may, but will have no obligation to, fund payments due under the Master Lease from other operating sources. Holders should not have any expectation that either Passco Companies or Passco Management Services, LP will use other funds to make payments under the Master Lease on behalf of the Master Tenant. See “Risk Factors – Risks Relating to the Master Lease – Limited Capital of Master Tenant.”

21. The Depositor contributed the Reserve Note to the Trust in lieu of contributing cash for a portion of the reserves. The Reserve Note is an installment note that requires the Depositor to make fixed payments over a period of 5 months beginning when the Trust entered into the Loan. The Reserve Note represents the majority of the reserves required to be held by the Trust as set forth in the Projections prepared by the Trust Manager. In the event that the

Depositor fails to make a payment required under the Reserve Note, the Trust will not have sufficient funds to pay its anticipated expenses and obligations. The Trust will not be able to accept any additional capital to fund the reserves from an alternative source. Thus, the Trust must rely on the Depositor to make the required payments under the Reserve Note in order to meet its monetary obligations. There is no assurance that the Depositor will make all of the required payments under the Reserve Note. It is anticipated that the Depositor will use Offering Proceeds to fund the payments under the Reserve Note. A failure by the Depositor to fund the Reserve Note will likely result in the Trust's default under the Master Lease, which could lead to a default under the Loan documents. In addition, the Trust would not be able to pay for the anticipated Capital Expenditures which would likely reduce the overall value of the Project at the time of sale and could impact operations. See "Risk Factors – Risks Relating to the Trust Structure – Reserve Note."

22. All decisions regarding management and operation of the Trust and the Project will be made exclusively by the Trust Manager, and the Holders have no voting rights. The Trust Manager will not consult with the Holders when making any decisions with respect to the Project or the Trust, including with respect to the making of any distributions or the sale of the Project. Although the Trust Manager may poll the Holders with respect to a sale of the Project, the Trust Manager will not be under any obligation to consider the desire of the Holders with respect to any sale of the Project. Prospective Holders that purchase Interests must entrust all aspects of the management and operation of the Trust to the Trust Manager. See "Risk Factors – Risks Relating to the Trust Structure – Reliance on the Trust Manager and the Delaware Trustee; No Voting Rights; No Control Over Sale of the Project."

23. The Trust may sell the Project after it has held the Project after 2 years following the last sale of Interests (but not more than 3 years after the Conversion Date) upon the Trust Manager's determination that a sale is appropriate. No opinion is being rendered as to whether the Trust will hold the Project for investment or primarily for sale. If it is determined that the Project is held primarily for sale, the Project will not qualify as replacement property under Code Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"). See "Risk Factors – Tax Risks – Failure to Qualify for Code Section 1031" and "Federal Income Tax Consequences – Nature of Interests – Property Qualifying Under Code Section 1031."

24. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as "boot" which may be taxable. The reserves of the Trust are approximately \$379.01 per Interest. Of this amount \$23.95 is attributable to reserves funded from Loan proceeds as a requirement of the Loan. It is possible that such amount, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder's prior investment, may not be treated as "boot." Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders, which includes loan fees and costs, over the cost to the Depositor would not be considered as an interest in real estate and may be treated as "boot" which may be taxable. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. The Tax Cuts and Jobs Act (the "TCJA") eliminated the ability to enter into like-kind exchanges under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal 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. See "Risk Factors – Tax Risks – Taxable Boot."

25. The Project is leveraged with a loan-to-purchase price ratio of approximately 51.21% ($\$32,962,000 \div \$64,361,612$ (\$66,937,000 gross price minus the Operating Reserves in the amount of \$2,575,388)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 49.24% if the Operating Reserves are included in the Holder purchase price ($\$32,962,000 \div \$66,937,000$). The loan-to-cost ratio is approximately 55.03% ($\$32,962,000 \div \$59,903,250$) based on the purchase price of the Project pursuant to the Acquisition Agreement. See "Risk Factors – Financing Risks – Leverage."

26. The Loan has a 10-year term and requires a balloon payment at the end of its term. The Trust is not permitted to refinance the Loan. Thus, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC if alternative financing is necessary. It is currently anticipated that the Trust will own and operate the

Project for approximately 10 years. The Trust will terminate on January 31, 2032. If the Project is not sold or if the Project is transferred (or the Trust is converted) to the Springing LLC and is unable to be refinanced, the continued ownership of the Project by the Trust may be jeopardized. Relative to historical interest rates, current interest rates are low and, as a result, it is likely that the interest rate that will be obtained upon refinancing (in the event that the Project is transferred (or the Trust is converted) to the Springing LLC) will be higher than that of the Loan. See “Risk Factors – Financing Risks – No Ability to Refinance Loan.”

27. The Loan is interest only for the first 7 years. Thus, no principal will be repaid during this interest only period. See “Risk Factors – Financing Risks – Interest Only Loan.”

28. The Loan includes certain events of default related to the actions or inactions of Passco Companies (the “Key Principal”). As a result, the Trust must rely on the Key Principal to comply with the terms of the Loan documents in order to avoid an event of default under the Loan. See “Risk Factors – Financing Risks – Events of Default Under the Loan” and “Financing Terms – Events of Default.”

29. There are risks associated with the operation of rental property, including, but not limited to, vacillations in demand, competition from other properties, risk of loss or damage to the improvements, the ability to maintain or increase lease rates and other risks associated with the ownership of real estate. See “Risk Factors – Real Estate Risks.”

30. The Trust did not obtain audited results of historical operations for the Project in connection with its review of the acquisition of the Project and relied only on unaudited financial information provided by the Seller. Consequently, there is less certainty regarding the prior economic operating history of the Project. See “Risk Factors – Real Estate Risks – Unaudited Results of Operations.”

31. The Project is located in an area where there are competing properties. According to the Appraisal, there are 5 competing properties in the market area, all of which are within approximately 20 miles of the Project, with 4 of the 5 properties located within approximately 5.3 miles of the Project. The proximity of competing properties could negatively impact the Project. See “Risk Factors – Real Estate Risks – Competition.”

32. The Project is subject to covenants, conditions and restrictions. See “Risk Factors – Real Estate Risks – Easements, Restrictions, Encroachments and Agreements.”

33. The Depositor, the Trust Manager and their Affiliates will be subject to certain conflicts of interest and will receive substantial compensation in connection with the Offering. See “Conflicts of Interest” and “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

34. The Project is subject to the Master Lease for the entire property. It may be difficult for the Trust to replace the Master Tenant if there is a default under the Master Lease. See “Risk Factors – Risks Relating to the Trust Structure – Need to Master Lease Property.”

35. The Project is recently constructed. Recently constructed projects are sometimes subject to construction defects that only reveal themselves over time. The presence of construction defects could adversely affect the financial performance of the Project. The Trust will not be able to accept any additional capital contributions if any defects that are not subject to warranty are discovered. See “Risk Factors – Real Estate Risks – Construction Defects.”

36. The Trust acquired the Project “as is, where is, with all faults,” and with limited representations and warranties from the Seller, including limited representations and warranties with respect to environmental matters. As a result, if matters adversely affecting the Project are discovered with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project, the Trust may be liable with limited or no recourse against the Seller. Subject to certain exceptions, the Seller’s representations and warranties contained in the Acquisition Agreement will survive for a period of 9 months following the purchase of the Project. Seller’s liability for breach of any indemnities and representations are limited to claims in excess of \$25,000 in the aggregate, in which event the full amount of such claims is actionable. Seller’s maximum liability for

a breach of any warranty or representation will not exceed \$600,000 in the aggregate. The Trust will sell Interests to the Holders “as is” with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust. See “Risk Factors – Real Estate Risks – Environmental Liability” and “Risk Factors – Real Estate Risks – Limited Representations and Warranties.”

37. There is no assurance that all of the Interests will be sold. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is not, for federal income tax purposes, affiliated with the Master Tenant. However, it is anticipated that such entity would be controlled by an Affiliate of the Trust Manager. The Depositor or its Affiliates may have an incentive to sell the Project prior to the projected holding period which will result in a potential conflict of interest for the Trust Manager. See “Risk Factors – Risks Relating to Offering and Lack of Liquidity – Interests Retained by an Entity Controlled by the Depositor or an Affiliate.”

38. Each Holder will be subject to state and local taxes in the state where the Project is located and where the Holder and its principals reside. Certain states do not follow federal rules with respect to tax-deferred exchanges and it is not clear whether all states will treat the Trust as an investment trust. Further, certain state taxing agencies, including the California State Franchise Tax Board, are aggressively auditing tax-deferred exchange transactions. This Memorandum does not analyze or discuss state or local tax consequences. Each prospective Holder should consult with their own tax advisor regarding the tax consequences of the purchase of an Interest in the state where they reside and the state in which the Project is located. See “Risk Factors – Tax Risks – State Taxes.”

39. The TCJA and the Coronavirus Aid, Relief, and Economic Security Act of 2020 include significant provisions that change the tax treatment of owning and operating real estate. See “Risk Factors – Tax Risks – Changes in Federal Income Tax Law” and “Federal Income Tax Consequences.”

The purchase of an Interest is suitable only for Accredited Investors who have no need for liquidity in their investment. See “Who May Invest.” You should carefully consider the following before investing:

1. The contents of this Memorandum are not to be construed as legal or tax advice. Prospective Holders should consult their own counsel, accountant or business advisor as to legal, tax and related matters concerning their investment.

2. The Interests may be offered and sold only to prospective Holders who meet the Purchaser Suitability Requirements set forth under “Who May Invest” in this Memorandum.

3. No person has been authorized by the Trust to make any representations or furnish any information with respect to the Trust or the Interests, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Trust upon request as described in this Memorandum. However, authorized representatives of the Trust will, if such information is reasonably available, provide additional information that a prospective Holder or its representative requests for the purpose of evaluating the merits and risks of the Offering.

4. Projected financial results prepared by the Trust are contained in this Memorandum. Any projections, predictions and representations, written or oral, which do not conform to those contained in this Memorandum should be disregarded, and their use is a violation of the law. The Projections contained herein are based upon specified assumptions. If these assumptions are incorrect, the Projections likewise would be incorrect. No assurance can be given that the estimates, opinions or assumptions made herein will prove to be accurate. The assumptions set forth in the Projections should be closely reviewed.

5. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. In addition, this Memorandum constitutes an offer only if the name of

an offeree in the Trust's or the Selling Group Member's records matches the copy number that appears in the appropriate space on the first page of this cover page and is an offer only to such offeree.

6. This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Interests offered hereby, and any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of any of its contents without the prior written consent of the Trust, is prohibited. By accepting delivery of this Memorandum, each prospective Holder agrees to return this Memorandum and all documents furnished herewith to the Trust or its representatives upon request if such prospective Holder does not purchase an Interest or if the Offering is withdrawn or terminated.

7. Prospective Holders may be accepted or rejected by the Trust at any time within 30 days after the prospective Holder delivers to the Trust or UMB Bank, N.A. (the "Escrow Bank"), as applicable, the prospective Holder's Purchase Agreement and Purchaser Questionnaire. The Trust may reject a prospective Holder's Purchaser Questionnaire or Purchase Agreement for any reason. Purchase Agreements will be rejected for failure to conform to the requirements of the Offering or such other reasons as the Trust may determine to be in the best interests of the Trust. Purchase Agreements may not be revoked, canceled or terminated by the prospective Holders, except as therein provided.

8. The Offering is made exclusively by this Memorandum. This Memorandum contains a summary of certain provisions of the Trust Agreement and the Master Lease, but only the Trust Agreement and the Master Lease contain complete information concerning the rights and obligations of the parties thereto. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this investment and related documents and agreements will be made available to prospective Holders or their advisors upon request to the Trust.

9. During the course of the Offering and prior to sale, prospective Holders are invited to ask questions of and obtain additional information from the Trust concerning the terms and conditions of the Offering, the Trust, the Depositor, the Trust Manager, the Master Tenant, the Interests and any other relevant matters, including, but not limited to, additional information to verify the accuracy of the information set forth in this Memorandum. The Trust will provide such information to the extent it possesses it or can acquire it without unreasonable effort or expense.

10. The Interests are being offered by the Trust subject to (i) the prior sale of the Interests, (ii) the receipt and acceptance by the Trust of the relevant Purchase Agreement, (iii) the right of the Trust to reject any Purchase Agreement in whole or in part, (iv) the withdrawal, cancellation or modification of the Offering without notice to prospective Holders and (v) certain other conditions.

11. Because the Interests are not registered under the Securities Act, or the securities laws of any state, Holders must hold them indefinitely unless they are registered or qualified under the Securities Act and any applicable state securities laws or unless an exemption from such registration and qualification is available. No public market exists for the Interests, and it is highly unlikely that any such market will develop.

12. The price for the Interests has been arbitrarily determined and is not the result of an arm's length negotiation.

13. The Trust will maintain a list of states where the Interests may be offered and sold.

The securities offered hereby have not been registered under the Securities Act or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and such laws. The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom. In addition, certain disclosure requirements which would have been applicable if the Interests were registered are not required to be met and neither the Securities and Exchange Commission nor any other federal or state agency has passed upon the merits of or given their approval to the securities, the terms of the Offering or the accuracy or completeness of any offering materials. The Interests are being sold only to persons who are Accredited Investors as defined under Regulation D under the Securities Act.

In making an investment decision, prospective Holders must rely on their own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority.

The Securities Act and 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 their consideration paid. The Trust 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 1 year from discovery of facts constituting such violation. Should any Holder institute such an action on the theory that the Offering conducted as described herein was required to be registered or qualified, the Trust will contend that the contents of this Memorandum constituted notice of the facts constituting such violation.

No person has been authorized to give any information or make any representations other than those set forth in this Memorandum, and, if given or made, such information or representations must not be relied upon as having been given by the Trust, the Trust Manager or their Affiliates.

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer is not qualified to do so, or to any person to whom it is unlawful to make an offer or solicitation.

The Offering is being conducted pursuant to Rule 506(b) of Regulation D and is not being conducted pursuant to Rule 506(c) of Regulation D. As a result, no general advertising or general solicitation is permitted in connection with the sale of the Interests. In the event that any such general advertising or general solicitation occurs, the Trust may not be able to qualify for an exemption from registration under the Securities Act.

Neither the information contained herein nor any prior, contemporaneous or subsequent communication should be construed by you as legal or tax advice. You should consult your own legal and tax advisors to ascertain the merits and risks of an investment in Interests before investing.

NOTICE TO FLORIDA RESIDENTS

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE

UPON AN EXEMPTION CONTAINED THEREIN. UNDER FLORIDA LAW, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, SUCH INVESTORS WILL HAVE A THREE-DAY RIGHT OF RESCISSION. INVESTORS WHO HAVE EXECUTED A PURCHASE AGREEMENT MAY ELECT, WITHIN THREE BUSINESS DAYS AFTER THE FIRST TENDER OF CONSIDERATION THEREFORE, TO WITHDRAW THEIR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ANY MONEY PAID BY THEM. SUCH WITHDRAWAL WILL BE WITHOUT ANY LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, THE WITHDRAWING INVESTOR MUST (i) PROVIDE WRITTEN NOTICE TO THE TRUST INDICATING THE INVESTOR'S DESIRE TO WITHDRAW AND (ii) NOT BE A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER. THE WRITTEN NOTICE MUST BE SENT AND POSTMARKED PRIOR TO THE END OF THE THIRD BUSINESS DAY AFTER THE FIRST TENDER OF CONSIDERATION FOR THE SECURITIES PURCHASED. NOTICE LETTERS SHOULD BE SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND TO EVIDENCE THE TIME WHEN IT IS MAILED. ANY ORAL REQUESTS FOR RESCISSION SHOULD BE ACCOMPANIED BY A REQUEST FOR WRITTEN CONFIRMATION FROM THE TRUST THAT THE ORAL REQUEST WAS RECEIVED ON A TIMELY BASIS.

NOTICE TO PENNSYLVANIA RESIDENTS

EACH PURCHASER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW ITS PURCHASE AGREEMENT AND ITS PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE TRUST GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE TRUST OF ITS EXECUTED PURCHASE AGREEMENT. ANY LETTER OR TELEGRAM NOTICE SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF YOU MAKE THE REQUEST ORALLY, YOU SHOULD ASK FOR WRITTEN CONFIRMATION FROM THE TRUST THAT YOUR REQUEST HAS BEEN RECEIVED. UPON SUCH CANCELLATION OR WITHDRAWAL, THE PURCHASER WILL HAVE NO OBLIGATION OR DUTY UNDER THE PURCHASE AGREEMENT TO THE TRUST OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY IT, WITHOUT INTEREST. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED ON OR ENDORSED THE MERITS OF THE OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON.

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WHO MAY INVEST

The offer and sale of the Interests are being made in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, distribution of this Memorandum has been strictly limited to prospective Holders who meet the requirements and make the representations set forth below. The Trust reserves the right to declare any prospective Holder ineligible to purchase an Interest based on any information that may become known or available to the Trust concerning the suitability of such prospective Holder or for any other reason.

Purchaser Suitability Requirements

The purchase of an Interest 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. This investment will be sold only to prospective Holders who (i) purchase a minimum of (a) for cash purchasers, 5 Interests in the Trust (representing an approximate 0.0735835% interest in the Project) for a purchase price of \$25,000 (the purchase of 5 Interests also includes an allocation of 0.0735835% of the Loan (\$24,254.59)) or (b) for Code Section 1031 exchange purchasers, 20 Interests in the Trust (representing an approximate 0.2943341% interest in the Project) for a purchase price of \$100,000 (the purchase of 20 Interests also includes an allocation of 0.2943341% of the Loan (\$97,018.41)), except that the Trust may permit, in its sole discretion, certain Holders to make a smaller investment and (ii) represent in writing that they meet the Purchaser Suitability Requirements (as defined below) established by the Trust and as may be required under federal or state law. Holders should be able to afford the loss of their entire investment.

As a prospective Holder, you must represent in writing that you meet, among others, all of the following requirements (the "Purchaser Suitability Requirements"):

- (a) You have received, read and fully understand this Memorandum. You are basing your decision to invest only on this Memorandum. You have not relied upon any representations made elsewhere or by any other person;
- (b) You understand that an investment in an Interest is speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to a purchase of an Interest, including, but not limited to, those risks set forth under "Risk Factors" in 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 an Interest 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 an Interest;
- (f) You are acquiring an Interest 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 Interest;
- (g) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in an Interest and have the ability to protect your own interests in connection with such investment; and
- (h) You are an Accredited Investor. An "Accredited Investor" is:

If a natural person, a person that:

- (i) has an individual net worth, or joint net worth with his or her spouse or spousal equivalent, of more than \$1,000,000 exclusive of the value of his or her primary residence;

- (ii) had an individual income of more than \$200,000, or joint income with his or her spouse or spousal equivalent in excess of \$300,000, in each of the 2 most recent years and has a reasonable expectation of reaching the same income level in the current year; or
- (iii) holds, in good standing, 1 or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying hereunder.

If not a natural person, 1 of the following:

- (i) a corporation, an organization described in Internal Revenue Code of 1986, as amended (the “Code”) Section 501(c)(3), a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of \$5,000,000;
- (ii) a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring an Interest 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;
- (iii) a broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- (iv) an investment company registered under the Investment Company Act or a business development company as defined in section 2(a)(48) of the Investment Company Act;
- (v) an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”) or registered pursuant to the laws of a state;
- (vi) an investment advisor relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Company Act;
- (vii) an insurance company as defined in section 2(a)(13) of the Securities Act;
- (viii) a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
- (ix) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”);
- (x) a bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- (xi) a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act;
- (xii) an entity, of a type not listed above, not formed for the specific purpose of acquiring an Interest, owning investments in excess of \$5,000,000;
- (xiii) a “family office” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of \$5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;

- (xiv) a “family client” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements in (xiii) above and whose prospective investment in the issuer is directed by such family office pursuant to (xiii)(c); or
- (xv) an entity in which all of the equity owners are Accredited Investors.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (i) or (ii) of the first sentence of this paragraph (h). However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

For purposes of determining the “net worth” of a natural person, net worth means the excess of total assets at fair market value over total liabilities, except that the value of the principal residence owned by a natural person will be excluded for purposes of determining such natural person’s net worth. In addition, for purposes of this definition, the related amount of indebtedness secured by the primary residence up to the primary residence’s fair market value may be excluded, except in the event such indebtedness increased in the 60 days preceding the purchase of the Interest and was unrelated to the acquisition of the primary residence, then the amount of the increase must be included as a liability in the net worth calculation. Moreover, indebtedness secured by the primary residence in excess of the fair market value of such residence should be considered a liability and deducted from the natural person’s net worth.

For purpose of determining the joint “net worth” of natural persons, joint net worth can be the aggregate net worth of the investor and spouse or spousal equivalent; assets need not be held jointly to be included in the calculation. Reliance on the joint net worth standard described herein does not require that the securities be purchased jointly.

For purpose of determining “investments” for (xiii) above, investments is defined in rule 2a51-1(b) under the Investment Company Act.

For purposes of determining whether a natural person is an Accredited Investor, a “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

For purposes of determining whether a natural person is an Accredited Investor, the SEC has posted the following qualifying professional certifications as of the date of this Memorandum: holders in good standing of FINRA Series 7, Series 65, and Series 82 licenses.

In addition, you must represent in writing that you:

(i) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related “1031 exchange” rules, are complex and vary with the facts and circumstances of each individual Holder, (ii) understand and are aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) have read this entire Memorandum (including any supplements thereto) and fully understand that there is a significant risk that an Interest will not be treated as real estate for income tax purposes, (iv) if you are engaging in a tax-deferred exchange under Code Section 1031, you have independently obtained advice from your legal counsel and/or accountant regarding such tax-deferred exchange, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange, (v) understand that the Trust will not obtain a ruling from the IRS that an Interest will be treated as an undivided interest in real estate for federal income tax purposes and (vi) understand that the

opinion of counsel is only counsel's view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

Additional representations of each Holder are set forth in the Trust Agreement. The Trust will not accept foreign investors, ERISA investors or any investor who is (i) directly or indirectly affiliated in any way with Maxus Properties, Inc. or any of its direct or indirect Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries ("Maxus"), (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus.

Discretion of the Trust

The Purchaser Suitability Requirements stated above represent minimum suitability requirements, as established by the Trust for Holders. Accordingly, the satisfaction of the Purchaser Suitability Requirements by a prospective Holder will not necessarily mean that the Interests are a suitable investment for such prospective Holder, or that the Trust will accept the prospective Holder as a purchaser of an Interest. Furthermore, the Trust may modify such requirements in its sole discretion, and any such modification may raise the suitability requirements for Holders.

The written representations made by a prospective Holder will be reviewed to determine the suitability of each prospective Holder. The Trust will have the right to refuse a purchase for an Interest for any reason, including, but not limited to, if it believes that a prospective Holder does not meet the applicable Purchaser Suitability Requirements, or the Interests otherwise constitute an unsuitable investment for such prospective Holder.

SUMMARY OF THE OFFERING

The following material is intended to provide selected limited information about the Trust, the Project and the Offering and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum.

Prospective Holders are urged to read this entire Memorandum before investing in an Interest. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Project's actual results and the Trust's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risk Factors."

Securities Offered:

The Trust is offering up to 6,795 Class A Beneficial Interests (the "Interests") in the Trust. The Interests will be evidenced by certificates. The purchase price for an Interest in the Trust is \$5,000 in cash. Each prospective Holder must purchase at least 5 Interests in the Trust (a \$25,000 equity investment) if the prospective Holder is an all cash purchaser or at least 20 Interests in the Trust (a \$100,000 equity investment) if the prospective Holder is a Code Section 1031 exchange purchaser, unless a smaller investment is allowed in the sole discretion of the Trust. The purchase of 5 Interests in the Trust also includes an allocation of 0.0735835% of the Loan (\$24,254.59). The purchase of 20 Interests in the Trust also includes an allocation of 0.2943341% of the Loan (\$97,018.41).

The Trust – Objectives:

The principal objectives of the Trust will be to (i) distribute to the Holders rent, after payment of debt service and expenses, at various levels beginning at 4.05% and continuing at varying levels from 3.20% to 4.75% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project and (iii) prepare the Project to be sold in approximately 10 years. **There can be no assurance that any of these objectives will be achieved.** See "Risk Factors."

The Trust – Formation and Ownership:

The Trust is a newly formed Delaware statutory trust formed pursuant to a trust agreement dated November 18, 2021 by and between the Depositor and the Delaware Trustee. The Trust has no prior operating history. The Depositor, the Trust Manager and the Delaware Trustee entered into the Amended and Restated Trust Agreement (the "Trust Agreement"). The Depositor deposited into the Trust (i) the Acquisition Agreement, (ii) \$27,103,992 for the acquisition of the Project, (iii) \$68,980 for operating reserves (the "Operating Reserves") and (iv) a promissory note in the amount of \$2,343,666 (the "Reserve Note"), in exchange for 6,795 Class B beneficial interests in the Trust representing all of the beneficial interests in the Trust. Proceeds from the Offering will be used to redeem, on a one-for-one basis, the Class B beneficial interests in the Trust held by the Depositor. If the Maximum Offering Amount is sold, the Trust will be owned 100% by the Holders. If the Maximum Offering Amount is not raised on or before the Offering Termination Date, the Depositor will convert any Class B beneficial interests held at the time of the Offering Termination Date to Interests and transfer such interests to a newly formed, separate taxpayer which is managed by the Trust Manager or an Affiliate. Pursuant to the Trust Agreement, there can be no more than 480 Holders.

Use of Proceeds:

The Offering of 6,795 Interests as set forth in this Memorandum is being made to redeem the Depositor's beneficial interest in the Trust.

Description of the Project: On December 9, 2021, the Trust acquired a 220-unit multifamily apartment community known as Tapestry Northridge Apartments (the “Project”) located on approximately 14.38 acres of land in Jackson, Mississippi. According to the Needs Assessment (as defined below), the Project was constructed in 2021. The Project contains 10 3-story residential buildings, a maintenance building and a clubhouse. The Project includes 1-, 2- and 3-bedroom units. According to the Survey (as defined below), the Project has 345 parking spaces, including 232 regular parking spaces, 101 parallel parking spaces and 12 handicap parking spaces. According to the Rent Roll (as defined below), the Project is leased at an occupancy rate of approximately 95.9% as of January 18, 2022. See “Description of the Project.”

Escrow Arrangements: Each prospective Holder will be required to return to the Trust a Purchaser Questionnaire (attached as Exhibit A), Purchase Agreement (attached as Exhibit B) and signature to the Trust Agreement (attached as Exhibit C). Prospective Holders may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Funds for the purchase of Interests will be deposited with the Escrow Bank and will be released to the Trust upon acceptance of the prospective Holder by the Trust.

No purchase requests for Interests will be closed unless and until the effective date of the Conversion Notice (as defined in the Trust Agreement) that the Trust has been converted into an investment trust. Prospective Holders who are subject to the approval of the Lender, if any, may be accepted or rejected by the Lender at any time before the close of escrow. There can be no assurances that the Lender, if Lender approval is required, will approve any such prospective Holder in a timely manner or at all. Prospective Holders cannot acquire the Interests if the Trust (or, if applicable, the Lender) does not approve such purchase. If approved by the Trust (and, if applicable, the Lender), the Holder must deliver the full amount of the purchase price for the Interests at the close of escrow and satisfy certain other closing conditions set forth in the Purchase Agreement in order to be admitted to the Trust.

A joint escrow agreement was entered into by the Trust, the Managing Broker-Dealer and the Escrow Bank. All funds for the purchase of an Interest will either (i) be received in trust by such prospective Holder’s registered representative, who is required to promptly deposit such funds into the Escrow Bank or (ii) be directly deposited into the Escrow Bank. The Escrow Bank will hold the funds in escrow until directed by the Trust to release such funds for the closing of the purchase of the Interests by the Holders. Within a reasonable time after closing the purchase of the Interests by a Holder, certificates representing the Interests will be issued and delivered to each Holder. See “Plan of Distribution.”

Voting Rights of the Holders: The Holders have no voting rights. Pursuant to the Trust Agreement, the Trust Manager may, but will have no obligation to, poll the Holders with respect to the sale of the Project. The Trust Manager is under no obligation to consider the vote of the Holders when determining whether to sell the Project.

The Trust – Delaware Trustee: Delaware Trust Company, a Delaware corporation, an unaffiliated third party, is the Delaware Trustee pursuant to the Trust Agreement. The Delaware Trustee will receive, from the Trust’s cash from operations or from Offering Proceeds, an initial set-up fee of \$500 and an annual fee of \$1,500 for its services as Delaware Trustee. See “Summary of the Trust Agreement.”

The Trust – Trust Manager: Passco Northridge Manager, LLC, a Delaware limited liability company, is the Trust Manager. The Trust Manager is an Affiliate of the Depositor and the Master Tenant. The Trust Manager is obligated to manage the Trust in the manner provided in the Trust Agreement. The Trust Manager will receive an annual fee of \$3,000 payable in equal monthly installments. See “Summary of the Trust Agreement” and “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

The Trust – No Control Over Sale: Subject to the terms of the Trust Agreement and the Loan documents, the Trust can only sell the Project after 2 years following the last sale of Interests (but not more than 3 years after the Conversion Date); provided, however, the Trust may sell the Project earlier if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

Dissolution of the Trust – Conversion: The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement, on the first to occur of (i) January 31, 2032, (ii) a Transfer Distribution (as defined below) or (iii) the sale of the Project. A “Transfer Distribution” will occur if (a) the Trust Manager makes a determination, in writing, that dissolution is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) 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, (iv) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value, or (b) upon the occurrence of a Master Lease Termination Event. In the event that the Trust Manager determines that dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to a newly formed Delaware limited liability company (the “Springing LLC”), which will be owned by the owners of Class A Beneficial Interests in the Trust at the time of conversion and will be managed by the Trust Manager.

The Trust may not take any of the following actions (collectively, the “Prohibited Actions”): (i) sell, transfer or exchange the Project except as required or permitted under the Trust Agreement, (ii) invest or reinvest any cash held by the Trust (including reserves) in anything other than short-term obligations of, or guaranteed by, the United States or any agency or instrumentality thereof, and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus of \$100,000,000, (iii) reinvest any monies of the Trust except to make minor nonstructural modifications or repairs to the Project as permitted under the Trust Agreement, (iv) reinvest the proceeds from the sale of the Project, (v) renegotiate or refinance the Loan, except in the case of the Master Tenant’s bankruptcy or insolvency, (vi) renegotiate, alter or extend the Master Lease, or enter into a new lease, except in the case of the Master Tenant’s bankruptcy or insolvency, (vii) make any modifications to the Project other than minor nonstructural modifications or as required by law, (viii) accept any capital contributions from any owner or other person (other than from the sale of the

Interests which amounts are distributed to the Depositor) or (ix) take any other action that would, in the opinion of tax counsel, cause the Trust to be treated as a business entity for federal income tax purposes, if the effect of the action would be to create a power under the Trust Agreement to “vary the investment of the certificate holders” under Treasury Regulations Section 301.7701-4(c)(1) and the Revenue Ruling.

If the Project is transferred (or the Trust is converted) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Conversion – Business and Purpose of the Springing LLC:

The Springing LLC will be formed to hold the Project upon a Transfer Distribution. If the Springing LLC is formed, the Holders will own 100% of the membership interests in the Springing LLC. The Springing LLC will be managed by the Trust Manager. Until the Loan is paid in full, certain additional restrictions may apply to the Springing LLC. See “Summary of the Trust Agreement” and “Summary of the Springing LLC Limited Liability Company Agreement.”

Acquisition Terms:

The Trust acquired the Project from the Seller on December 9, 2021. The Depositor deposited into the Trust (i) the Acquisition Agreement, (ii) \$27,103,992 for the acquisition of the Project and (iii) the Reserve Note and the Operating Reserves, in exchange for 6,795 Class B beneficial interests in the Trust. The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$33,975,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$29,516,638). The Depositor is responsible for paying certain costs and expenses including: (i) Selling Commissions and Expenses of approximately \$2,972,813, (ii) organization and offering costs of approximately \$150,000, (iii) closing costs of approximately \$150,000, (iv) due diligence costs and expenses of approximately \$75,000, (v) carrying costs of approximately \$574,258 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$236,291. The estimates of these costs and expenses are based on certain assumptions made by the Depositor. Depending on the length of the Offering, the number of Holders and negotiations with the Lender regarding the Loan, the actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount. After the Depositor makes distributions to Passco Companies, its sole member, Passco Companies, through its Affiliates, used \$300,000 to fund the Master Tenant to establish reserves to be held by the Master Tenant (which reserves will be retained by the Master Tenant to the extent not used). The net amount retained by the Depositor from Offering Proceeds after funding the Master Tenant and payment of the costs and expenses described above will be approximately \$0. The Depositor and its Affiliates will receive additional compensation from other sources, including an advisory fee of \$1,603,250 which was paid pursuant to the Acquisition Agreement with the Seller. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates” and “Estimated Use of Proceeds.”

Project - Financing:

The Trust obtained a loan to acquire the Project in the original principal amount of \$32,962,000 (the “Loan”) from KeyBank National Association (the “Lender”) under the Fannie Mae DUS Loan Program. The Loan bears interest at a rate equal to 3.33%. The Loan will be interest only for a period of 7 years and then will be amortized over a 30-year period. The Loan has a 10-year term. The

Loan may be repaid but is subject to a yield maintenance payment during the first 9.5 years of the Loan term. For the 3 months following such time, the Loan may be repaid upon payment of a 1% fee, and during the last 3 months of the Loan term, the Loan may be repaid without payment of a prepayment penalty or yield maintenance payment. The Loan may be assumed by a purchaser of the Project so long as such purchaser is approved by the Lender in its sole discretion and a fee equal to 1% of the outstanding principal amount of the Loan is paid at the time of the assumption. The Lender required an initial replacement reserve in the amount of \$88,000 and required ongoing monthly deposits throughout the term of the Loan in the amount of \$3,667. See “Financing Terms – Principal and Interest Reserve”. The Loan is nonrecourse to the Trust. The transfer of Interests in the Trust by a Holder is permitted without Lender consent unless such Holder owns 20% or more of the Trust, in which case the Lender will require that certain searches related to OFAC compliance be completed. See “Financing Terms.”

State Tax:

Each Holder that is not currently filing a state income tax return in Mississippi may now be required to file an income tax return in the State of Mississippi with respect to such Holder’s income or loss from the Project and pay tax on his or her Mississippi state income, if any. In addition, non-resident Holders may be subject to withholding tax on each Holder’s income attributable to the Trust. See “Federal Income Tax Consequences – State and Local Taxes.” Generally, each Holder’s income attributable to the Trust will be equal to their pro rata portion of rent paid under the Master Lease. In addition, the Holders and their principals may also be subject to taxes in the state in which the Holders and their principals reside. There is no assurance that state law will be consistent with the federal rules with respect to deferred tax treatment, the treatment of the Trust as an investment trust, or other items. Each Holder should consult their own tax advisor with respect to the tax treatment of an acquisition of an Interest in the state in which such Holder and its principals reside and where the Project is located.

The state of Mississippi imposes a franchise tax on entities that are doing business within the state. The Trust will be required to pay such franchise tax.

Project - Operation and Management:

It is anticipated that the Trust will own and lease the Project for approximately 10 years. The Trust master leased the Project to Passco Northridge MT, LLC (the “Master Tenant”), an Affiliate of the Depositor and the Trust Manager, pursuant to the Master Lease Agreement (the “Master Lease”). The Master Tenant entered into a property management agreement with Passco Management Services, LP (the “Property Manager”) to provide asset management services and to manage the day-to-day operations of the Project. The Property Manager entered into a sub-management agreement with Arlington Properties, Inc. an unaffiliated third party, for the day-to-day management of the Project.

Transferability of Interests:

The Holders will be able to sell their Interests, subject to applicable securities laws and any required consents or other requirements of the Lender (if Lender approval is required). In addition, the number of Holders is limited to 480. However, any Holder that proposes to sell their Interests to Maxus will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests. No transfer will be effective until the assignee executes a counterpart to the Trust Agreement, the Trust issues a new certificate representing the Interests transferred and the Trust updates its ownership records to reflect the assignment.

Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates:

The Depositor and its Affiliates, including the Trust Manager and the Master Tenant, will receive substantial fees and compensation from the operation of the Project. The Depositor will receive its pro rata portion of rent while it owns Class B beneficial interests in the Trust. The Trust Manager will receive a \$3,000 annual fee for managing the Trust. The Depositor will receive the increase between the redemption price for the Depositor's Class B beneficial interests and the cost to the Depositor of the property it deposited into the Trust in exchange for the Class B beneficial interests. The cash received by the Depositor is substantially greater than the Depositor's original acquisition price. Affiliates of the Trust Manager will receive a portion of the anticipated carry costs (anticipated to be approximately \$356,637). In the event that the actual costs related to the acquisition of the Project and sale of the Interests are less than estimated, the Depositor will be entitled to retain the excess amounts. In addition, the Master Tenant, an entity Affiliated with the Depositor, will be entitled to retain all net cash flow from the Project after the payment of rent under the Master Lease and Master Tenant's expenses. In the event the Trust sells, exchanges or otherwise disposes of the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of the sale, payable at the closing of the transaction. The Trust will be responsible for paying any third-party real estate broker; provided, however, that the disposition fee payable to the Trust Manager will be reduced to the extent the outside third party fee exceeds 0.5%.

See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates."

Purchaser Suitability Requirements:

The Offering is strictly limited to persons who meet the Investor Suitability Requirements including the minimum financial requirements as to income and net worth, among other requirements. See "Who May Invest."

Purchase Agreement:

Each Holder will be required to execute a Purchase Agreement in the form attached hereto as Exhibit B. See "Summary of the Purchase Agreement."

Amended and Restated Trust Agreement:

Each Holder will be required to enter into the Trust Agreement in the form attached hereto as Exhibit C. The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Holders will not have the right or power to direct in any manner the actions of the Trust, the Depositor or the Trust Manager in connection with the management or operation of the Trust. The Holders have no voting rights, including as to whether or not the Project is sold. In addition, neither the Trust nor the Holders will have any right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales. The Holders have no right to possession of the Project. Each Holder waives any right to seek a judicial dissolution of the Trust, to terminate the Trust or to partition the Trust Estate. The Trust will expire on January 31, 2032, and may dissolve earlier pursuant to the terms of the Trust Agreement. See "Summary of the Trust Agreement."

Master Lease:

The rights and obligations regarding the lease of the Project by the Trust to the Master Tenant are governed by the Master Lease, which is attached as Exhibit D. Subject to certain payment obligations of the Trust for the Trust Obligations, the Master Tenant has the sole and exclusive right to manage, lease and maintain the Project. The Master Tenant will pay the Trust base rent ("Base Rent") in an amount starting at \$248,826.15 per month for the first lease year. In addition,

the Master Tenant will pay additional rent (the “Percentage Rent”) equal to 80% of gross revenues of the Project over a baseline amount (the “Baseline Amount”). The Baseline Amount will initially be \$3,930,812 for lease year 1, \$3,664,726 for lease year 2 and will increase by 1% per year through lease year 7. The Baseline Amount will be \$3,890,181 in lease year 8 and will increase by 1% per year through the end of the lease term. If the Trust’s expenses are equal to those assumed in the Projections prepared by the Trust Manager, the total rental payment by the Master Tenant to the Trust, after payment of Trust expenses, will initially result in an approximate 4.05% annual return on equity to the Holders in the first lease year.

Except for the Trust Capital Expenditures described below, the Master Tenant is responsible for all remaining Capital Expenditures (as defined in the Master Lease) for the Project. The Master Tenant is responsible for restoring the Project after a casualty or condemnation; provided, however, to the extent available, the Trust is required to provide insurance proceeds or condemnation proceeds resulting from such casualty or condemnation to the Master Tenant for the purpose of restoring the Project and to the extent the insurance proceeds or condemnation proceeds are not sufficient to complete the restoration, the Master Tenant will pay the excess in the event of a casualty, and the Trust is obligated to pay the excess in the event of a condemnation. Notwithstanding the above, the Master Tenant is prohibited from taking any action that would violate the requirements of the Revenue Ruling, including making any modifications to the Project other than minor nonstructural modifications or as required by law.

The Master Lease has a term of 13 years, with 2 5-year extension options (which may only be exercised if the Trust converts (or the Project is transferred) to the Springing LLC). The Master Lease will terminate upon the sale of the Project by the Trust. The Projections prepared by the Trust Manager only have a term of 10 years. The Master Tenant will sublease the Project to residents of the Project, provided, that the Master Tenant will remain liable to the Trust for its obligations. See “Description of the Master Lease.”

Trust Obligations:

The Trust must pay for the following as provided by the Master Lease (collectively, the “Trust Obligations”):

Taxes, Utilities, Assessments and Loan Expenses. The Trust is responsible for all taxes, utilities, assessments and Loan expenses related to the Project.

Hazardous Substance Costs. The Trust is responsible for the “Landlord Hazardous Substance Costs” as defined in the Master Lease.

Insurance. The Trust is responsible for the following insurance: (i) all risks property insurance, (ii) boiler and machinery insurance, (iii) flood insurance, if required by the Master Lease or the Lender, (iv) builder’s risk insurance for any changes or alterations and (v) any insurance required to be acquired by the Trust in the Loan documents (collectively, the “Trust Insurance Obligations”).

Trust Capital Expenditures. The Master Tenant is requiring, as a condition to entering into the Master Lease, that the Trust undertake certain capital expenditures at the Project to place the Project into a position where it is ready to be leased by the Master Tenant. Certain of these capital expenditures must be completed upon acquisition of the Project and others must be completed during the anticipated ownership period. In addition, the Trust is requiring a tenant improvement allowance to be provided to the Master Tenant which the

Master Tenant will use to make certain capital expenditures at the Project. The following is a summary of such capital expenditures.

Initial Capital Expenditures. In order to induce the Master Tenant to enter into the Master Lease and to place the Project in a condition for leasing, the following capital expenditures are required to be paid by the Trust (each other than repair or maintenance and including related costs and expenses) (collectively, the “Initial Capital Expenditures”):

- Capital expenditure related to concrete and parking lot replacements;
- Capital expenditure related to dog park and dog spa replacements;
- Capital expenditure related to exercise equipment replacements;
- Capital expenditure related to gate and fence replacements;
- Capital expenditure related to landscaping replacements;
- Capital expenditure related to model unit replacements;
- Capital expenditure related to outdoor kitchen and grill replacements;
- Capital expenditure related to pressure washing buildings;
- Capital expenditure related to recreational facility replacements; and
- Capital expenditure related to signage replacements.

The aggregate amount to be spent by the Trust for the Initial Capital Expenditures will not exceed \$272,748.

Ongoing Capital Expenditures. The ongoing capital expenditures to be paid by the Trust are as follows (each other than repair or maintenance and including related costs and expenses) (collectively, the “Ongoing Capital Expenditures”):

- capital expenditures related to the foundations, subfloors, structures and roof of the Project buildings (including remediation of mold and moisture damage due to structural defects);
- capital expenditures regarding mandatory requirements under any regulations, rules or ordinances that are applicable to the Project related to fire, earthquake and life-safety (including the necessary correction of any violation of such requirements);
- capital expenditures related to the underground water pipes and electrical equipment that provides water and electricity to the Project (but not with respect to plumbing or electrical repairs at the Project buildings or tenant spaces);
- capital expenditures related to the HVAC systems;
- one-time capital expenditure related to seal all breezeway floors;

- three-time capital expenditure related to parking lot and concrete sealing and striping;
- two-time capital expenditure related to dog park/dog spa replacements;
- one-time capital expenditure related to exercise equipment replacements;
- one-time capital expenditure related to exterior painting;
- two-time capital expenditure related to fitness center replacements;
- three-time capital expenditure related to golf cart replacements;
- one-time capital expenditure related to landscape replacements;
- two-time capital expenditure related to leasing office replacements;
- one-time capital expenditure related to outdoor kitchen/grill area replacements;
- four-time capital expenditure related to pool replacements and re-sealing;
- two-time capital expenditure related to pool furniture replacements;
- three-time capital expenditure related to recreational facility replacements;
- one-time capital expenditure related to security system replacements;
- one-time capital expenditure related to signage replacements; and
- three-time capital expenditure related to trash compactor replacements.

The Initial Capital Expenditures and Ongoing Capital Expenditures described above are referred to as the “Capital Expenditures.” Although the Trust is required to pay for the Capital Expenditures, the Master Tenant is required to complete the Capital Expenditures. Notwithstanding the above, the Trust and the Master Tenant are prohibited from making any modifications to the Project other than minor nonstructural modifications or as required by law. The Trust Manager has estimated the costs for the Capital Expenditures. See Exhibit E, “Projections of Operations for the Project” for more detail regarding the amount of these expenditures. There is no assurance that the estimate of costs for the Capital Expenditures will be accurate. If the amounts for the Capital Expenditures is more than anticipated, the return to the Holders may be reduced.

Annual Tenant Improvement Allowance. The Trust will provide an annual tenant improvement allowance to the Master Tenant to make replacements at the Project related to blinds/drape replacements, carpet replacements, ceiling fan/light fixture replacements, countertop and cabinet replacements, dishwasher replacements, door replacements, garbage disposal replacements, light fixtures, low flow fixture replacements, microwave replacements, mirror replacements, refrigerator replacements, sinks/tubs replacements and resurfacing,

stove/cooktop/vent replacements, vinyl/tile replacements, washer/dryer replacements, water heater replacements and window replacements. A schedule of the tenant improvement allowances is included as Exhibit D to the Master Lease.

Unidentified Tenant Improvement Allowance. The Trust will have the obligation to provide up to \$300,000 for additional unidentified tenant improvement allowances for capital replacements over the term of the Master Lease at the request of the Master Tenant (the “Unidentified Tenant Improvement Allowance”). The Master Tenant will have the right to request a distribution of all or a portion of the Unidentified Tenant Improvement Allowance to pay for capital replacement items at the Project. The Unidentified Tenant Improvement Allowance may only be used for capital expenditures, capital replacements and minor nonstructural modifications, except as required by law.

Defined Terms:

Terms having their first letter capitalized in this Memorandum and not defined herein are defined in the Trust Agreement.

RISK FACTORS

An investment in an Interest is speculative and involves a high degree of risk. Prospective Holders should read this entire Memorandum and review the Projections, and the assumptions contained herein, before making an investment. Prospective Holders should be able to afford the loss of all or a substantial part of their investment. It is impossible to accurately predict the results to a Holder of an investment in the Trust because of the recent formation of the Trust and general uncertainties in the multifamily residential property industry. Prospective Holders should consider carefully the following risks, and should consult with their own legal, tax and financial advisors with respect thereto.

This Memorandum contains forward-looking statements that involve risks and uncertainties. These statements are only predictions and are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “expect,” “could,” “intend,” “anticipate,” “plan,” “estimate,” “believe,” “potential,” or the negative of such terms or other comparable terminology. The forward-looking statements included herein are based upon the Trust Manager’s current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Although the Trust Manager believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Trust’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those described below. Any assumptions underlying forward-looking statements could be inaccurate. Prospective Holders of Interests are cautioned not to place undue reliance on any forward-looking statements contained herein. The actual results of the Project, and therefore the Trust, may differ significantly from the results discussed in the forward-looking statements.

Risks Relating to the Trust Structure

Trust Obligations. The Master Lease is not a triple net lease. The Master Lease requires the Trust to pay for the Trust Obligations. If the Master Lease were a typical triple net lease, the Master Tenant would be responsible for some or all of these items. As a result, the Trust has increased obligations to fund items related to the Project compared to what it would have if the Master Lease were a triple net lease. If the amount of the Trust Obligations increases, the amount distributed to Holders will decrease or the Trust may not have sufficient cash to pay such Trust Obligations. The Trust is not able to accept any additional capital contributions or obtain additional financing secured by the Project. Thus, if the Trust does not have sufficient funds to pay for these items, the Project would be required to be transferred (or the Trust converted) to the Springing LLC and the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Trust Payment Obligations. The Trust is responsible for debt service under the Loan, certain Trust operating expenses and the Trust Obligations, some of which are variable expenses which could be higher than anticipated. The Trust is responsible for paying for these items regardless of the actual amount incurred for each item. The Trust will only receive rent under the Master Lease. Thus, if the amount necessary to pay for these items increases, the return to the Holders could be significantly lower than projected or the Trust may not have sufficient funds to pay all of its obligations. The Trust is not able to accept any additional capital contributions or obtain additional financing secured by the Project. Thus, if the Trust does not have sufficient funds to pay for its obligations, the Project would be required to be transferred (or the Trust converted) to the Springing LLC and the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Trust Operating Obligations. The Trust must be a passive owner of the Project in order to qualify as an investment trust. The Trust must pay for the Trust Obligations. Because the Trust is responsible for these items, it is possible that the Trust could be viewed as having the power to vary the investment of the Holders. In such case, the Trust would be viewed as a partnership and not as an investment trust and the Interests would not qualify as like-kind property for purposes of Code Section 1031. The Trust Agreement and the Master Lease restrict the ability of the Trust and the Master Tenant to take any action that would violate the provisions of the Revenue Ruling. Delaware statutory trusts are a relatively recent form of ownership and there is limited guidance with respect to the federal tax treatment of the Delaware statutory trust.

Master Tenant Operations. In addition to paying debt service under the Loan, the Trust must pay for the Trust Obligations. The Trust is establishing significant reserves from Offering Proceeds (some of which is in the form of the Reserve Note) to pay for these obligations. If the Master Tenant, rather than the Trust, were required to pay for these items, or if these items were paid from cash flow at the Project, the Master Tenant would operate at a loss.

Inflexibility of the Trust as a Vehicle to Own Real Property; Inability to Take Business Actions. The Trust Manager has attempted to structure the Trust so that it is the passive owner of the Project. The Trust is an inflexible investment vehicle for owning real property. It lacks the ability to change its course of action due to circumstances beyond its control. If circumstances beyond the control of the Trust occur, the Trust will not have the ability to change its business. If adverse circumstances arise for any reason, the Trust cannot renegotiate or refinance the Loan or invest any cash held by the Trust (including reserves) in anything other than short-term obligations that mature prior to the next distribution date and which obligations are required to be held until maturity, accept additional contributions or renegotiate the Master Lease with the Master Tenant (other than because of the bankruptcy of or insolvency of the Master Tenant). The Trust can only sell the Project after it has held the Project after 2 years following the last sale of Interests (but not more than 3 years after the Conversion Date); provided, however, the Trust may sell the Project earlier if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. If no determination to sell the Project is made prior to 10 years after the Trust enters into the Loan, the Trust will be dissolved and the Project will be transferred (or the Trust will be converted) to the Springing LLC. If the Trust is required to take certain actions that are not within its power, the Project will be transferred (or the Trust will be converted) to the Springing LLC, which entity will have the ability to renegotiate leases, sell the Project and/or finance or refinance any loan. There is no assurance that adverse consequences will not occur before the sale of the Project. If the Project is transferred (or the Trust is converted) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project. See “Summary of the Trust Agreement.”

Insufficient Cash Flow. Under the Projections prepared by the Trust Manager, the Project will not generate sufficient cash flow to pay for all of (i) operating expenses, (ii) the projected capital expenditures and improvements (including tenant improvements) and (iii) Base Rent, Additional Rent and Percentage Rent under the Master Lease without the use of the reserves that were established from the proceeds of the Offering. The reserves established by the Trust and the Master Tenant will be used to pay for a significant amount of replacements and repairs at the Project. Thus, without the establishment of reserves by the Trust, the return to the Holders would be reduced.

Reliance on the Trust Manager. All decisions regarding management and operation of the Trust will be made exclusively by the Trust Manager, and the Holders have no voting rights, including with respect to the sale of the Project. The Trust Manager may consult with the Holders, but shall be under no obligation to consider the vote of the Holders, when determining whether to sell the Project. The Trust Manager will not consult with the Holders when making any decisions with respect to the Project or the Trust, including with respect to the making of any distributions. Prospective Holders that purchase Interests must entrust all aspects of the management and operation of the Trust to the Trust Manager. The Trust Manager is newly formed with no operating history or assets and has no fiduciary duty to the Holders. There is no assurance that the Trust Manager will effectively or successfully manage and operate the Trust and its assets. The Trust Manager may retain independent contractors to provide various services to the Trust. The independent contractors will also have no fiduciary duty to the Holders and may not perform successfully.

Holders Do Not Have Legal Title to the Project. The Holders will not have legal title to the Project. Rather, they will only hold beneficial interests in the Trust. The Holders will not have the right to seek an in-kind distribution of the Project or to partition the Project. The sole right of the Holders is to receive distributions from the Trust (when and if such distributions are made pursuant to the Trust Agreement and as permitted under the Loan documents).

Conflict of Interest Regarding Affiliated Trust Manager and Master Tenant. The Trust Manager is an Affiliate of the Master Tenant. Therefore, there will be a conflict of interest with respect to the Trust Manager’s management of the Master Tenant on behalf of the Trust and the Master Tenant’s management of the Project and its rights under the Master Lease. If the Master Tenant defaults under the Master Lease, the Trust Manager will have a conflict of interest regarding whether to pursue any remedies available to the Trust against the Master Tenant given

their common ownership. In addition, there will be a conflict of interest in the event that the Master Lease is renegotiated. The Holders do not have the authority to act on behalf of the Trust and only the Delaware Trustee has the power to replace the Trust Manager and may do so only in the case of the fraud, gross negligence or willful misconduct of the Trust Manager. There is no mechanism to resolve the conflict of interest between the Trust and the Master Tenant.

Potential Continued Ownership of Beneficial Interests by the Depositor. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is not, for federal income tax purposes, affiliated with the Master Tenant. However, it is anticipated that such entity would be controlled by an Affiliate of the Trust Manager. The continued ownership of the Interests by an Affiliate of the Depositor could create a conflict of interest with respect to the Trust Manager's management of the Trust and the management of the Depositor. There is no method established for resolving any conflict arising from the ownership of such Interests and the duties of the Trust Manager.

No Representation of Holders. Each Holder will be required to acknowledge and agree in the Purchase Agreement that counsel representing the Trust and its Affiliates 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 Holders.

No Direct Interest in Project. An Interest only provides a Holder with a beneficial interest in the Trust. The only assets of the Trust are the Project and the Trust Reserves. Thus, an investment by a Holder will not be diversified.

Anticipated Financial Results. The Trust Manager has prepared the Projections which provide projected information for 10 years of operations of the Project. There is less certainty regarding the Projections as time passes because it is more difficult to predict economic performance, market conditions, the financial condition of the Master Tenant and other relevant factors in the future. If the Trust fails to sell the Project before the end of the initial 10-year hold period, the Trust Manager has not prepared projections with respect to such additional period.

Delaware Trustee. Although the Trust has a Delaware trustee that is independent of the Trust Manager and its Affiliates, the Delaware Trustee is not required to, and will not, make any decisions with respect to the operation of the Trust. Thus, the Holders must rely solely on the Trust Manager to make all decisions regarding the Trust.

Reserve Note. The Depositor contributed the Reserve Note to the Trust in lieu of contributing cash for a portion of the reserves. The Reserve Note is an installment note that requires the Depositor to make fixed payments over a period of 5 months beginning when the Trust entered into the Loan. The Reserve Note represents the majority of the reserves to be held by the Trust. In the event that the Depositor fails to make a payment required under the Reserve Note, the Trust will not have sufficient funds to pay its anticipated expenses and obligations. The Trust will not be able to accept any additional capital to fund the reserves from an alternative source. Thus, the Trust must rely on the Depositor to make the required payments under the Reserve Note in order to meet its monetary obligations under the Master Lease. There is no assurance that the Depositor will make all of the required payments under the Reserve Note. It is anticipated that the Depositor will use Offering Proceeds to fund the payments under the Reserve Note. There is no assurance that sales will occur at a rate that will provide sufficient funds to make such payments. Passco Companies, LLC, the sole member of the Depositor, may, but will have no obligation, to use funds from other operations to fund the Depositor's obligations under the Reserve Note. A failure by the Depositor to fund the Reserve Note will likely result in the Trust's default under the Master Lease, which could lead to a default under the Loan documents. In addition, the Trust would not be able to pay for the anticipated capital expenditures which would likely reduce the overall value of the Project at the time of sale and could impact operations.

Need to Master Lease Property. The Project is subject to the Master Lease. Thus, it may be difficult for the Trust to replace the Master Tenant if there is a default under the Master Lease.

Risks Relating to the Master Lease

Reliance on Management. The Project is subject to the Master Lease with the Master Tenant, an Affiliate of the Depositor and the Trust Manager. The Master Tenant entered into a management agreement with the Property Manager, an Affiliate of the Master Tenant, Trust Manager and Depositor to manage the day-to-day operations of the Project. As long as the Master Lease is in effect and except as otherwise provided in the Master Lease, the Master Tenant will have the exclusive right to lease, operate and maintain the Project. Accordingly, no person should purchase an Interest unless that person is willing to entrust all aspects of management of the Project to the Master Tenant and the Property Manager. The Master Tenant or an Affiliate may from time to time receive information or notices regarding the Project. Pursuant to the Master Lease, the Master Tenant is required to furnish to the Trust, promptly after receipt, any notice of violation of any governmental requirement or order issued by any governmental entity, any notice of default from the holder of any mortgage or deed of trust encumbering the Project or any notice of termination or cancellation of any insurance policy. If the Master Tenant fails to furnish such notices or other notices or information it receives with respect to the Project to the Trust, the ability of the Trust to protect its interest in the Project may be adversely affected. Prospective Holders must carefully evaluate the personal experience and business performance of the principals of the Master Tenant. If the Master Tenant is terminated for any reason, the Project will need to be sold or transferred (or the Trust converted) to the Springing LLC, and there can be no assurance that the Holders will be able to obtain a successor master tenant or in the alternative, a property manager.

No Experience of the Master Tenant. The Master Tenant is newly formed and has no experience managing apartment complexes.

Limited Capital of Master Tenant. The Master Tenant is newly formed and has limited capital. In addition, a significant portion of the capital of the Master Tenant is in the form of a \$500,000 demand promissory note from Passco Management Services, LP. In addition, initially, a portion of the Master Tenant's capital was funded with \$50,000 in cash and a short-term note in the amount of \$250,000 which will be funded within 6 months of the effective date of the Master Lease. Thus, the Master Tenant only had a limited amount of cash when the Trust acquired the Project and the Master Tenant entered into the Master Lease with the Trust. The lack of cash or any failure of Passco Management Services, LP to fund the short-term note could result in the Master Tenant's default under the Master Lease. Passco Management Services, LP and Passco Companies each have limited capital and a limited net worth. Passco Companies has issued \$60,000,000 in preferred equity as of the date hereof. The preferred equity requires the payment of 12% return on a monthly basis. In addition, Passco Companies has guaranteed a significant number of demand notes with respect to other entities and other transactions. Any bankruptcy by the Master Tenant will affect the economic success of the Project and the ability of the Master Tenant to pay rent due to the Trust. Passco Companies or Passco Management Services, LP may, but will have no obligation, to fund payments due under the Master Lease from other operating sources. Holders should not have any expectation that either Passco Companies or Passco Management Services, LP will use other funds to make payments under the Master Lease on behalf of the Master Tenant. If the Master Tenant does not have sufficient funds to pay its obligations, the Trust may be required to terminate the Master Lease and may be required to transfer the Project (or convert the Trust) to the Springing LLC.

Retention of Increased Project Revenues by Master Tenant. The Trust is entitled to receive Base Rent and Percentage Rent as provided in the Master Lease but will not otherwise be entitled to receive any increase in revenues generated by the Project. The Master Tenant is entitled to retain all revenues generated by the Project, subject only to its obligations to the Trust pursuant to the Master Lease. As a result, the Master Tenant, and not the Trust, will benefit from an increase in cash flows generated by the Project. See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates."

Percentage Rent Payments. A portion of the anticipated return to the Holders set forth in the Projections prepared by the Trust Manager is derived from the payment of Percentage Rent. If the cash flow at the Project is lower than anticipated, the amount of Percentage Rent will be reduced. In such case, the return to the Holders will be lower than the amounts set forth in the Projections.

Mandatory Termination. The Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC in the event of a Master Lease Termination Event. A "Master Lease Termination Event" is any event in which (i) any of the following has occurred and is continuing: (a) a default by the Master Tenant with respect to any of the terms, conditions, provisions,

requirements, representations and affirmative and negative covenants of the Loan documents relating to the use and operation of the Project that continues uncured beyond the expiration of applicable notice and cure periods and/or (b) an event of default pursuant to the Loan documents based on a default, breach or failure by the Master Tenant under the Master Lease, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an event of default pursuant to the Loan documents caused by the Master Tenant which event of default has not been waived within any applicable cure period. Thus, certain actions by the Master Tenant could require the Trust to convert to a limited liability company which would cause the Holders to lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Real Estate Risks

General Risks of Investment in the Project. The Master Tenant is newly formed and has limited capital. Thus, its ability to pay the rent required under the Master Lease will be related to the economic success of the Project. The economic success of an investment in the Trust will depend upon the operations of the Project, which will be subject to those risks typically associated with an investment in real estate. Fluctuations in occupancy rates, rent and operating expenses can adversely affect operating results or render the sale or refinancing of the Project difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Project or future costs of operating the Project will be accurate because such matters will depend on events and factors beyond the control of the Master Tenant and the Property Manager. Such factors include, among others, vacancy rates, rent levels and sales levels in the area where the Project is located, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the Project, competition from similar properties, interest rates, real estate tax rates, governmental rules, regulations and fiscal policies, including the effects of inflation and enactment of unfavorable real estate, rent control, environmental or zoning laws, hazardous material laws, uninsured losses and other risks.

Potential Effect of the COVID-19 Virus Outbreak. The recent outbreak of the COVID-19 virus has created considerable instability and disruption in the United States and world economies. The extent to which the Trust's results of operations or its overall value will be affected by the COVID-19 virus will largely depend on future developments, which are highly uncertain and cannot be accurately predicted, including the long-term efficacy of the available vaccines, the percentage of the population inoculated against the COVID-19 virus and the potential mutation of the virus. As a result of shutdowns, quarantines or actual viral health issues, tenants at the Project may experience reduced income for a prolonged period of time and may be unable to make their rent payments. Market fluctuations may affect the ability to operate the Project. The occurrence of any of the foregoing events or any other related matters could materially and adversely affect the financial performance and the overall value of the Trust, and investors could lose all or a substantial portion of their investment in the Trust.

No Diversification. The Trust has no plans to acquire or develop any properties or investments other than the Project. The only assets of the Trust are the Project and the Trust Reserves. Thus, the Trust will have no diversification with respect to its assets and the Trust will be dependent on the results of operation of the Project. A decline in the real estate market in which the Project is located, or the occurrence of any one of many other adverse circumstances, could substantially and adversely affect the performance of the Project and the return to the Holders.

Environmental Liability. Federal, state and local laws impose liability on a landowner for the release or the otherwise improper presence on the premises of hazardous materials or hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such materials or substances, subject to certain defenses. A landowner may be held liable for hazardous materials or substances brought onto the property before it acquired title and for hazardous materials or substances that are not discovered until after it sells the property. In addition, a landowner may be held liable for hazardous materials or substances that migrate from the property onto or beneath adjacent sites, as well as hazardous materials or substances from unknown or unidentified sources that may migrate from adjacent sites onto or beneath the property. Similar liability may occur under applicable state and local law. The Seller made limited representations and warranties regarding the Project's compliance with such laws. If any hazardous materials or substances are found within the Project in violation of law at any time, the Trust may be liable for cleanup costs, fines, penalties and other costs and it may have little or no recourse against the Seller. In addition, the Depositor has not made any representations or warranties to the Trust with respect to compliance with environmental laws. Thus, the Trust will have little or no recourse against the Depositor. This potential liability may

continue after the Trust sells the Project and may apply to hazardous materials or hazardous substances present within the Project before the Trust acquired the Project. An innocent landowner defense, or bona fide prospective purchaser defense, to environmental liability under the Comprehensive Environmental Response, Compensation and Liability Act may be available where a landowner has conducted an appropriate inquiry with respect to potential hazardous materials at the subject property in accordance with good commercial and customary practices. Such a defense is generally predicated on obtaining an environmental site assessment dated within 180 days prior to the landowner's acquisition of the subject property that has been prepared in substantial compliance with the ASTM Practice Designation E 1527-13: Standard Practice for Phase I Environmental Site Assessments. Global Realty Services Group ("GRS") has prepared a Phase I Environmental Site Assessment for the Project dated October 26, 2021 (the "Site Assessment"), which, subject to certain limitations, may be relied upon by the Trust, according to which GRS did not identify any evidence of recognized environmental conditions ("RECs"), controlled RECs ("CRECs") or historical RECs ("HRECs") at the Project. The Site Assessment is in conformance with the ASTM Practice Designation E1527-13: Standard Practice for Phase I Environmental Assessments and Fannie Mae Guidelines, however, there is no assurance that the innocent landowner defense or bona fide prospective purchaser defense will be available to the Trust in the event that hazardous materials are found at the Project. Further, a similar defense may not be available under state or local law. If losses arise from hazardous substance contamination that cannot be recovered from the responsible parties, the financial viability of the Project may be substantially affected. The Master Tenant has agreed to indemnify the Trust for losses from hazardous substance contamination arising from the gross negligence of the Master Tenant.

Toxic Mold. Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions and respiratory problems. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all molds and mold spores in the indoor environment. According to the Limited Mold and Moisture Survey Report prepared by Partner Engineering & Science, Inc. ("PES") dated November 3, 2021 (the "MMS"), which, subject to certain limitations, may be relied upon by the Trust, PES observed some suspect microbial growth and/or suspect moisture inside 2 apartment units at the Project. PES observed evidence of (i) water-damaged building materials on the wall/baseboard surface of the laundry closet, foyer and foyer closet which were caused by a condensate drain line leak (approximately 5 square feet) and (ii) microbial growth and water-damaged materials on the wall/baseboard surfaces of the laundry room, foyer and foyer closet, and the bedroom closet (approximately 15 square feet). According to the MMS, repair to the condensate drain line has been completed. PES recommended the affected areas be professionally repaired and remediated to avoid any additional damage to the interior building components and ongoing inspections be conducted. Prior to the close date, the Seller completed all necessary remediation to both units. No other moisture-affected building materials and no other suspect microbial growth and/or suspect moisture were noted. PES inspected 50% of the tenant units and accessible common areas. While the Trust has no reason to believe that the Project suffers from toxic mold, there can be no assurance that toxic mold does not or will not exist at the Project. The difficulty in discovering indoor toxic mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the Project. As a result of attempts to exclude investigations, abatement and damage costs caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

Illiquidity of Real Estate Investments. The ownership of the Project will be relatively illiquid. Such illiquidity will limit the ability of the Trust to vary its portfolio in response to changes in economic or other conditions.

Limited Representations and Warranties. The Trust acquired the Project "as is, where is, with all faults," and with limited representations and warranties from the Seller, including limited representations and warranties with respect to environmental matters. As a result, if matters adversely affecting the Project are discovered with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project, the Trust may be liable with limited or no recourse against the Seller. Subject to certain exceptions, the Seller's representations and warranties contained in the Acquisition Agreement will survive for a period of 9 months following the purchase of the Project. Seller's liability for breach of any indemnities and representations are limited to claims in excess of \$25,000 in the aggregate, in which event the full amount of such claims is actionable. Seller's

maximum liability for a breach of any warranty or representation will not exceed \$600,000 in the aggregate. The Trust will sell Interests to the Holders “as is” with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or other matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

Possible Delays in the Sale or Refinancing of the Project. The Projections assume that the Project will be sold in approximately 10 years. It may not be possible to sell the Project at the price indicated in the Projections or at such time. The Loan has a 10-year term and the Trust is not permitted to refinance the Loan. Thus, the Project will have to be sold or transferred to the Springing LLC if alternative financing is necessary. Relative to historical interest rates, current interest rates are low. Fluctuations in the supply of money for such loans affect the availability and cost of loans, and the Trust is unable to predict the effects of such fluctuations on the Project. Prevailing market conditions at the time the Springing LLC may seek to refinance the Project may make such loans difficult or costly to obtain. Such conditions may also adversely affect cash flow and/or profitability of the Project. Further, as interest rates increase, it is likely that capitalization rates will also increase. This may negatively affect the sales price of the Project.

Real Estate Market and Capitalization Rates. The value of real estate is generally based on capitalization rates. Capitalization rates generally trend with interest rates. Consequently, if interest rates increase, capitalization rates generally increase. Based on historical interest rates, current interest rates are low, as are current capitalization rates. However, if interest rates rise in the future, it is likely that capitalization rates will also rise, and as a result, the value of real estate will decrease. If capitalization rates increase, the Project will likely realize a lower sales price than anticipated, resulting in reduced returns.

Uncertain Economic Conditions. The United States economy is subject to fluctuation and it is unclear how stable the real estate market will be in the future. As a result, there can be no assurance that the Project will achieve anticipated cash flow levels. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning the security and the stability of the United States economy. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. In addition, there are increasing incidents of civil unrest and domestic terrorism within the United States that could cause instability in the United States economy. However, any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Project.

Condemnation of the Land. The Project or a portion of the Project could become subject to an eminent domain or inverse condemnation action. Any such action could have a material adverse effect on the value, marketability and profitability of the Project and it could cause the Master Tenant to terminate the Master Lease.

No Guaranteed Cash Flow. There can be no assurance that cash flow or profits will be generated by the Project, which could affect the ability of the Master Tenant to pay rent due under the Master Lease. If the Master Lease is terminated for any reason, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC and a lack of cash flow or profits will have an adverse impact on the return to the Holders.

Uninsured Losses. Pursuant to the terms of the Master Lease, the Master Tenant will maintain general liability insurance covering claims for bodily injury, personal injury and property damage on or about the Project and will maintain business loss insurance. The Trust will maintain the Trust Insurance Obligations as described in the “Summary of the Offering.” Neither the Trust nor the Master Tenant intend to obtain separate earthquake insurance unless otherwise required by the Lender. There can be no assurance that insurance obtained by the Trust or the Master Tenant will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as earthquakes, terrorism, toxic mold, wind and/or floods, may be unavailable or available at commercially unreasonable rates or in amounts that are less than the full market value or replacement cost of the Project. In addition, there can be no assurance that particular risks that are currently insurable will continue to be insurable on an economical basis or that the current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Holders may lose all or part of their investment.

Unaudited Results of Operations. The Trust did not obtain audited results of historical operations for the Project in connection with its review of the acquisition of the Project and relied only on unaudited financial information provided by the Seller. Consequently, there is less certainty regarding the prior economic operating history for the Project.

Natural Disasters. The Project's location may experience earthquakes or high winds, hurricanes, wildfires and floods. An earthquake, high winds, hurricane, wildfire or flood could cause structural damage to, or destroy, the Project. The Project is susceptible to wind damage. According to the Property Condition Report prepared by PES dated November 3, 2021 (the "Needs Assessment"), which, subject to certain limitations, may be relied upon by the Trust, the Project is located in Wind Zone IV. According to the Federal Emergency Management Agency ("FEMA"), Wind Zone IV is an area with design wind speeds (3 second gusts) up to 250 miles per hour. According to the Survey (as defined below), the Project is located in Flood Zone X (unshaded). According to FEMA, Flood Zone X (unshaded) is defined as an area where the annual flood risk is less than 0.2% and is considered a minimal flood hazard area. As Flood Zone X is not considered a special flood hazard area, mandatory flood insurance requirements do not apply. If high winds or floods cause a loss that is partially or completely uninsured, the Holders may lose all or part of their investment. Because the Trust has limited capital and cannot accept additional capital contributions, the Trust may not be able to rebuild all or a portion of the Project in the event of a casualty, without the use of insurance proceeds. It is not anticipated that the Trust or the Master Tenant will obtain separate wind or flood insurance for the Project, unless required by the Lender, but it is anticipated that wind and flood damage will be included in the property insurance policy that will be part of a blanket policy that will be applicable to the Project.

Competition. The Project is located in an area where there are competing properties located in the market area. According to the Appraisal, the closest competing properties in the market area are (i) Fondren Hill, which is located approximately 5.3 miles from the Project, (ii) The Quarter House, which is located approximately 5.1 miles from the Project, (iii) Hampton House Apartments, which is located approximately 2.1 miles from the Project, (iv) Reserve of Jackson, which is located approximately 2.0 miles from the Project and (v) Reserve of Byram, which is located approximately 20 miles from the Project. According to the Appraisal, the comparable rental properties surveyed reported occupancy rates of between 93% and 100%. According to the Appraisal, the proximity of competing properties could negatively impact the Project. The proximity of the competing properties could adversely affect the occupancy at the Project and, thus, the ability of the Master Tenant to pay rent due under the Master Lease.

Amenities as Potential Liabilities. According to the Appraisal, in addition to the residential buildings, the Project is improved with certain amenities including a swimming pool, a dog park and a fitness center. Certain claims could arise in the event that a personal injury, death or injury to property should occur in, on, or around any of the Project's improvements. There can be no assurance that particular risks pertaining to these improvements that currently may be insured will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. The Trust may be liable for any uninsured or underinsured personal injury, death or property damage claims.

Occupancy; Difficulty Attracting and Retaining Tenants. According to a rent roll dated January 18, 2022 (the "Rent Roll"), the Project was approximately 95.9% occupied. There can be no assurance that the Project can maintain the current occupancy level. If tenants (i) do not renew or extend their leases, (ii) default under their leases or (iii) terminate their leases, the operating results and financial viability of the Project could be substantially affected. The Projections assume a minimum occupancy rate and certain rental rates for the Project, but there can be no assurances that the Project will be substantially occupied at the projected rents. The Appraisal indicates the anticipated stabilized occupancy rate for the Project is 93%. There can be no assurance that the Project will maintain the minimum occupancy levels at projected levels or that rental concessions will not be required. Minimum occupancy rates may be achievable only at rental rates less than those assumed in the Projections. The residential leases for units at the Project generally have a term of approximately 1 year or less. The Project is leased to the Master Tenant pursuant to the Master Lease. In the event that the Master Lease is terminated or occupancy levels at the Project decline, the financial viability of the Project may be substantially affected, which may affect the ability of the Master Tenant to pay rent due under the Master Lease.

Easements, Restrictions, Encroachments and Agreements. The Project is subject to several easements and agreements, including, but not limited to, easements for utilities, right of way, electric, drainage, telecommunication, grading and access. The Project is subject to several reciprocal access easement agreements which

provide easement rights over adjacent properties for the benefit of the Project. The reciprocal access easement agreements additionally provide easement rights over portions of the Project for the benefit of the neighboring owner's benefit for purposes of grading, drainage, access and utility. The reciprocal access easements impose certain maintenance and repair obligations for the Project. The Project is subject to restrictive covenants in certain easement agreements and plats. The Project has indirect pedestrian access to one of the public streets through an easement. There may be utilities at the Project without the benefit of an easement. There are encroachments at the Project. According to the Survey prepared by Blake Collins, PS, on behalf of Pickering Firm, Inc., dated December 9, 2021 (the "Survey"), landscaping and the entrance sign lie within the row of Clubview Drive. According to the Survey, it is unclear whether Clubview Drive is a public right of way or whether it has been abandoned as a right of way. There may be other easements, encroachments or matters which affect the Project and are not known. If a dispute arises under the Declaration, or with adjoining property owners or others as a result of the easements, encroachments and/or agreements, it could negatively impact the Project and there could be unforeseen costs and expenses to resolve the dispute.

Zoning. All improved real estate projects must be built in accordance with applicable zoning regulations, absent an approved variance issued by the applicable governmental authority. According to the Zoning Report prepared by PES dated October 27, 2021 and last revised November 24, 2021 (the "Zoning Report"), which may be relied upon by the Trust, the Project is zoned TND Traditional Neighborhood Development. According to the Zoning Report, the Project's improvements, use and parking are legally conforming. According to the Zoning Report, the Project is not subject to any significant rebuilding conditions and may be rebuilt to its current configuration. Any unknown or future violations on the Project could limit operations and development at the Project.

Necessary Improvements and Repairs. The Needs Assessment was prepared by PES based on a visual walkthrough of the Project on October 18-20, 2021. The Needs Assessment characterizes the Project as being in overall good condition. According to the Needs Assessment, the Project has a remaining economic life of no less than 35 years. According to the Needs Assessment, there are \$17,350 in immediate repairs and \$0 in short-term repairs. The Needs Assessment indicated that the estimated requirements for modified capital reserve expenditures are \$50 per unit per year (uninflated) or \$59 per unit per year (inflated). Based on this, PES recommends the establishment of a modified capital reserve of \$156,626 for a 12-year hold period, as adjusted for inflation, for such items. Some of the items set forth in the Needs Assessment will be the responsibility of the Trust and some will be the responsibility of the Master Tenant. The Trust has established reserves in the amount of \$2,575,388. Additionally, the Master Tenant has established \$300,000 in reserves. If reserves are insufficient and the Master Tenant does not pay for the required repairs and maintenance at the Project that are the obligations of the Master Tenant, new financing to pay for these and other repairs that become necessary over time may be required. The Trust is not permitted to obtain additional capital or financing. If such actions are necessary, the Project must be transferred (or the Trust converted) to the Springing LLC. If the Project is transferred (or if the Trust converts) to the Springing LLC, the Holders will lose their ability to **participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.**

Construction Defects. The Project is recently constructed. Newly constructed projects are sometimes subject to construction defects that only reveal themselves over time. If the Project should become subject to any construction defect issues, the Trust may have remedies under state law as well as under any warranties from the contractors that were assigned to the Trust for the construction work. If work is required to cure any construction defects, reserves may not be sufficient to pay for such work. Accordingly, the presence of construction defects could adversely affect the financial performance of the Project. The Trust will not be able to accept any additional capital contributions if any defects that are not subject to warranty are discovered.

Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. The ADA requirements could require removal of access barriers at significant cost and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys' fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving and could evolve to place a greater cost or burden on the Trust. According to the Needs Assessment, PES noted that the Project is considered a public accommodation due to the leasing office and other common areas, and should be ADA compliant. According to the Needs Assessment, based on a limited visual survey of accessible areas for general compliance with

ADA requirements, PES observed that (i) 2 van-accessible parking spaces should be added to the Project parking area and (ii) pole-mounted signage should be added at the front of the accessible parking spaces. PES did not observe any other barriers of significance with respect to the ADA at the Project. According to the Needs Assessment prepared by PES, the costs to add the 2 van-accessible parking spaces and the pole-mounted signage for 11 spaces were estimated to be approximately \$2,850. Any unknown or future ADA violations on the Project could limit operations and development at the Project.

Compliance with the Fair Housing Act and the Fair Housing Amendment Act. The Fair Housing Act of 1988 (Public Law 100-430) (the “FHA”) enacted prohibitions against discrimination in housing on the basis of race, color, religion, sex, handicap, familial status or national origin. In addition, the Fair Housing Amendment Act (the “FHAA”), which modified the FHA, requires multifamily dwellings first occupied after March 13, 1991 to comply with design and construction requirements related to access and use by disabled persons. According to the Needs Assessment, PES did not note any FHA or FHAA modifications required at the Project. There can be no assurance that the Project does or will in the future conform to the FHA and FHAA requirements. Any unknown or future FHA or FHAA violations on the Project could limit operations and development at the Project.

Appraised Value. According to the Appraisal, the “as-is” appraised market value of the Project as of October 25, 2021 was \$59,400,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$64,361,612 (\$66,937,000, less the Trust Reserves in the amount of \$2,575,388). Thus, the Project will need to be sold for a net sales price of at least \$64,361,612 (less any amounts used to repay principal on the Loan) in order for Purchasers to receive a return of their capital from such sales proceeds. The Trust may not be able to sell the Project at a price equal to or greater than the purchase price paid by the Holders for the Interests.

Limited Liability for Third-Party Reports. While the Trust is permitted to rely on the third-party reports referenced herein, the provider of the third-party reports has a limitation on its liability of \$6,800 for the Appraisal, and \$50,000 for the Site Assessment, the Needs Assessment and the MMS. The Holders of the Trust may be required to rely on the Trust to pursue such party and any recovery will be subject to the limitations described above.

Financing Risks

Leverage. The Project is leveraged with a loan-to-purchase price ratio of approximately 51.21% ($\$32,962,000 \div \$64,361,612$ ($\$66,937,000$ gross price minus the Trust Reserves in the amount of \$2,575,388)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 49.24% if the reserves are included in the Holder purchase price ($\$32,962,000 \div \$66,937,000$). The loan-to-cost ratio is approximately 55.03% ($\$32,962,000 \div \$59,903,250$) based on the purchase price of the Project pursuant to the Acquisition Agreement. A decrease in rental revenue of the Project may materially and adversely affect the Project’s cash flow, which may affect the ability of the Master Tenant to pay rent due under the Master Lease. If the rent from the Project is insufficient to provide the Master Tenant with sufficient cash to pay Base Rent, it is possible that debt service payments could not be made and the Project could be foreclosed and the Holders could lose their entire investment.

Cash Sweep and Lockbox Rights. The Lender has the right to require that all cash from the operation of the Project and all rent paid under the Master Lease to be placed into lockbox accounts for the Master Tenant and the Trust which are under the control of the Lender. The Loan documents include the right of the Lender to require a cash sweep for all cash flow at the Project and all rent paid under the Master Lease after an event of default has occurred. During a cash sweep period, the Lender will have the right to limit the ability to access the funds held in the lockbox accounts. As a result, the Trust may not have any cash to pay for any expenses not approved by the Lender which may include any Trust obligations under the Master Lease, Trust operating expenses such as trustee fees, state franchise taxes and other items. The Trust is not able to accept any additional capital contributions to pay for these items. If the Lender imposes a cash sweep, distributions to the Holders will be reduced to zero and the Trust may be required to transfer the Project (or convert the Trust) to the Springing LLC or sell the Project.

Restrictions on Transfers. The Lender requires that certain searches related to OFAC compliance be completed with respect to any single person’s acquisition of 20% or more of the Trust. The Lender restricts the transfer of Interests for any Holder that owns 25% or more of the Interests. The Lender restricts the ability of the Trust to transfer ownership of the Project and it is unknown whether the Lender will permit a potential buyer of the

Project to assume the Loan from the Trust. If there is a violation of the restrictions on transfer or encumbrance in the Loan documents, the Lender will have the right to 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 pay the Loan in full, including any applicable prepayment charges. If the Trust is unable to obtain replacement financing or otherwise fails to immediately pay the Loan in full, the Lender may invoke its other remedies under the Loan, which may include proceeding with a foreclosure that would cause the Trust to lose its entire interest in the Project. Each prospective Holder should review all of the Loan documents. In addition to the above, the Trust Agreement provides that any Holder that proposes to sell their Interests to Maxus, will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests.

Events of Default Under the Loan. The Loan documents include certain events of default. If the Loan is subject to an event of default, the Lender could foreclose on the Project, resulting in the loss of all or a substantial portion of the investment made by the Holders. In addition, the Lender has the right to terminate the Master Lease upon certain events of default on the part of the Master Tenant, in which case the Lender could foreclose on the Project and if the Lender does not foreclose, the Trust will need to spring or convert to the Springing LLC after termination of the Master Lease by the Lender. See “Financing Terms – Events of Default” for a description of the events of default under the Loan.

Event of Default Caused by the Master Tenant. The Master Tenant is responsible for the operation and maintenance of the Project. The Loan documents impose requirements with respect to the operation and maintenance of the Project and the failure to meet such requirements could result in an event of default under the Loan documents.

No Ability to Refinance Loan. The Loan has a 10-year term and requires a balloon payment at the end of its term. The Trust is not permitted to refinance the Loan unless the Master Tenant becomes bankrupt or insolvent. Thus, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC if alternative financing is necessary. It is currently anticipated that the Trust will own the Project for approximately 10 years. The Trust will terminate on January 31, 2032. If the Project is not sold or if the Project is transferred (or the Trust is converted) to the Springing LLC and is unable to be refinanced, the continued ownership of the Project by the Holders may be jeopardized because the Lender may foreclose on the Project. Relative to historical interest rates, current interest rates are low and, it is likely that the interest rate that will be obtained upon refinancing (if the Project is transferred (or the Trust is converted) to the Springing LLC) will be higher than that of the Loan.

Interest Only Loan. The Loan is interest only for the first 7 years, after which it will be amortized over the remaining term of the Loan assuming a 30-year period. Thus, no principal will be repaid during this interest only period.

Risks Relating to the Operation of the Trust

New Venture. The Trust is newly formed with no history of operations and limited assets. The Trust is subject to the risks involved with any speculative new venture. No assurance can be given that the Trust will be profitable. See “The Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

No Experience of the Trust Manager. Although certain principals of the Trust Manager have experience owning and operating multifamily real property, the Trust Manager is newly formed and therefore has no experience owning or operating multifamily real property, no experience managing a Delaware statutory trust and has limited capital.

Limited Resources of the Trust Manager. The Trust Manager has limited net worth and limited financial resources to satisfy its obligations as the Trust Manager. A financial reversal for the Trust Manager could adversely affect the ability of the Trust Manager to manage the Trust. There can be no assurance that the Trust Manager will have sufficient funds to meet its obligations to the Trust or otherwise financially support the Trust. The Trust Manager has no obligation to advance, invest or loan money to the Trust.

No Guaranteed Cash Distributions. There can be no assurance that cash distributions will, in fact, be made or, if made, whether those distributions will be made when or in the amount anticipated.

Loss of Uninsured Bank Deposits. The Trust's cash will likely be held in bank depository accounts. While the FDIC insures deposits up to \$250,000 per depositor per insured institution in most cases, the Trust may have deposits at financial institutions in excess of the FDIC limits. The failure of any financial institution in which the Trust has funds on deposit in excess of the applicable FDIC limits may result in the Trust's loss of such excess amounts, which would adversely impact the Trust's performance.

No Fiduciary Duty. None of the Trust Manager, the Master Tenant, the Delaware Trustee nor the Holders have a fiduciary duty to any Holder. Therefore, the Trust Manager, the Master Tenant, the Delaware Trustee or the other Holders may take actions that would not be in the best interests of 1 or more of the Holders.

Conflicts of Interest. The principals of the Trust Manager and the Delaware Trustee are employed independently of the Trust and may engage in other activities. The Trust Manager and the Delaware Trustee will have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises they or their Affiliates may organize, as well as other business ventures in which they may be or become involved, and could exhaust their financial resources (including with respect to demand notes issued for other transactions), making it difficult for the Trust Manager and Delaware Trustee to satisfy their obligations under the Trust Agreement.

Receipt of Compensation Regardless of Profitability. The Trust Manager and its Affiliates are entitled to receive significant fees and other compensation, payments and reimbursements regardless of whether the Trust is profitable and such fees will be received prior to any distributions to the Holders.

Sale of the Project. The proceeds (net of closing costs) realized from the sale of the Project will be distributed among the Holders upon the sale of the Project, but only after payment of the Loan and the satisfaction of the claims of obligations to other third party creditors. The ability of a Holder to recover all or any portion of the Holder's investment will, accordingly, depend on the amount of net proceeds realized from the sale of the Project and the amount of claims to be satisfied therefrom. There can be no assurance that the Holders will realize gains on the sale of the Project. The net sales proceeds received by the Trust will be dependent on a number of market factors, including the capitalization rates applicable to similar real estate at the time of sale, and the desired sales price may not be achieved. Although the Trust Manager has included certain projections of income for the operation of the Project, the Trust Manager has not made any projections or assumptions with respect to the sales price of the Project or the overall return to the Holders upon sale of the Project.

Indemnification; Limitation of Liability of the Master Tenant and Trust Manager. The Trust Manager and its owners, Affiliates, directors, managers, employees, agents, assigns, principals, trustees and any officers will not be liable to the Trust or the Holders, and the Trust will indemnify such parties, in connection with their obligations under the Trust Agreement, the Trust, or any transaction or document contemplated thereby not constituting fraud, gross negligence or willful misconduct as a result of certain indemnification provisions in the Trust Agreement. A successful claim for such indemnification would deplete the value of an Interest by the amount paid. See "Summary of the Trust Agreement" and "Description of the Master Lease."

Potential Data Security Breaches. The Trust, the Master Tenant and the Managing Broker-Dealer collect and retain certain information provided by the tenants at the Project, employees and investors. The Trust, the Master Tenant and the Managing Broker-Dealer have implemented certain protocols designed to protect the confidentiality of this information and periodically review and improve their security measures; however, these protocols may not prevent unauthorized access to this information. Technology and safeguards in this area are constantly changing and there can be no assurance that the Trust, the Master Tenant or the Managing Broker-Dealer will be able to maintain sufficient protocols to protect confidential information. Any breach of the Trust's, the Master Tenant's or Managing Broker-Dealer's data security measures and loss of this information may result in legal liability and costs (including damages and penalties), as well as damage to the Trust's, the Master Tenant's and the Managing Broker-Dealer's reputation, that could materially and adversely affect the Trust, including its business and financial performance.

Risks Relating to Offering and Lack of Liquidity

Limited Transferability of the Interests. Each Holder will be required to represent that such Holder is acquiring an Interest for investment and not with a view to distribution or resale, that such Holder understands the Interests are not freely transferable and, in any event, that such Holder must bear the economic risk of investment in the Trust for an indefinite period of time because the Interests have not been registered under the Securities Act or certain applicable state securities laws, and that the Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the Interests and a Holder cannot expect to be able to liquidate its investment in case of an emergency. Further, the sale of the Interests may have adverse federal income tax consequences. The transfer of Interests may require the prior written consent of the Lender as set forth in the Loan documents (and described herein). In addition, the Trust Agreement provides that any Holder that proposes to sell their Interests to Maxus will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests.

No Redemption Rights. The Holders have no repurchase rights relating to their Interests. Holders should not invest in the Trust if they have a need for liquidity in this investment.

Speculative Investment. An investment in an Interest must be considered highly speculative. No assurance can be given that the Holders will realize any return on their purchase of an Interest, or that the Holders will not lose their entire investment. For this reason, prospective Holders should carefully read this Memorandum and should consult with their own attorneys or business advisors.

Offering Not Registered with the SEC or State Securities Authorities. The Offering will not be registered with the SEC under the Securities Act or the securities commission of any state. The Interests are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to Holders meeting the suitability requirements set forth herein.

Private Offering - Lack of Agency Review. The Offering is a nonpublic offering and is not registered under federal or state securities laws. As a result, prospective Holders will not have the benefit of review of this Memorandum by the SEC or any state securities commission. The terms and conditions of the Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with the SEC or any state securities commission.

Private Offering Exemption - Compliance with Requirements. The Interests are being offered and sold in reliance upon a private offering exemption from registration provided in the Securities Act. If the Trust should fail to comply with the requirements of such exemption, the prospective Holders would have the right to rescind their purchase of the Interests if they so desired. It is possible that 1 or more Holders seeking rescission would succeed. This might also occur under applicable state securities laws and regulations in states where the Interests will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Holders were successful in seeking rescission, the Trust could face severe financial demands that would adversely affect the Trust as a whole, and, thus, the investment in the Trust by remaining Holders.

Private Offering Exemption - Limited Information. Because the Offering is a nonpublic offering and the Interests are only being sold to Accredited Investors, certain information that would be required if the Offering were not so limited has not been included in this Memorandum, including, but not limited to, audited financial statements and prior performance tables. Thus, prospective Holders will not have this information available to review when deciding whether to invest in an Interest.

No General Solicitation. The Offering is being conducted in reliance on the exemption from registration provided in Rule 506(b) of Regulation D promulgated under the Securities Act and is not being conducted pursuant to Rule 506(c) of Regulation D. As such, a failure to comply with the Rule 506(b) requirements could result in the loss of the exemption from registration.

Prohibition on Bad Actors. The Offering is intended to be made in compliance with Rule 506(b) of Regulation D promulgated under the Securities Act. The SEC has recently changed the requirements of Regulation D

offerings to include a prohibition on the participation of certain “bad actors.” The Trust will obtain representations from the Trust Manager and its principals, the Managing Broker-Dealer and the Selling Group Members that the applicable party is not a “bad actor” as that term is defined in Rule 506(d) of Regulation D. In the event that a statutory “bad actor” participates in the Offering, the Trust may lose its exemption from registration of the Interests. Pursuant to Rule 506(e) of Regulation D, certain events that would otherwise have designated an Offering participant as a “bad actor” but which occurred prior to the effective date of Rule 506(d), are required to be disclosed to all prospective Holders. In order to comply with the requirements of Rule 506(e) of Regulation D, the Trust is required to inform prospective Holders of state sanctions on current or prospective Selling Group Members.

Berthel Fisher & Company Financial Services, Inc. Berthel Fisher & Company Financial Services, Inc. (“Berthel Fisher”) may become a Selling Group Member for the sale of the Interests. Berthel Fisher is subject to an order from a state securities commission as follows: On June 4, 2013, Berthel Fisher entered into a consent order (the “SD Consent Order”) with the state of South Dakota Division of Securities. The SD Consent Order is related to alleged violations of South Dakota statute 47-31B-412(d)(13) regarding the suitability of sales of certain alternative investments to residents of South Dakota. In connection with the SD Consent Order, Berthel Fisher agreed to provide rescission to 12 investors in the aggregate amount of \$69,000.

Independent Financial Group, LLC. Independent Financial Group, LLC (“IFG”), may become a Selling Group Member for the sale of the Interests. Cynthia Couyoumjian (CRD #1456630) (“Couyoumjian”), associated with IFG, is subject to a final order dated November 30, 2006 from the Illinois Secretary of State Securities Department (the “IL Department”). The IL Department issued a Summary Order of Denial with respect to Couyoumjian’s application for registration as a salesperson in the State of Illinois (the “Couyoumjian IL Order”). The Couyoumjian IL Order was based on findings made by the National Association of Securities Dealers (“NASD,” the predecessor to FINRA) and a subsequent Letter of Acceptance, Waiver and Consent (the “Couyoumjian AWC”) that was entered on January 4, 2006. The findings included in the Couyoumjian AWC included that Couyoumjian violated NASD Conduct Rules related to the dissemination of advertising and sales literature, and that such advertising and sales literature omitted material information, and that such communications also contained exaggerated, unwarranted or misleading statements or claims. The IL Department denied Couyoumjian’s application for registration as a salesperson in the State of Illinois pursuant to Section 8.E(1)(j) of the Illinois Securities Act which provides that registration may be denied if the Secretary of State finds that such salesperson has been suspended by certain organizations, including NASD, and pursuant to the Couyoumjian AWC, Couyoumjian was suspended from associating with any NASD member firm for a period of 31 calendar days. Pursuant to the Couyoumjian IL Order, Couyoumjian is not permitted to sell securities in the State of Illinois.

Newbridge Securities Corporation. Newbridge Securities Corporation (“Newbridge”) may become a Selling Group Member for the sale of the Interests. Newbridge is subject to certain orders from several state securities commissions concerning alleged violations regarding the obligation to properly disclose transaction handling fees charged by Newbridge to its investors (the “Allegations”). The orders to which Newbridge is subject are as follows: (i) on February 1, 2013, Newbridge entered into a consent order with the New Jersey Bureau of Securities regarding the Allegations, and Newbridge agreed to grant a 10% discount on all fees and/or commission charges to New Jersey residents for 6 months following the date of the New Jersey consent order, as well as pay a civil penalty of \$15,000 to New Jersey; (ii) on February 12, 2013, Newbridge entered into a stipulation and consent agreement with the State of Florida, Office of Financial Regulation regarding the Allegations, and agreed to pay an administrative fine of \$40,000 to Florida; and (iii) on April 5, 2013, Newbridge entered into a consent order with the Arkansas Securities Commissioner regarding the Allegations, and agreed to refund and return handling fees in the total amount of \$17,377.44 to Arkansas investors.

There may be additional state sanctions against Selling Group Members in the future regarding which the Trust will be required to inform prospective Holders.

Projected Aggregate Cash Flow. Any projected cash flow or forward-looking statements included in this Memorandum and all other materials or documents supplied by the Trust should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such Projections are based are subject to variations that may arise as future events actually occur. The Projections included herein are based on assumptions made by the Trust Manager regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not approximate such Projections. The Trust is responsible for the Trust Obligations. If amounts required to be paid by the Trust are greater than projected by the Trust Manager, the return to the Holders could be significantly reduced. Prospective Holders are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. Neither the Trust nor any other person or entity makes any representation or warranty as to the future profitability of the Trust or an investment in an Interest.

Estimates, Opinions and Assumptions. No representation or warranty can be given that the estimates, opinions or assumptions made herein will prove to be accurate. Any such estimates, opinions or assumptions should be considered speculative and are qualified in their entirety by the information and risks disclosed in this Memorandum. The assumptions and facts upon which any estimates or opinions herein are based are subject to variations that may arise as future events actually occur. There can be no assurance that actual events will correspond with the assumptions. Prospective Holders are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. Neither the Trust Manager nor any other person or entity makes any representation or warranty as to the future profitability of the Trust.

No Representation of Holders. Each of the Holders acknowledges and agrees that counsel representing the Trust, the Trust Manager and its Affiliates 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 Holders in any respect.

Lack of Independent Investigation by Managing Broker-Dealer. The Managing Broker-Dealer, an Affiliate of the Trust Manager, is acting as the managing broker-dealer for the sale of the Interests. Under federal securities laws, the managing broker-dealer may be expected to take such steps as may be necessary to ensure that the information contained in this Memorandum is accurate and complete. Such steps are typically taken by the “managing underwriter” or “dealer manager” who participates in the preparation of an offering memorandum. However, as an Affiliate of the Trust Manager, the Managing Broker-Dealer’s review will not be independently performed and prospective Holders will not receive the safeguards which might be provided by a “due diligence” investigation by an unaffiliated underwriter or dealer-manager with respect to statements made in this Memorandum.

Compensation to the Managing Broker-Dealer and the Selling Group Members. The Managing Broker-Dealer, an Affiliate of the Trust Manager, and the Selling Group Members are compensated based on the number of Interests they sell. As a result, the Managing Broker-Dealer and the Selling Group Members have an incentive to sell the greatest number of Interests possible.

Lack of Firm Commitment Underwriting. The Trust is offering the Interests on a “best-efforts” basis through the Managing Broker-Dealer, an Affiliate of the Trust Manager, and Selling Group Members. The fact that this is not a firm commitment offering may limit the amount raised in the Offering and increase the time necessary to sell the Maximum Offering Amount.

Prior Programs Sponsored by Affiliates of the Trust Manager. Passco Companies and its predecessor, Passco Real Estate Enterprises, Inc. and its Affiliate, Passco Companies Development, LLC (collectively, “Passco”), sponsored a number of other real estate projects beginning in 1998. Some of the other projects have not met the income and distribution levels anticipated in the projections produced by Passco. Certain master leases for projects sponsored by Passco have been amended because the applicable master tenant has become insolvent. In addition, certain other projects have not achieved the leasing and operational thresholds projected by Passco. The investors in some of the Passco prior programs have lost all or a significant portion of their original investment. See “Prior Performance of Passco Companies, LLC,” “Prior Performance of Passco Real Estate Enterprises, Inc.,” “Prior Performance of Passco Companies Development, LLC” and “Prior Passco Programs,” including the tables set forth therein, for a summary of prior Passco programs and their performance. There can be no assurance the Trust will meet the objectives set forth herein. See “Prior Performance Summary.”

Interests Retained by an Entity Controlled by the Depositor or an Affiliate. There is no assurance that all of the Interests will be sold. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is not, for federal income tax purposes, affiliated with the Master Tenant. However, it is anticipated that such entity would be controlled by an Affiliate of the Trust Manager. Such entity may have an incentive to sell the Project prior to the projected holding period which will result in a potential conflict of interest for the Trust Manager.

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 a Code Section 1031 exchange. The income tax consequences of a purchase of an Interest are complex and recent tax legislation has made substantial revisions to the Code. Many of these changes affect the tax benefits generally associated with an investment in real estate. The following paragraphs summarize some of the tax risks to a Holder. A further discussion of the tax aspects (including other tax risks) of a purchase of an Interest is set forth under “Federal Income Tax Consequences.” Because the tax aspects of the Offering are complex and certain of the tax consequences may differ depending on individual tax circumstances, prospective Holders are urged to consult with and rely on their own tax advisor concerning the Offering’s tax aspects and their individual situation. No representation or warranty of any kind is made with respect to the IRS’s acceptance of the treatment of any item by the Trust or a Holder.

Definition of Real Estate. The TCJA eliminated the ability to enter into like-kind exchanges under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate.

Tax Classification of the Trust. The Trust will attempt to structure the Offering such that Holders purchasing Interests are treated for federal income tax purposes as acquiring interests in real property and not an interest in an entity. If the Interests were to be treated by the IRS or a court as interests in an entity, then no prospective Holder would be able to use its acquisition of Interests as part of an exchange under Code Section 1031.

The Trust obtained an opinion from counsel that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031.

The Trust has not received and will not request a private ruling from the IRS regarding the federal income tax classification of the Trust. There is always a risk that the IRS may not agree with counsel’s opinion. The opinion of counsel is predicated on all the facts, conditions and assumptions 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, conditions or assumptions set forth in the opinion prove incorrect, it is likely that the tax consequences would change. The issues on which counsel to the Trust has issued the opinion to the Trust have not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a “should” opinion. A “should” opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed in the opinion will be accepted by the IRS or any state taxing authority, 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. See “Federal Income Tax Consequences.”

Partnership Classification – Lender Sweep Rights. The Loan documents provide that, upon a Master Lease Termination Event, the Lender will have the right to access the funds of the Master Tenant and apply such funds to the Loan. It is unclear whether the Lender will have the right to retain amounts in excess of the Master Tenant’s obligations under the Master Lease. If the Master Tenant’s assets are used to pay obligations of the Trust, a loss sharing arrangement may be created. If a loss sharing arrangement has been created between the Master Tenant and

the Trust, the IRS could take the position that a partnership exists between the Trust and the Master Tenant. If the Trust were considered a partnership, the Interests would not qualify as real estate for purposes of Code Section 1031. See “Federal Income Tax Consequences.”

Unrelated Business Taxable Income. It is anticipated that if the Trust generates taxable income, such income will be considered UBTI. Tax-exempt entities should consult with their own tax counsel regarding the effect of any UBTI. See “Federal Income Tax Consequences – Investment by Tax-Exempt Entities – Unrelated Business Taxable Income.”

Compliance with the Revenue Ruling. The IRS has issued the Revenue Ruling which sets forth the requirements for a Delaware statutory trust to be treated as an investment trust that is classified as a trust. If the Trust or the Master Tenant fails to comply with the requirements of the Revenue Ruling, the Trust could be considered a partnership and the Holders will not be able to utilize the Interests as like-kind property in connection with a Code Section 1031 exchange of real property. One of the facts that is set forth in the assumptions of the Revenue Ruling is that the lease entered into by the Delaware statutory trust was a net lease where the tenant was required to pay all taxes, assessments, fees and other charges, insurance, maintenance, ordinary repairs and utilities. It is not clear whether the Master Lease will qualify as a net lease for federal income tax purposes. The Trust must pay for the Trust Obligations. Thus, the Master Lease may not comply with the factual assumptions set forth in the Revenue Ruling. If the Trust does not qualify as an investment trust, the Interests will not qualify as like-kind property for purposes of Code Section 1031.

Tenant Improvements. The Revenue Ruling includes a requirement that the Delaware statutory trust will not make more than minor nonstructural modifications to the property held in the trust, unless required by law. It is anticipated that the Master Tenant will make certain improvements at the Project and the Trust is required to pay for the Trust Obligations. It is possible that the IRS could consider the anticipated improvements to be more than minor, nonstructural changes to the Project. In such case, the Trust may not qualify as an investment trust and the Interests will not qualify as like-kind property for purposes of Code Section 1031.

Recent Form of Ownership. The utilization of a Delaware statutory trust to acquire and hold property for purposes of a Code Section 1031 exchange is a recent development under the tax laws. This ownership structure is based primarily on the Revenue Ruling, which addresses whether a trust will be treated as an “entity” taxable as a partnership or an investment trust that is classified as a trust for tax purposes. There is no direct authority other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust. It is possible that the IRS could determine that the Trust does not comply with the requirements of that ruling. A determination that the Trust is not taxable as an investment trust that is classified as a trust would likely have a significant adverse impact on the Holders.

Mandatory Sale. The Trust is required to sell the Project if the Trust Manager determines that the sale is appropriate (after an initial holding period). Although the Trust Manager may poll the Holders regarding any potential sale, any sale will occur without regard to the tax position, preferences or desires of any of the Holders, and the Holders have no right to approve (or disapprove) of the sale of the Project. A Holder may or may not be able to defer the recognition of gain for federal, state or local income tax purposes when this sale occurs. Under current federal income tax law, Interests in the Trust should constitute interests in real estate and, therefore, a sale of the Project should qualify for deferral of gain under Code Section 1031 if all other requirements of Code Section 1031 are met (and assuming that the Project has not been transferred (or the Trust converted) to the Springing LLC). The Trust expects to sell the Project in a manner that will qualify for deferral of gain under Code Section 1031, but there can be no assurances that any such sale will so qualify.

Transfer to the Springing LLC. In connection with the transfer by the Trust of the Project to the Springing LLC or conversion of the Trust to the Springing LLC, the Holders will receive the ownership interests in the Springing LLC in proportion to their respective percentage ownership of Interests in the Trust Estate. The transfer or conversion may result in the obligation to pay real estate transfer taxes at the time of such transfer or conversion. In the event of a Master Tenant Termination Event, the transfer of the Project to the Springing LLC will be mandatory. The Springing LLC will be treated as a partnership for federal income tax purposes. Unlike interests in the Trust, interests in the Springing LLC will not be treated as interests in real property for federal income tax purposes (including for purposes of a Code Section 1031 exchange). Thus, if the Trust makes a Transfer Distribution, Holders will not be able to defer

the recognition of gain with respect to their Interests under Code Section 1031 in any future Code Section 1031 exchange. In addition, the Holders may be required to pay state and local taxes upon the sale of the Project by the Springing LLC.

A Transfer Distribution will 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, a Transfer Distribution should not be subject to federal income tax pursuant to Code Section 721. A Transfer Distribution could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that a Transfer Distribution will not be taxable under the federal income or other tax laws in effect at the time the Transfer Distribution occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Holders in the event that a Transfer Distribution does occur.

Failure to Qualify for Code Section 1031. The Trust has attempted to structure the purchase of an Interest as a purchase of real estate and not the purchase of an interest in a partnership. If the purchase of an Interest is treated for federal income tax purposes as purchasing an interest in a partnership rather than as undivided interests in real estate and such Holder purchases its Interest as part of a Code Section 1031 exchange, the Holder will not qualify for deferral of gain under Code Section 1031 and will immediately recognize any such gain and be subject to federal and applicable state income tax. Further, such a determination will not be made until after the Holder has purchased its Interest, and any taxes due will have to be paid by the Holder from other sources. In addition, the Trust may only sell the Project after it has held the Project at least 2 years following the last sale of Interests (but not more than 3 years after the Conversion Date) and upon the Trust Manager's determination that a sale is appropriate. No opinion is being rendered whether the Holders of the Interests are holding the Interests as capital assets and not inventory.

Taxable "Boot." Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be "boot" which may be taxable. The reserves of the Trust are approximately \$379.01 per Interest. Of this amount \$23.95 is attributable to reserves funded from Loan proceeds as a requirement of the Loan. It is possible that such amount, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder's prior investment, may not be treated as "boot." Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders, which includes loan fees and costs, over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as "boot" which may be taxable. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. The TCJA eliminated the ability to enter into like-kind exchanges under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal 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. See "Federal Income Tax Consequences – Taxable Boot."

State Taxes. Each Holder will be subject to state and local taxes in the state where the Project is located and where the Holder and its principals reside. Certain states do not follow the federal rules with respect to tax-deferred exchanges and it is not clear whether all states will treat the Trust as an investment trust. Further, certain state taxing agencies are aggressively auditing tax-deferred exchange transactions. In addition, other states have not yet approved of beneficial interests in Delaware statutory trusts as like-kind property with respect to deferred exchanges. This Memorandum does not analyze or discuss state or local tax consequences. Each prospective Holder should consult their own tax advisors regarding the tax consequences of the purchase of an Interest in the state where they reside and where the Project is located. The TCJA limits the itemized deductions of individuals for state and local taxes to \$10,000 of income taxes, sales taxes and property taxes. The new \$10,000 limitation does not apply to property taxes that are incurred in carrying on a trade or business or an activity for the production of income. It is anticipated that state and local income taxes incurred by the Holders as a result of the acquisition of an Interest will be subject to the new limitation. See "Federal Income Tax Consequences – State and Local Taxes."

Identification of Property. The Treasury Regulations require a purchaser of property who is participating in a Code Section 1031 exchange to identify the replacement property. There are several alternate methods under

which one may identify replacement property. Each Holder should consult with its own tax consultants regarding how to identify replacement property.

Property Qualifying Under Code Section 1031. The Trust may sell the Project after an initial holding period. Counsel has not rendered an opinion as to whether the Trust will hold the Project for investment or primarily for sale. In the event the Project is considered as held primarily for sale, the Project will not qualify as replacement property under Code Section 1031.

True Lease. The Master Lease must be a true lease for income tax purposes. If the Master Lease is not a true lease for federal income tax purposes, the Trust and the Master Tenant could be considered to be in an agency or financing relationship which would result in the Trust not being an investment trust. The test for determining if a lease is a true lease is a factual one and focuses on (i) who controls the property and (ii) who bears the economic risk of loss in respect of the Project. While the Master Tenant controls the day-to-day operations of the Project, the Trust is required to pay for the Trust Obligations. Thus, the structure of the Master Lease is not consistent with the factual assumptions set forth in the Revenue Ruling. Counsel to the Trust has relied on a certificate from the Trust Manager regarding certain items related to the Master Lease including whether the arrangements in the Master Lease are customary in the market. In addition, the Trust receives Percentage Rent equal to a percentage of gross revenues over the Baseline Amount. Thus, it is possible the Master Lease will not be treated as a true lease for income tax purposes. If the Master Lease fails to be treated as a true lease and the Master Tenant is treated as an agent of the Trust, the activities of the Master Tenant would be attributed to the Trust and the Trust could be treated as a partnership.

Possible Disallowance of Various Deductions. The availability, timing and amount of deductions or income will depend not only on general legal principles but also on various determinations that are subject to potential controversy on factual and other grounds. Such determinations could include, among other things, the allocation of basis to buildings, land, leaseholds and personal property. If the IRS were successful, in whole or in part, in challenging a Holder on these issues, the federal income tax benefits of an investment in an Interest might be materially reduced.

Limitations on Losses and Credits from Passive Activities. Deductions in excess of income, i.e., 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. 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 rental activities. A Holder will not materially participate in the Project. Thus, the Holder’s income and loss from the Project will constitute income and loss from passive activities. See “Federal Income Tax Consequences - Certain Tax Consequences Regarding Ownership of an Interest - Limitations on Losses and Credits from Passive Activities.”

Taxable Income in Excess of Cash Receipts. It is possible that a Holder’s taxable income resulting from its Interest will exceed the cash flow attributable thereto. This may occur because funds received by the Trust may be taxable income to the Holder while the Trust may use such funds for nondeductible operating or capital expenses of the Project, such funds may be held in reserves or during a cash sweep event under the Loan (as described herein). Beginning in year 8 the Loan will begin to require principal payments. Thus, there may be years in which a Holder’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, and may produce ordinary income or capital gain or loss. See “Income in Excess of Cash Receipts” and “Treatment of Gain or Loss on Disposition of Interests” under “Federal Income Tax Consequences - Certain Tax Consequences Regarding Ownership of an Interest.”

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. See “Federal Income Tax Consequences – General Considerations - Alternative Minimum Tax.”

Accuracy-Related Penalties and Interest. If an income tax audit disallows a Holder’s deductions, prospective Holders should be aware that the IRS could assess significant penalties and interest on tax deficiencies. See “Federal Income Tax Consequences - Accuracy-Related Penalties and Interest.”

Changes in Federal Income Tax Law. Congress has recently enacted several major tax bills that substantially affect the tax treatment of real estate investments including, but not limited to, the TCJA and the tax provisions of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the “CARES Act”). These changes will have a substantial effect on the type of activities in which the Trust intends to engage, and certain of those effects are set forth under the appropriate subheadings under “Federal Income Tax Consequences.” In many instances, Congressional Committee reports have been relied upon for the interpretation and application of these new statutory provisions. While the Code authorizes the Treasury Department to issue extensive substantive regulations regarding recently adopted Code provisions, few have been issued to date. In addition, Congress could make substantial changes in the future to the income tax consequences with respect to an investment in an Interest. Congress could make changes in the future to eliminate Code Section 1031 in its entirety or with respect to Interests in the Trust. Substantial changes to the Code may take place in the future, which may have substantial negative effect with respect to an investment in the Trust. The extent and effect of such changes, if any, are uncertain.

Tax Opinion. The Trust has received an opinion of counsel regarding the tax treatment of the Interests. This opinion is based on certain factual assumptions. In the event any of these assumptions are inaccurate or change after the date the opinion was issued, the opinion may no longer be applicable.

Tax Opinion Relies on Tax Certificate. Counsel to the Trust has rendered an opinion to the Trust that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031. This opinion is based, in part, on certain representations and certifications made in the Tax Certificate regarding certain factual matters related to the Trust, the Master Lease and the Project including that the rent arrangement is not an attempt to base rent on net income or profits from the Project and that the Master Lease is a bona fide lease. If these representations and certifications are no longer true, the conclusion set forth in counsel’s opinion may not be applicable.

The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, prospective Holders 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 the 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.

For a further discussion on the tax aspects of an investment in an Interest, see “Federal Income Tax Consequences.”

ESTIMATED USE OF PROCEEDS

The following table sets forth certain information concerning the estimated use of the Offering Proceeds:

<u>Purchase Price For 1 Interest</u>	<u>Use</u>
\$5,000 of equity (\$4,850.92 in allocation of debt) per 1 Interest	\$5,000 to redeem 1 Class B beneficial interest held by the Depositor ^(*)

* The Depositor will acquire all of the Class B beneficial interests, and the Trust will redeem all of the Class B beneficial interests held by the Depositor for \$33,975,000 from the proceeds of the Offering. This amount is greater than the amount contributed by the Depositor (\$29,516,638) for the Class B beneficial interests. The following describes how the Depositor and the Trust will use the funds raised in the Offering⁽¹⁾:

<u>Use</u>	<u>Amount from Offering Proceeds (Equity)</u>	<u>Amount from Loan Proceeds</u>	<u>Percentage of Maximum Offering Amount (Equity)</u>	<u>Percentage of Overall Expenditures⁽²⁾</u>
Acquisition of Real Estate (\$59,903,250) ⁽³⁾				89.50%
Proceeds from Equity	\$ 27,103,992		79.78%	
Proceeds from Debt		\$32,799,258		
Reserves ⁽⁴⁾	\$ 2,412,646	\$ 162,742	7.10%	3.85%
Closing Costs	\$ 150,000		0.44%	0.22%
Carry Costs ⁽⁵⁾	\$ 574,258		1.69%	0.86%
Selling Commissions ⁽⁶⁾	\$ 2,038,500		6.00%	3.05%
Broker-Dealer Due Diligence Allowance ⁽⁷⁾	\$ 169,875		0.50%	0.25%
Lead Placement Agent Fees ⁽⁸⁾	\$ 424,688		1.25%	0.63%
Broker-Dealer Marketing Allowance ⁽⁹⁾	\$ 339,750		1.00%	0.51%
Due Diligence Expenses	\$ 75,000		0.22%	0.11%
Loan and Lender Expenses	\$ 236,291		0.70%	0.35%
Organization and Offering Expenses	\$ 150,000		0.44%	0.22%
Total Amount Retained by Depositor ⁽¹⁰⁾	\$ 300,000		0.88%	0.45%
Total Uses from Offering Proceeds (Equity)	\$ 33,975,000			
Total Uses from Loan Proceeds		\$32,962,000		
Total Uses of Proceeds			100%	100%

(1) This table has been included for purposes of informing prospective Holders about the compensation and expenses that have been, or will be, received or incurred in connection with the Offering. The total proceeds exceed the amount contributed by the Depositor for its Class B beneficial interests. This table does not address the allocation for federal income tax purposes of the amount paid by a Holder for its Interest. Prospective Holders should discuss with their own tax advisors the tax treatment of the purchase of an Interest.

(2) This percentage was calculated by dividing (i) the expenditures by (ii) the Maximum Offering Amount (\$33,975,000) and the total amount of the Loan (\$32,962,000) which was used to acquire the Project.

(3) The purchase price was increased by the advisory fee paid to an Affiliate of the Manager (\$1,603,250).

(4) A portion (\$2,343,666) of the reserves were initially deposited in the form of a note from the Depositor to the Trust (the "Reserve Note"). The Depositor will be required to make monthly installment payments on the Reserve Note over a period of 5 months beginning when the Trust acquired the Project.

- (5) A portion of the carry costs, approximately \$356,637, will be paid to Affiliates of the Trust Manager.
- (6) Selling Commissions in an amount up to 6.0% of the Total Sales will be paid to the Managing Broker-Dealer, an Affiliate of the Trust Manager, which the Managing Broker-Dealer will reallow to the Selling Group Members.
- (7) The Managing Broker-Dealer, an Affiliate of the Trust Manager, will receive a nonaccountable due diligence allowance in an amount up to 0.5% of the Total Sales which it may reallow, in whole or in part, on an accountable basis to the Selling Group Members.
- (8) The Managing Broker-Dealer, an Affiliate of the Trust Manager, will receive a placement fee in an amount equal to 1.25% of the Total Sales. A portion of the placement fee will be reallocated to wholesalers that are internal to Affiliates of the Trust Manager.
- (9) The Managing Broker-Dealer, an Affiliate of the Trust Manager, will receive a nonaccountable marketing allowance in an amount up to 1.0% of the Total Sales, which it may reallow, in whole or in part, to Selling Group Members.
- (10) With this amount retained from the Offering Proceeds, the Depositor estimates that it will distribute approximately \$300,000 to its sole member, Passco Companies, who will transfer the money through its wholly owned subsidiaries to the Master Tenant to establish reserves for the Master Tenant (which were funded initially by \$50,000 cash and through a promissory note from Passco Management Services, LP to the Master Tenant). The Master Tenant will retain the reserves to the extent not used. An Affiliate of the Manager received an advisory fee upon acquisition of the Project in the amount of \$1,603,250.

DESCRIPTION OF THE MARKET

The information contained in this “Description of the Market” and the following “Description of the Project” sections was obtained from various sources including, without limitation, the Appraisal, CoStar, REIS, Axiometrics (“Axio”), Moody’s economy.com (“Moody’s”), Claritas Analytics (“Claritas”) and other sources (as identified), including the Trust Manager’s own findings. The Trust Manager has no reason to believe that the information is not accurate; however, no assurance can be given that such information is, in fact, accurate. Some of the information contained in this section relates to statistics from prior to the outbreak of the COVID-19 pandemic. There can be no assurance that this information reflects the current status of the economy or the market.

The Economy and Demographics

In the 5 years leading up to COVID-19 (the “Pandemic”), the Jackson MSA’s labor markets continually improved, with annual unemployment rates compressing roughly 144 basis points between 2014-2019. Before the Pandemic, the Jackson MSA’s unemployment rate approached near-decade lows at 4.3% (as of December 2019), which was approximately 1.58 percentage points lower than the 9-year trailing average annual unemployment rate for the Jackson MSA (2011-2019), according to the Bureau of Labor Statistics (the “BLS”). Similar to multiple markets across the U.S., the Jackson MSA experienced the impact of the Pandemic, with the Jackson MSA’s employment base decreasing by roughly 40,814 jobs in the months between March 2020 and April 2020. However, labor force conditions have improved since, with unemployment rates declining by approximately 9 percentage points between the Jackson MSA’s unemployment rate peak in April 2020 (14.5%) and August 2021 (5.4%). To date, the Jackson MSA’s employment base has regained approximately 37,631 jobs since May 2020.

According to the Mississippi Development Authority, the Jackson MSA is located at the center of the southeast within 500 miles of approximately 39% of the nation’s population and total personal income. Jackson, Mississippi, the state capital and central city of the Jackson MSA, is the intersection for Interstate 55 and 20. All incorporated communities within the Jackson MSA are within 45 miles of Jackson, Mississippi, which are traversed by major highways. The region is well connected, with rail access provided by Kansas City Southern, Interstate 55, 20 and 89, highways 80 and 49, 3 ports including the Port of Vicksburg, Yazoo County Port, Claiborne County Port and the Jackson-Medger Wiley Evers International Airport. According to CoStar, as the Mississippi state capital, the government sector accounts for approximately 20% of the jobs within the Jackson MSA, providing the Jackson MSA with a stable economic base.

According to the Mississippi Development Authority, the region has exposure to multiple major aerospace firms, including Eaton, Raytheon, and L-3 Communications Vertex Aerospace, all of which have facilities within the Jackson MSA and boast a large aerospace talent pool of more than 1,000 personnel. Approximately 11.8 miles from the Project, the Jackson Metro Aeroplex is an 896-acre site adjacent to the Jackson-Medger Wiley Evers International Airport, which offers 458 acres designated for aerospace manufacturing and distribution and more than 200 acres providing access to 2 large runways.

The Jackson MSA provides access to many higher education options. There are than 35,000 students enrolled in colleges and universities within the Jackson MSA. Jackson State University, located 10 miles south of the Project, is a Carnegie Foundation-designated research-intensive university offering more than 90 undergraduate and graduate degree programs. University of Mississippi Medical Center, approximately 5.4 miles south of the Project, is the State of Mississippi’s only academic health science center, with 7 health science schools on campus. Belhaven University, Millsaps College, Mississippi College and Tougaloo College are all 4-year private liberal arts colleges offering curricula for undergraduate and graduate degree pursuits. In addition, Mississippi State University offers graduate-level courses in electrical engineering and computer engineering through the Jackson Engineering Graduate Program, a consortium administered by the University of Mississippi.

According to the Greater Jackson Alliance, there are 18 hospital facilities which include a teaching and research center, a state psychiatric hospital, a Department of Veterans Affairs facility, and 9 other private non-profit and for-profit institutions with an estimated combined hospital bed space of 5,500. The Jackson MSA contains over 46,000 health professionals and 1,200 businesses related to health services. When evaluated against Sunbelt cities such as Memphis, Birmingham, Dallas, New Orleans, and Houston, the average charge for inpatient medical services is lower in Jackson amongst Medicare diagnostics-related groups. More broadly, the cost of living within the Jackson

MSA is an estimated 11.7% lower than the nation's average, according to Chmura Economics & Analytics (the "CEA").

According to Moody's, as of April 2021, the Jackson MSA experienced a strong initial rebound, and while the region remains ahead of the nation in its recovery, employment has remained relatively flat over the past 2 quarters; however, the total labor force and household employment figures are far closer to full recovery than they are, nationally. Moreover, across employment sectors, the public sector reportedly underperformed, while the professional/business services and logistics sectors have moved higher in recent months. Office-using jobs are expected to continue to move in the correct direction after exceeding pre-Pandemic payrolls figures in April 2021. Demand for many of these industries was, in large, unaffected and even buoyed by the Pandemic. For example, Insurance and Telecommunications, both of which are industries with higher shares of total employment when evaluated against the rest of the State of Mississippi, have weathered the economic downturn well, according to Moody's. Other less insulated office industries are also expected to be supported by a ramp-up in activity. Moreover, Moody's expects, going forward, that employment services will build on low economic slack and rising labor demand.

CoStar indicates that the manufacturing industry was a steady performer heading into the Pandemic and has held up relatively well in recent months. Moreover, total manufacturing employment reached the Jackson MSA's pre-Pandemic peak as of mid-2021. In a major move for the Jackson MSA, the new Continental Tires manufacturing plant added more than 2,000 jobs to the area over the past few years. Other major manufacturing employers include Nissan's vehicle assembly plant in Canton, which employs over 6,000 people, and Chinese solar panel maker Seraphim Solar. Moreover, according to Nissan, its manufacturing plant in Canton has manufactured over 4 million vehicles since inception, has generated an annual economic impact of \$2.9 billion in 2016 and creates upwards of 25,000 direct and indirect jobs statewide annually.

Moody's projects that parts of the Jackson MSA's healthcare sector are expected to outperform its other counterparts. Physicians' offices and hospitals are expected to get a modest boost from increasing telehealth usage, which will provide more rural consumers access to care in the Jackson MSA's better-developed healthcare industry. According to the CEA, the fastest-growing occupation group within the Jackson MSA over the next year is expected to be Healthcare Support occupations at 1.1% year-over-year growth. In addition, several private business and government developments are expected to add moderate upside risk to the Jackson MSA's forecast. A new Amazon distribution center in the Jackson MSA is expected to add 1,000 jobs, which is expected to offset lost hourly wages and possible summer furloughs at Nissan due to the impact of microchip shortages. Meanwhile, state government revenue was well above estimates in the first 4 months of 2021, pointing to the potential reinstatement of services that were cut last year. Moreover, state government revenue and increased federal funding should boost staff growth at the University of Mississippi Medical Center, the Jackson MSA's top employer.

According to Claritas, the 2021 estimated population of the Jackson MSA is 593,346. The Jackson MSA encompasses a total of 7 counties, according to the United States Office of Management and Budget. The largest city in the Jackson MSA is Jackson, Mississippi, according to the United States Office of Management and Budget. Characteristic of the southern U.S. region, the Jackson MSA is a subtropical climate with mild winters and humid summers, according to the National Weather Service. The Jackson MSA is home to multiple museums and attractions, which include the following: the Mississippi Museum of Natural Science, which contains a 100,000-gallon aquarium network and over 73,000 square feet of permanent and temporary exhibits; the Mississippi Sports Hall of Fame; and the Mississippi Museum of Art, which includes a 1.2-acre public green space with outdoor art installations. In addition, the Jackson MSA has a 33,000-acre recreational water reservoir and multiple public and private golf courses, of which the Country Club of Jackson and Annandale Golf Club were ranked amongst Golf Digest's top 10 courses in the State of Mississippi for 2017-2018.

According to the BLS, the current employment base in the Jackson MSA as of August 2021 is 251,370 and has improved since May 2020. Local unemployment rates spiked from 6% in March 2020 to 14.5% in April 2020. However, the local unemployment rate has declined since May 2020 to its current level of 5.4%, as of August 2021. The 3 largest employment sectors in the Jackson MSA are Government (20.9%), Education and Health Services (15.9%) and Professional and Business Services (12.6%), according to Moody's. Based on available data provided by Moody's, the 3 highest-paying employment sectors are Manufacturing (\$67,954), Government (\$64,763) and Construction (\$51,637).

Jackson, MS MSA and U.S. Projected Economic Factors					
Year	2022	2023	2024	2025	2026
GDP /GMP Growth					
Jackson MSA	4.37%	1.49%	1.42%	0.96%	0.91%
U.S.	4.32%	2.29%	2.76%	2.46%	2.18%
Employment Growth					
Jackson MSA	1.79%	0.55%	0.22%	0.16%	0.06%
U.S.	3.97%	1.52%	0.76%	0.37%	0.40%
Unemployment Rate					
Jackson MSA	4.38%	4.28%	4.43%	4.59%	4.64%
U.S.	3.57%	3.46%	3.73%	4.06%	4.21%
Personal Income Growth					
Jackson MSA	-1.13%	3.96%	3.87%	3.48%	3.54%
U.S.	0.03%	4.78%	4.95%	4.60%	4.49%

Source: Moody's Analytics, April 2021

In 2022, Moody's estimates that local GMP growth is expected to marginally exceed the U.S. by 5 basis points, and employment growth and personal income growth will trail the U.S. by 218 basis points and 116 basis points, respectively. Between 2022-2026, Moody's estimates the local economy to trail the U.S. in employment growth, local GMP growth and personal income growth, on average, by 85 basis points, 97 basis points and 103 basis points, respectively. Moody's estimates that the annual unemployment rate will be higher (4.46%), on average, than the U.S. during the same period (3.80%).

The Apartment Market

The Jackson Apartment Market

According to CoStar, Jackson's apartment market has exhibited strength since the onset of the Pandemic. Despite a sizable supply wave, the Jackson MSA's vacancy rate has trended downward over the past few quarters due to impressive demand. Apartment owners are capitalizing on improving fundamentals and are pushing rents at a brisk pace. Moreover, the year-over-year asking rent growth rate of 6.5% is far outperforming the region's pre-Pandemic figure. For context, Jackson rents were only up about 20% from 2010-2019, further underscoring the Jackson MSA's impressive recent rent growth figures. With little in the immediate supply pipeline, landlords may remain in an advantageous position to raise rents over the next few quarters contingent the current economic recovery persists, according to CoStar. Vacancies in Jackson have trended downward over the past few quarters, and at 7.4%, the Jackson MSA's vacancy rate is well below its 5-year average. More than 1,000 units have entered the market since mid-2020, marking the busiest stretch for deliveries in the Jackson MSA's recent history.

Jackson & North Jackson Apartment Market					
	Inventory	Vacancy	YTD Net Absorption	Avg. Effective Rent	Avg. Eff. Rent Growth Last 12 Months
Jackson	26,544	7.4%	335	\$964	6.6%
North Jackson	5,755	8.3%	133	\$885	3.9%

Source: CoStar Q4 2021

The broader Jackson Market has approximately 26,544 units found in 11 submarkets as defined by CoStar. As of Q4 2021, the occupancy rate was 92.6%. Year-to-date, net absorption is 335 units for the entire Jackson MSA. According to CoStar, annual net absorption has averaged 425 units in the past 3 years (2018-2020) and has averaged

approximately 222 units in the past 5 years (2016-2020). CoStar forecasts total net absorption levels of 440 units and total net completion levels of 947 units between 2022-2026. Between 2011-2020, the average annual effective rental growth rate is approximately 2.25% for the Jackson MSA, according to CoStar. CoStar forecasts the average effective rental growth rate to be 3.56%, annually, between 2022-2026. Axiometrics forecasts the average effective rental growth rate to be 2.69%, annually, between 2022-2026. In addition, CoStar and Axiometrics forecast the average annual vacancy rate to be 8.22% and 6.02% between 2022-2026, respectively.

The North Jackson Apartment Market

North Jackson Multifamily Market										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New Units	-100	0	0	0	0	0	261	0	0	220
Absorption	18	92	72	-6	-42	-224	224	192	-83	216
Vacancy	10.8%	9.0%	7.7%	7.8%	8.6%	12.8%	12.9%	9.4%	10.9%	10.6%
Effective Rent Growth	1.13%	1.26%	1.66%	1.09%	3.23%	2.74%	0.25%	1.52%	3.24%	3.62%

Source: CoStar Q4 2021

As seen on the above chart, 2017 and 2020 mark the only 2 years the North Jackson Submarket has witnessed new deliveries over the past decade. In total, 381 units were net delivered between 2011-2020. Between 2011-2016, vacancy rates fluctuated between 7.7% and 12.8% as absorption levels varied in this period. The greatest negative net absorption levels occurred in 2016 at -224 units, and vacancy rates spiked 420 basis points between 2015 and 2016. Between 2017-2020, vacancy rates and effective rent growth rates improved, as units were positively absorbed. Moreover, a cumulative total of 549 units were net absorbed between 2017-2020. For the North Jackson Submarket, CoStar forecasts annual vacancy rates to average 9.12% and effective rent growth to average 3.66%, per annum, between 2022-2026. Axiometrics projects annual vacancy rates to average approximately 6.64% and effective rental growth rates to average 2.84%, per annum, between 2022-2026.

According to Axio, there is no new supply in the North Jackson Submarket. The only deals in the pipeline for the broader market are smaller conversions located in the downtown area. The Courthouse Lofts is one of those conversions, and it is currently under construction. It is expected to contain 103 units and anticipated to be delivered in early 2022. Fondren Place is another planned conversion, and it is expected to be delivered in late 2022. It was previously an office building that is expected to be converted into approximately 130 apartments.

Lease / Sales Comparables

The Appraisal identifies 5 comparable rental properties in the market area. The following table summarizes the comparable rental properties from the Appraisal:

Comparable Property Summary						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Tapestry Northridge Apartments	Fondren Hill	The Quarter House	Hampton House Apartments	Reserve of Jackson	Reserve of Byram
Address	120 Parkway Drive	770 Lakeland Drive	1855 Lakeland Drive	601 Northpointe Parkway	2501 River Oaks	350 Byram Drive
City, State	Jackson, MS	Jackson, MS	Jackson, MS	Jackson, MS	Jackson, MS	Byram, MS
Number of Units	220	96	0	163	288	392
Year Built	2019	1973	2021	1975	2000	2000
Number of Floors	3	2	4	2	3	2
Condition	Good	Average	Average	Average	Average	Good
Occupancy	92%	94%	100%	93%	99%	98%

Compiled by NKF Valuation & Advisory

Source: the Appraisal






The Trust Manager believes the following 5 comparable rental properties are applicable. As seen in the below chart, there are 5 properties directly compete with the Project. All 5 properties are stabilized, with occupancy rates ranging from 96% to 98.9%. All of the properties are within approximately 8.5 miles of the Project. According to Arlington, effective rents range from \$1,308 to \$1,658 per unit, with an average of approximately \$1,493 per unit. The following also includes the Trust Manager’s opinions regarding the relative attractiveness for leasing of each of the comparable properties listed below as well as the Trust Manager’s opinion regarding the market. The District Lofts at Eastover is a mid-rise community located 3.9 miles southwest of the Project. In the Trust Manager’s opinion, the property’s location is superior. Moreover, the property is within The District at Eastover, which offers elegant shopping and fine local restaurants. The mixed-use space compliments the property and provides quick access to Interstate 55. The interior fixtures are comparable in the Trust Manager’s opinion; however, there are more floorplans to select from. There is a covered parking deck available but no individual garages. They are set apart by their courtyard which includes an open-air lounge, flat-screen TVs and gaming tables. Washers and dryers are included in each unit. Meridian at Fondren (“The Meridian”) is a mid-rise community 4.8 miles southwest of the Project and abuts the University of Mississippi Medical Center (“UMMC”). In the Trust Manager’s opinion, this location is superior as it is within walking distance of UMMC, making this apartment community an ideal place to live for students, physicians and staff at UMMC. The interior finishes are comparable in the Trust Manager’s opinion, but The Meridian has 15 different floorplans to choose from, and some come with fireplaces. Washers and dryers are included. King Edward is a high-rise building located in Downtown Jackson, 8.5 miles southwest of the Project. In the Trust Manager’s opinion, the interior fixtures are inferior to the Project, with white appliances and beige walls. This building is set apart by its convenient downtown location and rooftop amenities which overlook the Jackson skyline. Front-loading washers and dryers are included in each unit. Standard Life Flats is a high-rise apartment building managed by the same company and property manager managing King Edward. Standard Life is in Downtown Jackson, which is 8.5 miles southwest of the Project. In the Trust Manager’s opinion, the interiors are inferior to the Project with beige walls and white appliances. In the Trust Manager’s opinion, the location in Downtown Jackson is superior, with plenty of shopping and restaurants nearby. Standard Life also has select units in a private annex attached to the building. Washers and dryers are included in each apartment. The Quarter House is a mid-rise apartment building and the newest delivery in the market located just over 4.1 miles south of the Project. In the Trust Manager’s opinion, the interior finishes are comparable, though some units have stationary kitchen islands, some units have kitchen islands on wheels and some units have no kitchen islands. In the Trust Manager’s opinion, this property’s location is superior, being on Lakeland Drive. Moreover, Quarter House is near the Quarter shopping center, which stylistically mimics the French Quarter in New Orleans. Washers and dryers are included in each unit.

Tapestry Northridge Rent Comparables Summary							
		Year Built	# of Units	Occupancy	Unit Size	Average Effective (monthly)	Average Effective (psf)
S	Tapestry Northridge	2020	220	95.45%	1,023 SF	\$1,589	\$1.55
A	The District Lofts	2017	261	98.85%	898 SF	\$1,658	\$1.85
B	The Meridian at Fondren	2016	241	96.34%	840 SF	\$1,502	\$1.79
C	King Edward	1923	64	96.75%	711 SF	\$1,178	\$1.66
D	The Quarter House	2021	138	97.00%	754 SF	\$1,411	\$1.87
E	Standard Life Flats	1929/2018	76	96.05%	952 SF	\$1,308	\$1.37
	Totals/Weighted Average		1000 / 167	97.38%	884 SF	\$1,514	\$1.72
	W/O the Project		780 / 156	97.92%	845 SF	\$1,493	\$1.77
	Totals W/O Lease-ups		1000 / 167	97.38%	884 SF	\$1,514	\$1.72
	Totals W/O Lease-ups & W/O Project		780 / 156	97.92%	845 SF	\$1,493	\$1.77

Source: Arlington DD Report

The chart below shows 4 sales comparables identified in the Appraisal, all of which are properties located in the Jackson MSA. The capitalization rates for the properties range from 3.69% to 5.71%. The average capitalization rate is 4.47%. Based on sales comparables from the chart below, as well as the status of the capital market, the appraiser concluded that a market capitalization rate for the Project should be at 4.5%. The Project has been underwritten to a

4.35% capitalization rate. Based on a purchase price of \$58,300,000, the price per unit at the Project is \$265,000, and the price per square foot at the Project is approximately \$259.11.

Comparable Sales Summary					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
					
Property Name	Tapestry Northridge Apartments	Windsor Lake Apartments	The Gables	Creekside at Providence	Ballpark Apartments at Town Madison
Address	120 Parkway Drive	100 Windsor Lake Boulevard	880 William Blvd.	1001 Providence West Parkway	200 Town Madison Boulevard
City, State	Jackson, MS	Brandon, MS	Ridgeland, MS	Mt Juliet, TN	Madison, AL
Land Size	14.38 Acres	23.11 Acres	11.83 Acres	17.89 Acres	7.80 Acres
Rentable Area (SF)	225,004 SF	303,744 SF	194,880 SF	223,698 SF	380,000 SF
Number of Apt. Units	220	274	168	209	274
Average Unit Size (SF)	1,023 SF	1,109 SF	1,160 SF	1,070 SF	1,387 SF
Year Built (Renovated)	2021	1998	2003	2015	2020
Occupancy/Owner Occ.	92%	96%	96%	97%	92%
Construction	Wood frame	Wood frame	Wood frame	Brick	Wood
Condition	Good	Average	Good	Good	Excellent
Buyer	--	Read Property Group	Allegiant-Carter	Olen Properties	Steadfast Apartment
Seller	--	Forum Real Estate Group	The Madison Apartments	Raia Capital	Tynes Development
Interest Conveyed	Fee Simple	Leased Fee	Fee Simple	Leased Fee	Leased Fee
Competitive Class	Class A	Class B	Class B	Class A	Class A
Transaction Status	--	Closed	Closed	Closed	Closed
Transaction Date	--	Feb-21	Feb-21	Jul-21	Jun-21
Price	--	\$52,000,000	\$26,618,000	\$64,000,000	\$77,250,000
Required Capital Costs	--	\$0	\$0	\$0	\$0
Stabilized Price	--	\$52,000,000	\$26,618,000	\$64,000,000	\$77,250,000
Operating Status at Sale	--	Stabilized Operations	Stabilized Operations	Stabilized Operations	Stabilized Operations
Price per SF	--	\$171.20	\$136.59	\$286.10	\$203.29
Price per Unit	--	\$189,781	\$158,440	\$306,220	\$281,934
NOI/Unit	\$12,159	N/A	\$9,046.95	\$11,299.52	\$11,277.37
Cap Rate	--	--	5.71%	3.69%	4.00%

Compiled by NKF

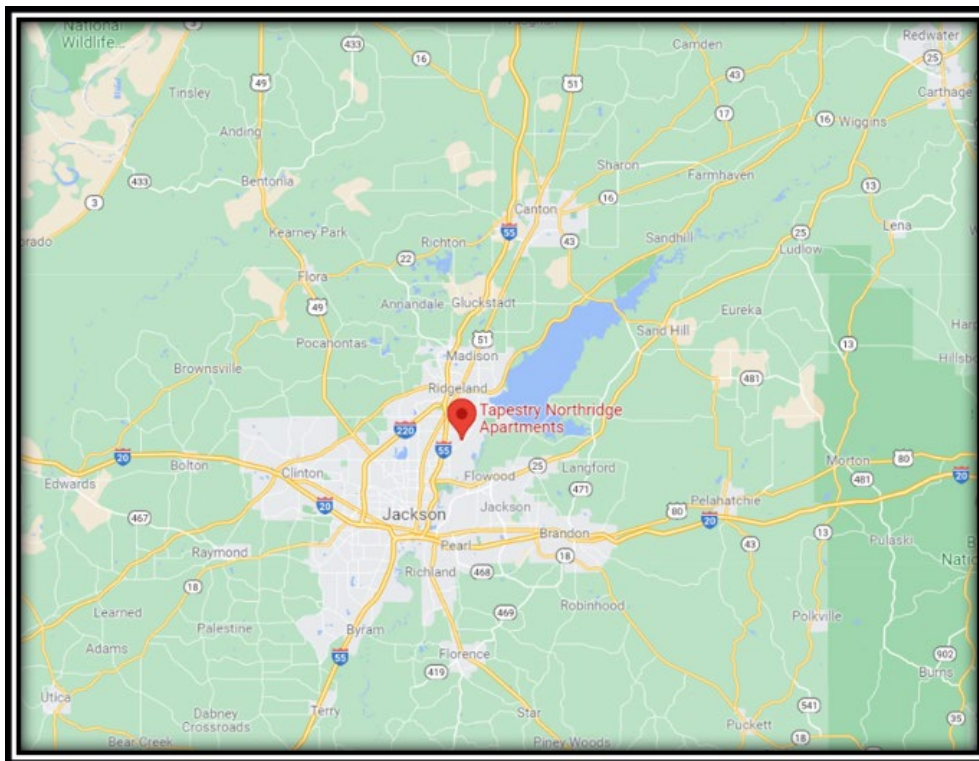
Source: the Appraisal

DESCRIPTION OF THE PROJECT

Overview

The Project is a 220-unit apartment community located in the Jackson, MS Metropolitan Statistical Area (the “Jackson MSA”). According to Claritas, within a 1-mile radius of the Project, education attainment levels and median household income levels exceed the levels of the Jackson MSA. Completed in 2021, the Project consists of 10 3-story buildings, 1 clubhouse/fitness center and 1 maintenance building. The Project sits on 14.38 acres and has a 15.3 units per acre density. The Project includes 1-, 2- and 3-bedroom units. According to the Survey (as defined below), the Project has 345 parking spaces, including 232 regular parking spaces, 101 parallel parking spaces and 12 handicap parking spaces. According to the Appraisal, the Project is well-located, in close proximity to area employment centers, commercial development and major highways. The Rent Roll reflects that the Project is leased at an occupancy rate of approximately 95.9% as of January 18, 2022. According to the Appraisal, the Project offers Class A units and amenities. According to the due diligence report conducted by Arlington, the median household income at the Project is \$78,000, which is approximately 36.95% higher than the Jackson MSA’s median household income of \$56,955.

Project Location



Source: the Appraisal

The Project is located in Hinds County. According to the Appraisal, the immediate area surrounding the Project is largely comprised of commercial uses along main thoroughfares and residential uses along secondary roadways. The immediate area around the Project can be described as predominately single-family uses, with commercial uses along Old Canton Road. According to the Appraisal, the Project is well-located, in close proximity to area employment centers, commercial development and major highways.

According to the Appraisal, the percentage of college graduates within a 1-, 3- and 5-mile radii of the Project is higher than the Jackson MSA. The Appraisal notes that the immediate area around the Project is also projected to experience continued growth over the near terms with respect to population, households and income levels. According to the Appraisal, given the demographics of the Project neighborhood, it is anticipated that demand for the Project will remain stable.

Local Area

According to Claritas, the Project is in a more affluent northeast suburb of Hinds County in the Jackson MSA. Within a 1-mile radius of the Project, education attainment levels and median household income levels exceed the levels in the Jackson MSA as a whole. Hinds County is the most populous county within the Jackson MSA with an estimated population size of 227,742 as of April 2020, according to the U.S. Census Bureau.

The Project lies within an in-fill area. More broadly, an array of single-family residential tract communities surrounds the Project, interspersed with pockets of retail space and undeveloped land plots. Abutting the Project to the north lies an undeveloped land plot, which is being proposed as a future development for a 12-hole public golf course by developer King-Collins. Directly south of the Project across Old Canton Road is a 56,293 square foot neighborhood retail center. There are single-family residences to the east and west of the Project. The Project is near 1 major roadway. Approximately 2 miles west of the Project is the Interstate 55, an approximate 290-mile north to south Mississippi Interstate Highway, traversing Jackson, Mississippi and providing access to several major cities within the State of Mississippi, including Southaven and Madison.

The Project is within commuting distance to the area's largest employers alongside the Interstate 55 medical corridor. Approximately 5.4 miles south of the Project is the University of Mississippi Medical Center, the largest employer in the Jackson MSA employing 9,750 employees and with a reported annual economic impact of approximately \$2.5 billion as of fiscal year 2019. Approximately 5.5 miles south of the Project is the St. Dominic Hospital, a 571-bed acute care facility employing approximately 3,000 personnel. St. Dominic is the fourth-largest healthcare employer in the Jackson MSA and has an estimated payroll of \$234 million as of fiscal year 2019. Approximately 6.7 miles south of the Project is the Mississippi Baptist Medical Center, a 440-bed hospital part of Baptist Health Systems, which is the third-largest healthcare employer in the Jackson MSA, according to Moody's.

The Project is within nearby proximity of some excellent K-12 education options. Jackson Academy, a PK-12th grade private co-educational school, is 2 miles south of the Project and boasts an overall grade of "A" according to Niche. Moreover, Jackson Academy possesses a 7:1 student-instructor ratio (compared to the national average of 17:1) and ranks 2nd of best private K-12 schools in the state of Mississippi, according to Niche. Jackson Preparatory School, a 6th-12th grade private co-educational school, is 5.9 miles south of the Project and possesses an overall grade of "A" according to Niche. Similar to Jackson Academy, Jackson Preparatory School has a low student-instructor ratio of 10:1 and is ranked 2nd of best private high schools in the State of Mississippi, according to Niche.

The Project also benefits from convenient access to a variety of retail options. Approximately 2.7 miles southwest of the Project is the Highland Village Shopping Center, a 421,024 square foot community center anchored by Whole Foods Market and MAISON WEISS. Other tenants include Lululemon, Vineyard Vines, Kendra Scott and Pure Barre. Approximately 5 miles north of the Project is a free-standing Costco Wholesale. Approximately 3 miles north of the Project, alongside East County Line Road, is an assortment of big-box retailers, including a Walmart Supercenter, Lowe's Home Improvement, At Home, Big Lots and T. J. Maxx. Approximately 4.3 miles south of the Project is The District at Eastover, a mixed-use space with living options, class-A office space, local restaurants, and boutique retail options.

There are a few recent economic announcements that may continue to further support the Jackson MSA's economy. This summer, construction commenced on a new UPS last-mile distribution center in Madison County. In October 2020, UPS announced plans to build a \$28.6 million facility in Ridgeland (approximately 6.4 miles from the Project) with plans to create 161 new high-paying jobs. In November 2020, Amazon announced plans to launch a new state-of-the-art fulfillment center in Madison County (approximately 20.2 miles from the Project) as well, creating more than 1,000 new full-time jobs.

Jackson MSA Top 10 Employers		
Rank	Employer	Employees
1	University of Mississippi Medical Center	9,750
2	Merit Health	7,000
3	Nissan	5,250
4	Baptist Health Systems	3,599
5	Cal-Maine Foods Inc.	3,500
6	St. Dominic	3,000
7	Walmart Inc.	2,725
8	AT&T	2,500
9	Ergon Inc.	2,300
10	G.V. (Sonny) Montgomery Medical Center	2,200

Source: Moody's Analytics, April 2021

Jackson MSA and Local Area Demographics				
	Jackson MSA	1-Mile Radius	3-Mile Radius	5-Mile Radius
2010 – 2021 Population Growth	1.20%	-10.76%	-6.10%	-2.80%
2021 – 2026 Population Growth	-0.07%	-4.60%	-2.41%	-1.14%
2021 Estimated Population	593,346	6,417	50,320	97,513
Average Age	38.70	39.63	37.48	38.85
Age 25+ w/ Bachelor's Degree or Higher	31.40%	52.77%	47.69%	48.05%
Prime Rental Age (18-34)	23.64%	22.16%	25.07%	24.07%
Median Household Income	\$56,955	\$72,229	\$54,669	\$59,184
Households greater than \$100K Income	24.69%	32.52%	20.75%	25.34%
Median Home Value	\$158,957	\$152,246	\$156,046	\$167,756

Source: Claritas

As reflected on the table above, according to Claritas, the areas immediately surrounding the Project are typically more affluent and have higher education levels than in the Jackson MSA. The median household income within a 1-mile radius of the Project, at \$72,229, is 26.8% higher than the Jackson MSA's median household income of \$56,955. Moreover, approximately 32.52% of all households within a 1-mile radius have a household income greater than \$100,000, which exceeds the Jackson MSA at 24.69%. Approximately 52.77% of all residents, age 25+, within a 1-mile radius have obtained a bachelor's degree or higher, exceeding the Jackson MSA at 31.40%. When expanding to a 3- or 5-mile radius, there is some observable variation in the relative strength of these areas.

Nonetheless, the 1-mile, 3-mile and 5-mile radii income and education demographics are, generally, more robust than the Jackson MSA.

Project Improvements

According to the Appraisal, the residential buildings consist of approximately 225,004 rentable square feet with an average unit size of 1,023 square feet. The Project improvements include 84 1-bedroom units, 112 2-bedroom units and 24 3-bedroom units. According to the Needs Assessment, the Project is in overall good condition.

Unit Mix				
UNIT TYPE	UNIT TOTALS	% UNITS	SF PER UNIT*	TOTAL SF
A1: 1BR/1BA	84	38.2%	821	68,964
B1: 2BR/2BA	112	50.9%	1,108	124,096
C1: 3BR/2BA	24	10.9%	1,331	31,944
Total/Average	220	100.00%	1,023	225,004

*Total square footage divided by total number of units.

Improvement Summary	
Property Type	Multi-Family Garden/Low-Rise
Number of Buildings	12 (10 3-story residential buildings, a single-story clubhouse and a single-story maintenance building)
Number of Stories	3 (residential buildings)
Number of Units	220
Acres	14.38
Density	15.30 Units/Acre
Parking Improvements	345 regular surface spaces (including 232 regular spaces, 101 parallel spaces and 12 handicap spaces)
Total Parking Spaces	345
Parking Ratio	1.57

The following is a description of additional Project improvements and basic construction features derived from the Appraisal, the Survey and the Needs Assessment.

- **Topography** • The general vicinity is relatively flat. The Project slopes slightly downward towards the south.
- **Drainage** • Storm water from the roofs of the subject buildings, landscaped areas, and paved areas is removed primarily by sheet flow action across the paved surfaces towards stormwater drains located throughout the property. Roof drainage flows into gutters provided at the roof edges of the roof sections. Storm water at paved and landscaped areas is directed to various drains distributed throughout the subject property. Storm water is managed by a series of on-site storm drains that are interconnected and attached to a storm water retention pond located on the southeast corner of the property. It was reported that the retention pond is owned and maintained by the Project.
- **Parking** • Vehicular access is provided by 2-way drive lanes leading from the adjacent public right-of-way to the on-site parking areas and drive aisles. Signalization is not provided at the entrance point to the Project. Asphalt pavement is utilized throughout the property. Curbing placed at the parking area perimeters and interior islands consists of cast-in-place concrete. On-site parking consists of surface lots and attached

garages. According to the Survey, there are 345 parking spaces which include 232 regular spaces, 101 parallel spaces and 12 handicap spaces.

- **Walkways, Grade-Level Steps and Ramps** • Building entrance flatwork and pedestrian walkways consist of cast-in-place concrete construction. Steps accommodate sidewalk grade changes. Entrance to the clubhouse building and portions of the surrounding sidewalks consist of brick pavers set in a herringbone pattern.
- **Landscaping and Irrigation** • Landscaped areas are minimal and consist of grass-covered lawns, trees, and shrubs are provided in areas not occupied by the buildings, walkways, or pavement. An underground automatic irrigation system is provided.
- **Retaining Walls** • Retaining walls are not provided at the Project.
- **Perimeter Walls, Gates, Fences** • The Project is open to the adjacent parcels along all perimeters. The dumpster enclosure consists of CMU with wood swinging gates and is located between buildings 1 and 2.
- **Site Amenities** • The Project has an in-ground, saltwater, swimming pool. The pool is reportedly constructed of concrete with a painted plaster finish and mosaic, ceramic tile at the water line. Limestone coping is located around the edge of the pool and the surrounding deck surfaces are concrete and brick pavers. Equipment is located in a dedicated fence enclosure and consists of filters and circulating pumps. Exposed circulation piping is PVC. Additional pool area amenities include seating areas, propane-fired grills and fire pit. An outdoor pavilion with seating with a propane-fired fireplace is located just outside of the pool fence line. A dog park is provided on the south side of the of the Project behind the maintenance building and is equipped with a wash station.
- **Foundation/Substructure** • According to as-built drawings, foundations consist of a post-tensioned, concrete slab-on-grade, grade beams and spread footings.
- **Roofing** • Primary roof coverings consist of architectural shingles on the pitched roof sections on all of the buildings. Storm water runoff for the roof systems is directed to perimeter gutter and downspout systems. Downspouts discharge on-grade and is directed by sheet flow, to the storm drain collection system.
- **Fire Escapes, Stairs, Balconies** • The buildings have exterior stairs providing access to individual units. The stairs consist of steel-framed with concrete-filled steel pan treads and closed risers. Steel guardrails are located on the open sides, while steel handrails are located on adjacent walls. All observed steel components are painted. Balconies are constructed of wooden substructures with a concrete topping. Balconies are supported by columns at each corner. Balcony railings are factory finished metal.
- **Windows** • Windows within the tenant spaces and the leasing office appeared to be double-pane operable units. Window framing appeared to be vinyl.
- **Heating, Air Conditioning and Ventilation** • Heating and cooling are provided by individual split-systems consisting of exterior at-grade pad-mounted heat pumps and interior air handlers. Each apartment unit is served by a single set of split-system equipment and the clubhouse/office building is served by 3 sets. The Goodman manufactured heat pumps have a Seasonal Energy Efficiency Ratio (SEER) rating of 14, utilize R-410A refrigerant, and range in capacity from 1.5- to 2.0-tons for the apartment units and up to 4.0-tons for the amenity buildings. The Goodman manufactured air handlers are located in the utility closets of each apartment unit and adjacent to the spaces serving the amenity spaces, and each unit is equipped with electric heater kits that have capacity that are typically 5-kW for the apartments and range from 8- to 10-kW for the amenity buildings. Conditioned air is distributed via concealed ductwork to diffuser registers throughout the interior spaces and ceiling fans provided in select rooms also assist with promoting air circulation. A programmable digital thermostat is installed to control the conditioned air for each air handler.

- **Plumbing Systems and Domestic Hot Water** • Domestic water for the property is presumed to be supplied by an underground 12-inch main located near the southeast corner of the property. The main water meter and main shut-off valve is installed in an underground vault at this location. Each building is provided with a domestic water service that commonly enters via a 2-inch riser piping in the fire riser utility closet. The plumbing system serves the bathrooms, kitchens, and any other needs of the apartment buildings. Main domestic water supply line to each building is via underground galvanized steel pipe and transition to PEX pipe at the main riser located in the fire riser utility closet that serves the building. Observations of visible piping at water heaters and plumbing stub-outs indicates that the branch piping is PEX. Backflow prevention (BFP) devices were observed on the domestic and fire protection system supplies. Observation of visible drainage and vent piping indicates that the piping is PVC material.
- **Electrical Supply and Natural Gas Distribution** • Electrical power is provided to the property via underground service lines multiple utility-owned pad-mounted transformers throughout the site; the regional public electric utility provider is Entergy. Each building is fed by a pad-mounted transformer which steps the electrical power down to a 120/240-volt, 1-phase, 3-wire service. The feed then enters each of the buildings via modular metering system bank packs with a main disconnect, individual meters, and a house panel that are façade-mounted to the exterior walls. The meter banks each have a capacity of 1,000-amp and the main disconnect serving each meter bank is housed in a NEMA-3R enclosure.
- **Exterior Lighting** • Outdoor lighting is provided by fiberglass pole-mounted, LED light fixtures generally located in parking areas and along the Project's drive aisles. Wall packs and architectural exterior fixtures mounted on the building façade provide additional lighting to the building areas. Timers and photocells control exterior lighting.
- **Fire Suppression Systems** • The Project is protected with a wet-pipe automatic sprinkler system. Water is supplied via a fire sprinkler main riser that is fitted with flow and tamper switches and a backflow prevention (BFP) device located in the fire riser utility closet of each building. Typically, spare sprinkler heads are provided in a cabinet adjacent to the fire riser and a fire department connection (FDC) is located along the exterior façade just outside the fire riser utility closet. All wet-pipe sprinkler systems are delivered at city provided pressure without the assistance of a fire pump.

Community Amenities

The Project offers several community amenities, including the following:

- A resort-style saltwater pool with sun deck
- An outdoor fire pit lounge
- Wi-Fi at the clubhouse and pool area
- A fitness center with a yoga studio
- A brewed gourmet coffee and tea bar
- A cyber cafe
- A grilling terrace with seating
- Lawn gaming
- Multiple outdoor lounges
- A leash-free dog park and pet spa
- Door-to-door trash pickup
- 24/7 package concierge
- Smoke Free Community Inside and Out

In addition, the Project is a pet friendly apartment community.

Unit Amenities

Unit amenities include:

- Gourmet kitchens with subway tile backsplash
- Goose neck kitchen faucet with deep under mount sinks
- Stainless steel appliances
- Eat-in kitchen islands with pendant lighting
- Pantry
- 42-inch custom cabinetry
- Wood design plank flooring
- Ceiling fans
- 2-inch wood-like blinds
- Linen cabinets
- Curved shower rods
- Walk in closets
- Full size washer and dryer included
- Private patios and balconies
- Direct USB wall connections

Property Website

The website for the Project can be found at: www.tapestrynorthridgeapartments.com.

Environmental Conditions

According to the Site Assessment, GRS did not identify any evidence of RECs, CRECs or HRECs at the Project.

Competition

According to the Appraisal, the closest competing properties in the market area are (i) Fondren Hill, which is located approximately 5.3 miles from the Project, (ii) The Quarter House, which is located approximately 5.1 miles from the Project, (iii) Hampton House Apartments, which is located approximately 2.1 miles from the Project, (iv) Reserve of Jackson, which is located approximately 2.0 miles from the Project and (v) Reserve of Byram, which is located approximately 20 miles from the Project. According to the Appraisal, the comparable rental properties surveyed reported occupancy rates of between 93% and 100%. According to the Appraisal, the proximity of competing properties could negatively impact the Project.

Wind Zone

The Project is susceptible to wind damage. According to the Needs Assessment, the Project appears to be located in Wind Zone IV, an area with design winds speeds (3-second gusts) up to 250 miles per hour. It is not anticipated that the Trust or the Master Tenant will obtain separate wind insurance for the Project, but it is anticipated that wind damage will be included in the property insurance policy that will be part of a blanket policy that will be applicable to the Project.

Seismic Zone

According to the Needs Assessment, the Project is located within the 1997 UBC Seismic Hazard Zone 1 which possesses a maximum ground acceleration of 0.075 g and is susceptible to minimal damage. Neither the Trust nor the Master Tenant will obtain earthquake insurance and the Lender did not require earthquake insurance. The Trust has limited earthquake insurance pursuant to certain blanket policies under which the Project will be insured.

Floodplain

According to the Survey, the Project is located in Flood Zone X (unshaded). According to FEMA, Flood Zone X (unshaded) is defined as an area where the annual flood risk is less than 0.2% and is considered a minimal flood hazard area. As Flood Zone X (unshaded) is not considered a special flood hazard area, mandatory flood insurance requirements do not apply.

Easements, Restrictions and Encroachments

The Project is subject to several easements and agreements, including, but not limited to, easements for utilities, right of way, electric, drainage, telecommunication, grading and access. The Project is subject to several reciprocal access easement agreements which provide easement rights over adjacent properties for the benefit of the Project. The reciprocal access easement agreements additionally provide easement rights over portions of the Project for the benefit of the neighboring owner's benefit for purposes of grading, drainage, access and utility. The reciprocal access easements impose certain maintenance and repair obligations for the Project. The Project is subject to restrictive covenants in certain easement agreements and plats. The Project has indirect pedestrian access to one of the public streets through an easement. There may be utilities at the Project without the benefit of an easement. There are encroachments at the Project. According to the Survey, landscaping and the entrance sign lie within the row of Clubview Drive. According to the Survey, it is unclear whether Clubview Drive is a public right of way or whether it has been abandoned as a right of way. There may be other easements, encroachments or matters which affect the Project and are not known.

Zoning

According to the Zoning Report, the Project is zoned TND Traditional Neighborhood Development. According to the Zoning Report, the Project's improvements, use and parking are legally conforming. According to the Zoning Report, the Project is not subject to any significant rebuilding conditions and may be rebuilt to its current configuration.

Necessary Improvements and Repairs

The Needs Assessment characterizes the Project as being in good condition. According to the Needs Assessment, the Project has a remaining economic life of no less than 35 years. According to the Needs Assessment, there are \$17,350 in immediate repairs. The Needs Assessment indicated that the estimated requirements for modified capital reserve expenditures are \$50 per unit per year (uninflated) or \$59 per unit per year (inflated). Based on this, PES recommends the establishment of a modified capital reserve of \$156,626 for a 12-year hold period, as adjusted for inflation, for such items.

Compliance with the Americans with Disabilities Act

According to the Needs Assessment, PES noted that the Project is considered a public accommodation due to the leasing office and other common areas, and should be ADA compliant. According to the Needs Assessment, based on a limited visual survey of accessible areas for general compliance with ADA requirements, PES observed that (i) 2 van-accessible parking spaces should be added to the Project parking area and (ii) pole-mounted signage should be added at the front of the accessible parking spaces. PES did not observe any other barriers of significance with respect to the ADA at the Project. According to the Needs Assessment prepared by PES, the costs to add the 2 van-accessible parking spaces and the pole-mounted signage for 11 spaces were estimated to be approximately \$2,850. Any unknown or future ADA violations on the Project could limit operations and development at the Project.

Compliance with the Fair Housing Act and the Fair Housing Amendment Act

According to the Needs Assessment, PES did not note any FHA or FHAA modifications required at the Project.

Appraised Value

According to the Appraisal, the “as-is” appraised market value of the Project as of October 25, 2021 was \$59,400,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$64,361,612 (\$66,937,000, less the Trust Reserves in the amount of \$2,575,388).

Description of Form of Apartment Lease

Units in the Project are currently leased to tenants pursuant to a form of lease which includes the following basic terms. Pursuant to the form of lease, the tenant pays for certain utilities such as water, wastewater, gas, electricity, trash, cable TV, internet, and stormwater drainage. The lease automatically renews on a month-to-month basis unless either the Master Tenant or the tenant give 60 days’ prior written notice of termination. When renewed on a month-to-month basis, the monthly rent will be the amount of rent the Master Tenant charges at the time the month-to-month tenancy commences and a separate addendum may be required. The month-to-month term will continue to renew unless the tenant or the Master Tenant provides written notice of termination at least 60 days before the end of a monthly renewal period. If a tenant holds over and does not vacate the apartment when required, then (i) the tenant is required to pay holdover rent in advance on a daily basis and such rent may be delinquent without notice or demand; (ii) rent for the holdover period will be increased by 25% over then-existing rent, without notice; (iii) the tenant will be liable to the Master Tenant for all rent for the full term of the previously signed lease of a new resident who cannot occupy the unit because of the holdover or (iv) at the Master Tenant’s opinion, the Master Tenant may extend the lease term for up to 1 month from the date of notice of lease extension by delivering written notice. In certain circumstances, tenants who are military personnel may terminate the lease prior to the end of the term under federal and state laws. Tenants may also terminate their lease in the event of certain delays in the tenant’s occupancy due to construction, repairs, cleaning or a previous resident’s holding over. Subletting the apartment and assignment of the lease are permitted only when the Master Tenant consents in writing. Tenants are allowed to have pets only with the prior written consent of the Master Tenant and the execution and performance of an animal addendum with an additional animal deposit fee.

BASIC UNDERWRITING ASSUMPTIONS

Analysis Period: 10 years

Revenues

1) Average per unit rents:

Unit Type	Count	Square Feet	Rent
A1: 1BR/1BA	84	821	\$1,267
B2: 2BR/2BA	112	1,108	\$1,504
C1: 3BR/2BA	24	1,331	\$1,791
Total / Average	220	1,023	\$1,445

2) Rental growth rates: 2.18% in year 2 and 2.5% per year thereafter

3) Economic Vacancy Assumptions:

Loss to Lease –	5.93% in year 1 and 4.63% per year thereafter
Vacancy –	5.51% in year 1, 5.63% in year 2 and 5% per year thereafter
Submarket concessions	0.27% in year 1, 0.29% in year 2, 1.25% in year 3, 1.5% in year 4, 1.75% in year 5, 1.5% in year 6, 1.25% in year 7, 1% in year 8, 0.75% in year 9 and 0.5% in year 10
Non-Revenue Units (emp. & models) -	2.49% in year 1 and 2.44% per year thereafter
Collection Loss/Bad Debt -	0.56% in year 1 and 0.48% per year thereafter
Total Financial Vacancy -	14.77% in year 1, 13.47% in year 2, 13.80% in year 3, 14.05% in year 4, 14.30% in year 5, 14.05% in year 6, 13.80% in year 7, 13.55% in year 8, 13.30% in year 9 and 13.05% in year 10

Expenses

- 1) 2.63% growth on all property expenses in year 2, 1.89% in year 3, 6.83% in year 4, 1.72% in year 5, 1.76% in year 6, 1.77% in year 7, 7.02% in year 8, 1.72% in year 9, and 1.73% in year 10
Taxes: 0.47% in years 2 and 3, 14.73% in year 4, 0.48% in years 5-7, 14.85% in year 8, and 0.48% thereafter
- 2) Year 1 per unit/year expenses:

Payroll Expenses	\$1,487
Repair and Maintenance	138
Turnover Expense	177
Recreational Amenities	100
Contract Service	341
Marketing Expense	246
Office	177
Administrative Expense	92
Insurance (Business Loss)	22
Management*	412
Utilities	812
Taxes**	2,484
Licenses/Permits	5
Insurance	301
Total Operating Expenses	\$6,794

* Management Fee:

2.25%

** Tax projection based on average of Marvin Poer Tax analysis

Financing

- | | |
|----------------------|--|
| 1) Lender - | Fannie Mae |
| 2) Loan Amount - | \$32,962,000 |
| 3) Term - | 10-year fixed term with interest only payment during the first 7 years. 30-year amortized payments thereafter |
| 4) Index - | 10-year U.S. Treasury |
| 5) Interest - | 3.33%. |
| 6) Prepayment - | The Loan may be repaid but is subject to a yield maintenance payment until the last 6 months of the loan term. The Loan may be repaid during the last 6 months of the loan without payment of a prepayment penalty or yield maintenance payment. |
| 7) Capital Reserve - | Upfront replacement reserve of \$88,000 with monthly impounds of \$3,667. |

DESCRIPTION OF THE MASTER LEASE

General

The Trust entered into the Master Lease with the Master Tenant, which is attached hereto as Exhibit D. The entire Master Lease should be reviewed before investing. The following is only a summary of some of the significant provisions of the Master Lease and is qualified in its entirety by reference thereto.

Term

The Trust leased the entire Project to the Master Tenant for a term of 13 years pursuant to the Master Lease. The Master Tenant has 2 5-year extension options (which may only be exercised if the Trust has converted (or the Project transferred) to the Springing LLC). However, the Master Lease may be extended only in the event that the Trust does not sell the Project before the initial 13-year Master Lease term has expired and the Trust has converted to the Springing LLC. The Projections prepared by the Trust Manager assume that the Project will be sold in year 10 at the end of the Loan term. The Master Lease will terminate upon the sale of the Project by the Trust.

Rent

During the term of the Master Lease, the Master Tenant will pay Base Rent in arrears on the 10th day of each calendar month as follows:

<u>Lease Period</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Year 1*	\$248,826.15	\$3,234,740
Year 2	\$245,638.50	\$2,947,662
Year 3	\$247,480.75	\$2,969,769
Year 4	\$249,336.83	\$2,992,042
Year 5	\$251,206.92	\$3,014,483
Year 6	\$253,090.92	\$3,037,091
Year 7	\$254,989.17	\$3,059,870
Year 8	\$261,386.42	\$3,136,637
Year 9	\$263,346.83	\$3,160,162
Year 10	\$265,321.91	\$2,918,541

* Year 1 began on the date the Trust entered into the Loan and will end on December 31, 2022. Years 2 through 9 will begin on January 1 and end on December 31. The first month's rent will be pro rata for the actual number of days from the date of this Agreement through the end of the first month.

In addition, the Master Tenant will pay Percentage Rent equal to 80% of gross revenues of the Project over the Baseline Amount. The Baseline Amount will initially be \$3,930,812 for lease year 1, \$3,664,726 for lease year 2 and will increase by 1% per year through lease year 7. The Baseline Amount will be \$3,890,181 in lease year 8 and will increase by 1% per year through the end of the lease term.

The Projections prepared by the Trust Manager assume that the Project will be sold on or before the date on which the 10-year Loan matures. If the Project is not sold, Base Rent will be equal to \$3,183,863 in year 11 with an annual increase by the consumer price index adjustment. No Percentage Rent will be paid after year 10 or during the extension periods.

The Master Tenant, as an administrative convenience and only to the extent of Base Rent and Percentage Rent and on behalf of the Trust will pay all principal, interest and impounds directly to the Lender on behalf of the Trust. The Master Tenant may also pay, as an administrative convenience and only to the extent of Base Rent and Percentage Rent on behalf of the Trust, amounts for taxes. Any remaining amounts of Base Rent and Percentage Rent will be paid to the Trust.

Debt Service

The Trust is responsible for paying the debt service under the Loan.

Trust Obligations

The Trust Obligations are described in “Summary of the Offering.”

Taxes

The Trust is responsible for all taxes for the Project.

Hazardous Substances

The Trust is responsible for the Landlord’s Hazardous Substance Costs as defined in the Master Lease.

Insurance

The Trust is responsible for the following insurance: (i) all risks property insurance, (ii) boiler and machinery insurance, (iii) flood insurance, if required by the Master Lease or the Lender, (iv) builder’s risk insurance for any changes or alterations and (v) any insurance required to be obtained by the Trust in the Loan documents.

The Master Tenant is responsible for the following insurance: (i) comprehensive general liability insurance including contractual liability insurance specifically covering the indemnification obligations of the Master Tenant under the Master Lease and (ii) 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 hazards covered by the Trust’s insurance obligations under the Master Lease.

Utilities

The Trust is responsible for all utilities for the Project which are not paid by the residents.

Casualty and Condemnation Restoration

The Master Tenant is responsible for paying any expenses related to repairing or restoring the Project after a casualty, other than Landlord costs; provided, however, to the extent available, the Trust is required to provide insurance proceeds or condemnation proceeds resulting from such casualty or condemnation to the Master Tenant for the purpose of restoring the Project. The Trust is responsible for paying any expenses in excess of any condemnation award related to repairing or restoring the Project after a condemnation.

Operating Expenses

The Master Tenant is obligated to pay all costs associated with the operation, maintenance, repair and leasing of the Project (other than the Trust Obligations), including all operating costs, costs of repairs and maintenance and costs of capital improvements.

Capital Improvements

Pursuant to the Master Lease, the Master Tenant is responsible for the Capital Expenditures (as defined in the Master Lease) at the Project (other than those Capital Expenditures included in the Trust Obligations). The Trust is responsible for paying for those included in the Trust Obligations and the Master Tenant is required to perform the Capital Expenditures.

Notwithstanding the above, the Trust and the Master Tenant are prohibited from making any modifications to the Project other than minor nonstructural modifications or as required by law.

Subleases

The Master Lease provides the Master Tenant with the right to sublease the Project without the consent of the Trust, provided that the Master Tenant will remain liable to the Trust for its obligations under the Master Lease and such subleases comply with certain requirements set forth in the Master Lease.

Defaults and Remedies

The Master Tenant will be in default under the Master Lease upon (i) a failure to pay Base Rent or any Additional Rent (as defined in the Master Lease) or any required amounts when due, which failure is not cured within 10 days of written notice, (ii) a failure to observe or perform any of the terms and conditions of the Master Lease, which failure is not cured within 30 days after written notice, unless such failure cannot be cured within 30 days and the Master Tenant promptly and diligently cures such failure, (iii) the leasehold being taken on execution or other process of law in an action against the Master Tenant, (iv) the filing of a voluntary petition in bankruptcy or an adjudication of bankruptcy or insolvency, (v) any levy or attachment on the Master Lease or the leasehold of Master Tenant and such attachment is not vacated within 120 days, (vi) the dissolution or termination of the Master Tenant, (vii) the Master Tenant's general assignment for the benefit of creditors, (viii) any material misrepresentation or warranty made by the Master Tenant under the Master Lease which is not remedied within 30 days after written notice, (ix) the Master Tenant's taking or failure to take any action which is in violation of the Loan and is not cured as required under the Loan, (x) while the Loan is outstanding, the amendment or alteration of Section 7.9 of the Master Tenant's limited liability company agreement or violation of the terms of such provision (the special purpose entity provisions) and (xi) while the Loan is outstanding, the transfer of a direct or indirect interest in the Master Tenant without the prior written consent of the Trust.

Upon the Master Tenant's default under the Master Lease, the Trust will have the right to (i) terminate the Master Lease with 10 days prior written notice, (ii) terminate the Master Tenant's right to occupy the Project and reenter and take possession of the Project with 10 days prior written notice, (iii) assume the Master Tenant's obligations under the Master Lease and require that the Master Tenant reimburse the Trust for the cost incurred by the Trust to satisfy the Master Tenant's obligations and (iv) exercise all other remedies available to the Trust at law or in equity.

Mandatory Termination

If a Master Lease Termination Event occurs, the Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC. A "Master Lease Termination Event" is any event in which (i) any of the following has occurred and is continuing: (a) a default by the Master Tenant with respect to any of the terms, conditions, provisions, requirements, representations and affirmative and negative covenants of the Loan documents relating to the use and operation of the Project that continues uncured beyond the expiration of applicable notice and cure periods and/or (b) an event of default pursuant to the Loan documents based on a default, breach or failure by the Master Tenant under the Master Lease, (ii) the Master Tenant becomes insolvent or a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an event of default pursuant to the Loan documents caused by the Master Tenant which event of default has not been waived within any applicable cure period. Thus, certain actions by the Master Tenant could require the Trust to

convert to a limited liability company which would cause the Holders to lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Stay Bonus Payment

Pursuant to the terms of the Master Lease, the Trust is required to pay \$50,000 to the Master Tenant upon the sale of the Project (which will be paid from sales proceeds) which the Master Tenant will be obligated to use to pay for stay bonuses for the onsite property management staff and other closing related items.

Indemnification

The Master Tenant is required to indemnify the Trust 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 the Trust in connection with anything and everything 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 the Master Tenant and (iii) the Master Tenant's breach of the Master Lease.

Master Tenant Capitalization

The Master Tenant is a Delaware limited liability company that was formed on November 16, 2021. Passco Management Services, LP is the sole member of the Master Tenant. The Master Tenant is a newly formed entity and has limited capital. The Master Tenant was capitalized with \$50,000 in cash, a \$250,000 short-term note and a \$500,000 demand promissory note. The notes are issued by Passco Management Services, LP and are guaranteed by Passco Companies. The Master Tenant's sole source of income from which it will satisfy its obligations pursuant to the Master Lease, including the payment of rent to the Trust, is expected to be from the operation of the Project. The Master Tenant may, but has no obligation to, use other funds available to the Master Tenant and Passco Management Services, LP to pay for its obligations under the Master Lease. Passco Management Services, LP has no current intent to supplement the above described amounts with funds from other sources.

ACQUISITION TERMS

Acquisition of the Project

Purchase of the Project. The Depositor deposited into the Trust (i) the Acquisition Agreement, (ii) \$27,103,992 for the acquisition of the Project, (iii) the Reserve Note and the Operating Reserves, in exchange for 6,795 Class B beneficial interests in the Trust representing all of the beneficial interests in the Trust. The Trust purchased the Project from the Seller.

As-Is Purchase of the Project. The Trust acquired the Project "as is, where is, with all faults," and with limited representations and warranties from the Seller, including limited representations and warranties with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project, the Trust may be liable with limited or no recourse against the Seller. Subject to certain exceptions, the Seller's representations and warranties contained in the Acquisition Agreement will survive for a period of 9 months following the purchase of the Project. The Trust will sell Interests to the Holders "as is" with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

Acquisition of the Beneficial Interests

Purchase of Interests by the Holders; Redemption of Class B Beneficial Interests. Proceeds from the Offering will be used to redeem, on a one-for-one basis, the Class B beneficial interests held by the Depositor. If the Maximum Offering Amount is raised, the Trust will redeem all of the Class B beneficial interests held by the Depositor

for \$33,975,000. If the Maximum Offering Amount is not raised, any Class B beneficial interests that remain outstanding will be converted to Interests and transferred to a newly formed entity controlled by the Depositor or an Affiliate.

Escrow Arrangements. Each prospective Holder will be required to return to the Trust the Purchaser Questionnaire (attached as Exhibit A), Purchase Agreement (attached as Exhibit B) and signature to the Trust Agreement (attached as Exhibit C). Prospective Holders may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Funds for the purchase of Interests will be deposited with the Escrow Bank and will be released to the Trust upon acceptance of the prospective Holder by the Trust.

No purchase requests for Interests will be closed unless and until the effective date of the Conversion Notice. Prospective Holders who are subject to the Lender's approval, if any, may be accepted or rejected by the Lender at any time before the close of escrow. There can be no assurances that the Lender will approve any such prospective Holder in a timely manner or at all. Prospective Holders cannot acquire Interests if the Trust (or, if applicable, the Lender) does not approve such purchase. If approved by the Trust (and, if applicable, the Lender), the Holder must deliver the full amount of the purchase price at the close of escrow and satisfy certain other closing conditions set forth in the Purchase Agreement.

A joint escrow agreement was entered into by the Trust, the Managing Broker-Dealer and the Escrow Bank. All funds for the purchase of an Interest will either (i) be received in trust by such prospective Holder's registered representative, who is required to promptly deposit such funds into the Escrow Bank or (ii) will be directly deposited into the Escrow Bank. The Escrow Bank will hold the funds in escrow until directed by the Trust to release such funds for the closing of the purchase of Interests by the Holders. Within a reasonable time after closing the purchase of the Interests by a Holder, certificates representing the Interests purchased will be issued and delivered to each Holder. See "Plan of Distribution."

FINANCING TERMS

The following is a summary of some of the material terms of the Loan. Potential Holders should review the Loan documents in their entirety.

Leverage

The Project is leveraged with a loan-to-purchase price ratio of approximately 51.21% ($\$32,962,000 \div \$64,361,612$ (\$66,937,000 gross price minus the Reserve Note, the Operating Reserves and the reserves established by the Lender in the amount of \$2,575,388)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 49.24% if the reserves are included in the Holder purchase price ($\$32,962,000 \div \$66,937,000$). The loan-to-cost ratio is approximately 55.03% ($\$32,962,000 \div \$59,903,250$) based on the purchase price of the Project pursuant to the Acquisition Agreement.

Interest Rate

The Loan bears interest at a rate equal to 3.33%.

Loan Term

The Loan has a 10-year term and will be interest only for a period of 7 years and will thereafter be amortized over a 30-year period. The Loan may be repaid but is subject to a yield maintenance payment during the first 9.5 years of the Loan term. For the 3 months following such time, the Loan may be repaid upon payment of a 1% fee, and during the last 3 months of the Loan term, the Loan may be repaid without payment of a prepayment penalty or yield maintenance payment. The Loan may be assumed by a purchaser of the Project so long as such purchaser is approved by the Lender in its sole discretion and a fee equal to 1% of the outstanding principal amount of the Loan is paid at the time of the assumption.

Events of Default

The events of default under the Loan include, without limitation, (i) any failure by the Trust to pay or deposit when due any amount required by the Loan documents, (ii) any failure to maintain the insurance coverage required by any Loan document, (iii) any failure by the Trust to comply with the provisions of the Loan documents relating to its single asset status, (iv) if any warranty, representation, certification or statement of the Trust, any Guarantor, or any “Key Principal” (as identified as a Key Principal in the Loan documents) in the Loan documents is false, inaccurate or misleading in any material respect when made, (v) fraud, gross negligence, willful misconduct or material misrepresentation or material omission by or on behalf of the Trust, the Master Tenant, any Guarantor or Key Principal, or any of their officers, directors, trustees, partners, members or managers in connection with: (a) the application for, or creation of, the Loan or the Master Lease; (b) any financial statement, rent roll or other report or information provided to the Lender during the term of the Loan; or (c) any request for the Lender’s consent to any proposed action, including a request for disbursement of funds held in any reserve fund; (vi) the occurrence of any transfer not permitted by the Loan documents; (vii) the occurrence of a bankruptcy event with respect to the Trust or the Master Tenant; (viii) 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 Project or otherwise materially impair the Lender’s lien or the Lender’s interest in the Project, (ix) the termination or revocation of the Trust, except as permitted under the Loan documents; (x) any failure by the Trust to complete (or to cause the Master Tenant to complete) any repair of the Project related to fire, life, or safety issues in accordance with the terms of the Loan documents within the time periods set forth therein (or otherwise required by the Lender in writing); (xi) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust, or deed to secure debt on the Project or any interest therein of a right to declare all amounts due under that debt instrument immediately due and payable; (xii) a termination, amendment, or modification of the Master Lease not permitted by the Loan documents; (xiii) (a) a default under the Master Lease with respect to any of the operating covenants that are the Master Tenant’s obligations and which continues beyond any applicable notice and/or cure period thereunder, (b) a default under the Master Lease by the Trust which continues beyond any applicable notice and/or cure period thereunder or (c) an Event of Default under (and as defined in) the Tenant/Landlord Subordination and Assignment Agreement; (xiv) if Key Principal or Guarantor is a natural person, the death of such individual unless the requirements in the Loan documents are complied with; (xv) the occurrence of an event of bankruptcy of the Guarantor, unless the terms of the Loan documents are complied with; (xvi) any failure by the Trust, Key Principal or Guarantor to comply with the cooperation provisions related to the sale of the Loan to Fannie Mae or (xvii) any failure by the Trust to perform any obligation under the Loan documents that is subject to a specific written notice and cure period, which failure continues beyond such specific written notice and cure period as set forth in the applicable Loan document. The events of default described in (i) through (xiii) above are automatic events of default. The events of default described in (xiv) through (xvii) are subject to applicable cure periods in the Loan documents. Passco Companies is considered to be a Key Principal for purposes of the Loan documents and there is no guarantor for the Loan.

Restrictions on Transfer

The Lender imposed certain conditions on the transfer of Interests, particularly if a prospective Holder will acquire 20% of the Interests in the Trust. In some cases, the Lender will require the completion of certain searches related to OFAC compliance with respect to any single person’s acquisition of 20% or more of the Trust before a prospective Holder can acquire or sell their Interests.

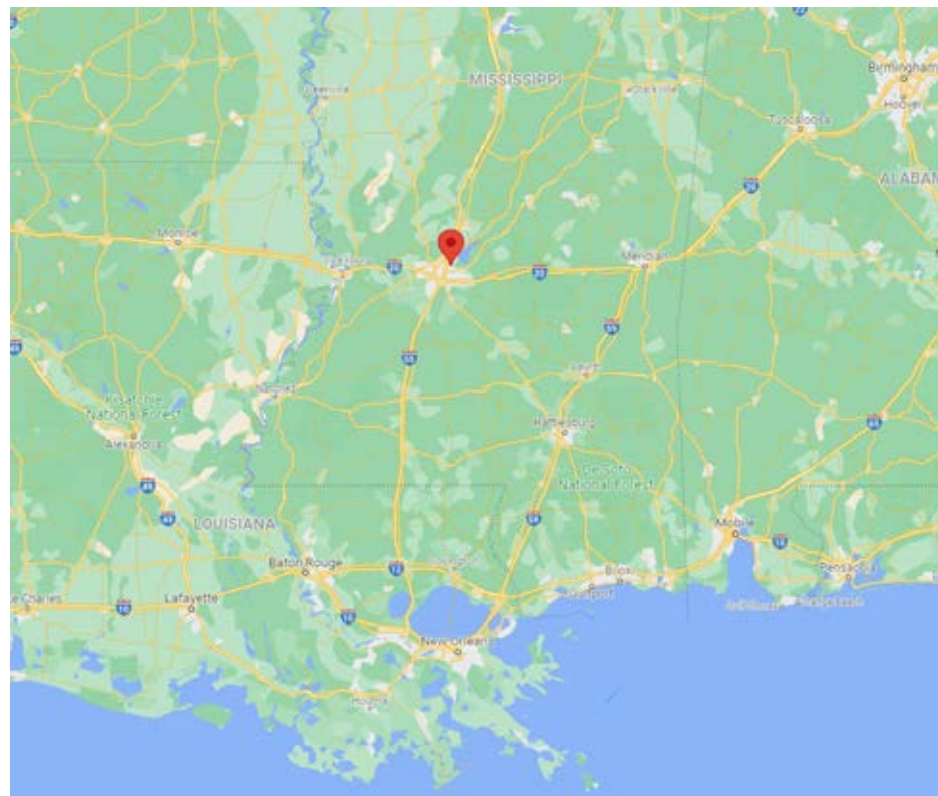
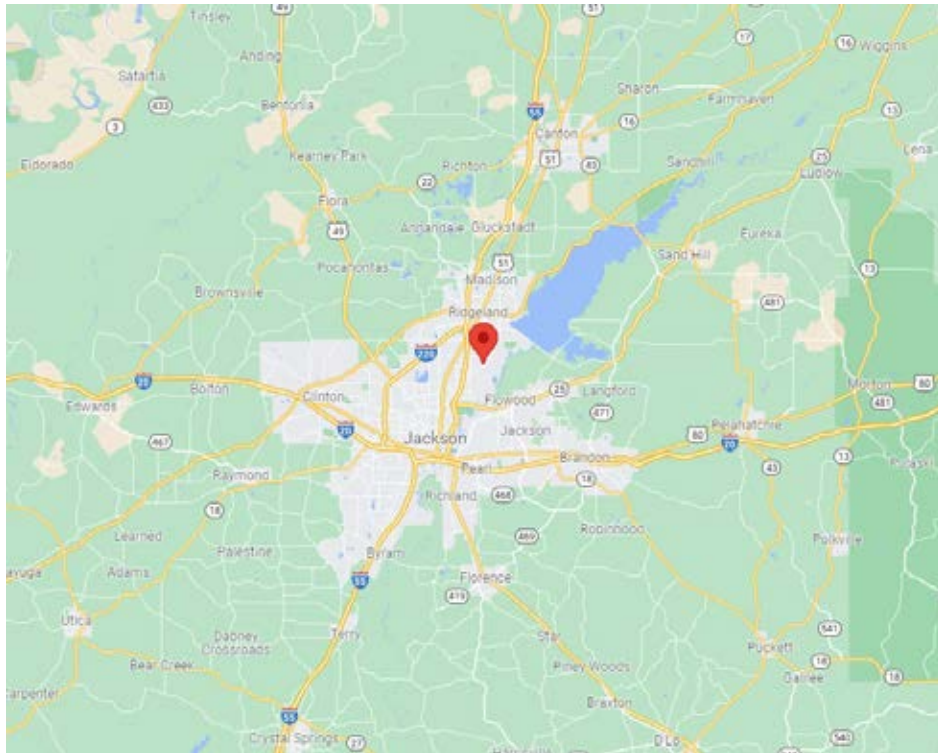
Repair and Replacement Reserves

The Lender required an initial replacement reserve in the amount of \$88,000 and required ongoing monthly deposits throughout the term of the Loan in the amount of \$3,667.

Nonrecourse Loan

The Loan is nonrecourse to the Trust.

MAP OF AREA



Source: Google Maps

BUSINESS PLAN

The ownership objectives of the Trust will be to (i) distribute to the Holders rent, after payment of debt service and expenses, at various levels beginning at 4.05% and continuing at varying levels from 3.20% to 4.75% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project and (iii) prepare the Project to be sold in approximately 10 years.

It is anticipated that the Trust will own and lease the Project to the Master Tenant for approximately 10 years. The Trust may only sell the Project after it has held the Project for 2 years and if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before 2 years if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Trust will expire on the date that is 10 years from the date the Trust entered into the Loan. The Trust must dissolve upon a Transfer Distribution. A "Transfer Distribution" will occur if (a) the Trust Manager makes a determination, in writing, that dissolution is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) 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, (iv) all or any portion of the Project becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value, or (b) upon a Master Lease Termination Event.

The following is a summary of the Master Tenant's intended business plan for the operation of the Project. The Trust may be responsible for paying for some of these items.

Operating and Marketing Strategy

The strategy is to use the Project's extensive amenities, unit finishes, and access to major arteries to achieve and maintain market occupancy, increase rental rates based on market dynamics, increase ancillary revenue opportunities, and monitor/control expenses and reserves to maximize investment performance. The Master Tenant will develop a marketing strategy to attract employees of nearby, high-paying employers.

The following is a summary of the Master Tenant's intended business plan for the operation of the Project. The Trust may be responsible for paying for some of these items.

As a condition of entering the Master Lease, the Master Tenant required that the following amenities be added, and changes be made, to the Project to help attract prospective residents:

- Dog Park enhancements which include new agility equipment, shade sails, water source, and seating. This will appeal to dog owners and result in additional income opportunities with increased pet deposits and pet rent fees.
- Enhanced landscaping to improve curb appeal, reduce ongoing landscaping costs by replacing mulch and pine straw with stone, and eliminate erosion.
- Additional exercise equipment for open space in the Fitness Center.
- Add additional pool furniture and umbrellas and add pops of color to refresh and enhance the pool area.
- Prep and seal all 2nd and 3rd-floor breezeways.
- Add electric car charging stations.

- Enhance outdoor grilling area with commercial canvas covering.

Major capital projects planned during the hold period will include:

- An exterior paint project.
- Parking lot seal coat and stripe.
- Clubhouse/Model refresh.
- Fitness Center refresh.

Maximize Performance

- Enhance the Project's website and internet marketing by engaging an internet firm specializing in website design and search engine optimization. The Master Tenant will design and develop a new website for the Project and commission production of community-tailored internet search advertising campaigns.
- Implement an aggressive Project marketing campaign to reach out to local corporations, businesses, and vendors to obtain referrals, activity sponsorships, and reciprocal business opportunities.
- Introduce and monitor increases in other income items to maximize recovery of Project utility fees, trash removal fees, and parking fees where possible.
- Introduce and monitor increases in Project fees such as administrative fees, application fees, transfer fees, pest control fees, valet trash fees, pet deposits and pet fees when and where possible.

Improve New Lease Closing and Resident Retention:

- Hire a professional recognized third-party property management company to oversee an on-site Project management team of experienced and enthusiastic professionals.
- Install a lease management system for the Project that targets the number of monthly lease expirations to match the seasonality of the submarket.
- Install a reputation management system that enhances the Project's online rating scores on industry rating sites, as well as multiple search engine rating sites. In today's technology-driven market, a project's online rating scores are critical search components for prospective residents.
- Conduct regular meetings between the Master Tenant's investment manager(s) and the regional third-party management company's staff for the purpose of reviewing Project performance reports including, but not limited to, new leasing activity, retention activity, pricing, marketing programs, and capital projects.
- Hold regular Project resident functions to foster a sense of community and thereby increase tenant retention.

Implement Asset Management Programs

- Leverage an "economy of scale" cost-effective pricing structure on Project insurance, contractor and vendor services, and maintenance supply inventory.
- Perform annual competitive bidding of service and maintenance contracts for the Project.

- Implement an annual property tax review and tax appeal program for the Project utilizing recognized national and/or local area tax consultants.
- Implement an annual property insurance review for the Project utilizing recognized national insurance agencies.

Sale of the Project and Termination of the Trust

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement on the first to occur of (i) January 31, 2032, (ii) a Transfer Distribution or (iii) the sale of the Project. In the event that the Trust Manager determines that the dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to the Springing LLC, which will be owned by the Holders at the time of conversion and will be managed by the Trust Manager or its Affiliate. If the Trust transfers the Project (or converts the Trust) to the Springing LLC, the Holders will lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

In connection with a sale, exchange or other disposition of the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of the sale, payable at the closing of the transaction. The Trust will be responsible for paying any third party real estate broker; provided, however, that the disposition fee to the Trust Manager will be reduced to the extent to the outside third party fee exceeds 0.5%. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

PLAN OF DISTRIBUTION

Rule 506(b)

The Offering is being made in reliance on Rule 506(b) of Regulation D promulgated under the Securities Act. As a result, no general advertising or general solicitation is permitted in connection with the sale of the Interests.

General Description

The Interests are Class A Beneficial Interests in the Trust, which will be represented by certificates. If a prospective Holder elects to purchase Interests and the Trust accepts the purchase, it will become a Holder in the Trust upon payment in full of the purchase price. Although the Trust Manager may poll the Holders with respect to the sale of the Project, the Holders have no voting rights, including with respect to whether or not the Project is sold and the Trust Manager will have sole authority to make decisions for the Trust. The sole right of the Holders will be to receive distributions from the Trust if, as and when made as provided under the Trust Agreement and permitted under the Loan documents. See “Summary of the Trust Agreement.”

The Trust is offering 6,795 Interests at \$5,000 per Interest, which represents all of the beneficial interest in the Trust. Each purchaser must purchase a minimum of (a) for cash purchasers, 5 Interests in the Trust (representing an approximate 0.0735835% interest in the Project) for a purchase price of \$25,000 (the purchase of 5 Interests also includes an allocation of 0.0735835% of the Loan (\$24,254.59)) or (b) for Code Section 1031 exchange purchasers, 20 Interests in the Trust (representing an approximate 0.2943341% interest in the Project) for a purchase price of \$100,000 (the purchase of 20 Interests also includes an allocation of 0.2943341% of the Loan (\$97,018.41)), except that the Trust may permit certain Holders, in its sole discretion, to make a smaller investment. The Offering Proceeds will be used to redeem, on a one-for-one basis, all of the Class B beneficial interests held by the Depositor. There can be no more than 480 owners of beneficial interests in the Trust.

The Trust intends to continue the Offering until the Offering Termination Date.

Qualifications of Prospective Holders

The Interests are being offered only to Accredited Investors who can represent that they meet the Purchaser Suitability Requirements described under “Who May Invest” and may be purchased only by prospective Holders who satisfy such suitability requirements.

Sale of Interests

Prospective Holders must adhere to the escrow arrangements summarized under “Acquisition Terms” in this Memorandum and set forth in full in the Purchase Agreement (attached hereto as Exhibit B). A joint escrow agreement was entered into by the Trust, the Managing Broker-Dealer and the Escrow Bank. The escrow for the Offering will be managed by the Escrow Bank. All purchase proceeds must be deposited with the Escrow Bank. There is no assurance that all Interests will be sold, and the Trust reserves the right to refuse to sell Interests to any person, in its sole discretion, and may terminate the Offering at any time.

UMB Bank, N.A. is acting as the Escrow Bank for the proceeds of the Offering and has neither recommended nor provided any advice in connection with a purchase of any Interest.

The Offering and Ownership of the Trust

In order to form the Trust, the Depositor assigned the Acquisition Agreement to the Trust, and deposited, \$27,103,992 for the acquisition of the Project, the Operating Reserves and the Reserve Note into the Trust, in exchange for 6,795 Class B beneficial interests in the Trust representing all of the beneficial interests in the Trust. It is anticipated that the Trust will be a passive owner of the Project. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is not, for federal income tax purposes, affiliated with the Master Tenant. However, it is anticipated that such entity would be controlled by an Affiliate of the Trust Manager. See “Estimated Use of Proceeds.”

The following tables set forth the ownership of the Trust on the basis of outstanding beneficial interests as of the date of this Memorandum and on a fully diluted basis after the closing of the Offering assuming the Maximum Offering Amount is received and accepted.

Outstanding Beneficial Interests as of January 21, 2022

	Class A	Class B
Holders	0%	0%
Depositor	0%	100%
Total	0%	100%

Outstanding Beneficial Interests on a Fully Diluted Basis after the Closing of the Offering (Assuming the Maximum Offering Amount is Raised by the Trust)

	Class A	Class B
Holders	100%	0%
Depositor	0%	0%
Total	100%	0%

Marketing of Interests

Offers and sales of Interests will be made on a “best efforts” basis by the Selling Group Members who are members of FINRA. Passco Capital, Inc., a member of FINRA and an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive Selling Commissions in an amount up to 6.0% of the Total Sales which it will reallow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate.

Thus, certain Holders may acquire Interests net of Selling Commissions. The Managing Broker-Dealer will also receive a nonaccountable marketing allowance in an amount up to 1.0% of the Total Sales, which the Managing Broker-Dealer will reallocate in whole or in part to the Selling Group Members. The Managing Broker-Dealer will also receive a nonaccountable due diligence allowance in an amount up to 0.5% of the Total Sales, some of which may be reallocated to Selling Group Members on an accountable basis. The Managing Broker-Dealer will also receive a placement fee in an amount equal to 1.25% of the Total Sales, a portion of which will be reallocated to certain wholesalers that are internal to the Managing Broker-Dealer, and may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. Certain Selling Group Members may, at their request and as set forth in the applicable Soliciting Dealer Agreement, allocate the Selling Commissions and the Marketing Allowance such that the Selling Commissions are decreased and the Marketing Allowance is increased, provided that the total amount paid to the Selling Group Member will not exceed 7%. The Depositor will be responsible for paying all Selling Commissions and Expenses. For purposes of calculating Total Sales, each Interest will be deemed to have a sales price of \$5,000, and any discount provided to a Holder will be disregarded.

The Trust, in its discretion, may accept purchases of Interests at a lower price from Holders purchasing through a registered investment advisor or from Holders who are Affiliates of the Depositor or a Selling Group Member in the event of a single sale of Interests in excess of \$500,000 or otherwise in its sole discretion.

The Managing Broker-Dealer and the Selling Group Members may be deemed “underwriters” as that term is defined in the Securities Act. The Managing Broker-Dealer Agreement between the Trust and the Managing Broker-Dealer and the soliciting dealer agreements (the “Selling Agreements”) between the Managing Broker-Dealer and the Selling Group Members for the sale of the Interests contain some provisions for indemnity by the Depositor with respect to liabilities, including certain civil liabilities under the Securities Act, which may arise from the use of this Memorandum in connection with the Offering. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or controlling persons of the Trust pursuant to the foregoing provisions, or otherwise, the Trust has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. Further limitations on indemnification are provided in the Managing Broker-Dealer Agreement and the Selling Agreements for the Offering, copies of which may be obtained by written request to the Trust.

Selling Group Members will be required to execute a Selling Agreement with the Managing Broker-Dealer after the effective date of this Memorandum. The Selling Agreement contains cross-indemnity provisions with respect to certain liabilities, including liabilities under the Securities Act.

The Trust will obtain representations from the Managing Broker-Dealer and the Selling Group Members that the applicable party is not a “bad actor” as that term is defined in Rule 506(d) of Regulation D. In the event that a statutory “bad actor” participates in the Offering, the Trust may lose its exemption from registration of the Interests.

Inquiries about purchases should be directed to 2050 Main Street, Suite 650, Irvine, California 92614, and the telephone number is (949) 263-7900 or (877) 4PASSCO.

Sales Materials

Other than this Memorandum and factual summaries and sales brochures of the Offering prepared by the Trust, no other material will be used in the Offering.

The Trust, the Depositor, the Trust Manager and their Affiliates may also respond to specific questions from broker-dealers and prospective Holders. Information relating to the Offering may be made available to broker-dealers for their internal use. However, the Offering is made only by means of this Memorandum. Except as described herein, the Trust has not authorized the use of other sales materials in connection with the Offering. The information in such material does not purport to be complete and should not be considered a part of this Memorandum, or as incorporated in this Memorandum by reference or as forming the basis of the Offering.

No broker-dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum or in any sales literature issued by the Trust and, if given or made, such information or representations must not be relied upon.

Limitation of Offering

The offer and sale of the Interests are being made in reliance upon exemptions from the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons satisfying the Purchaser Suitability Requirements described herein, and this Memorandum does not constitute an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those requirements.

Issuance of Certificates Representing the Interests

Certificates representing the Interests will be issued in registered form and delivered to, and registered in the name of, each Holder who has executed a Purchase Agreement, executed a signature page of the Trust Agreement for Class A owners of the Trust, and contributed its purchase price in full.

THE DEPOSITOR, THE TRUST MANAGER AND THEIR AFFILIATES

Passco Northridge Depositor, LLC is the Depositor. The Depositor was formed as a Delaware limited liability company as of November 16, 2021. Passco Companies is the sole member of the Depositor. Passco Companies was formed as a California limited liability company in 2005 and converted to a Delaware limited liability company in 2011. Passco Companies has issued \$60,000,000 Class C Preferred Membership Interests to Greystone Passco Holdings, LLC (“Greystone”). Greystone has the right to acquire at least 80% and up to 100% of the common membership interests in Passco Companies for a period of 5 years ending January 9, 2027. If Greystone acquires at least 80% of the common membership interests in Passco Companies, Greystone will become the controlling principal of Passco Companies and will have the right to appoint the members of the Board of Managers of Passco Companies.

Passco Northridge Manager, LLC is the Trust Manager of the Trust. The Trust Manager was formed as a Delaware limited liability company as of November 16, 2021. Passco Companies is the sole member of the Trust Manager.

The following are the principals, board members and officers of Passco Companies:

<u>Name</u>	<u>Title</u>
William O. Passo	Chief Executive Officer, Founder and Board Member
Larry K. Sullivan	President and Board Member
Thomas B. Jahncke	Senior Vice President and Board Member; President of Passco Capital, Inc.
Belden Brown	Executive Vice President, National Sales and Board Member
Alan Clifton	Chief Investment Officer
Suzy Cottle	Chief Financial Officer
Ogal B. Claspell, Jr.	Senior Vice President, Multifamily Investments
Gary Goodman	Senior Vice President, Multifamily Acquisitions
John W. Fitzgibbon	Secretary and General Counsel
Andy Wang	Senior Vice President, Marketing
Adriana Olsen	Senior Vice President, Marketing
Stacy Stemen	Senior Vice President, Corporate Marketing & Development
Nicole Fullerton	Vice President, Investor Services
Victoria White	Vice President, Entity Compliance & Business Licensing

<u>Name</u>	<u>Title</u>
Steve Rosenberg	Member of Board of Managers
Kenneth Carpenter	Member of Board of Managers

William O. Passo, Chief Executive Officer, Founder and Board Member of Passco Companies. William O. Passo is a true pioneer in the real estate investment industry. As founder and Chief Executive Officer of Passco Companies, he is responsible for the growth of the firm, which is now a national real estate company that has acquired, managed, and/or developed more than \$3 billion in property spanning 20 states since its inception in 1998. During his career, which has spanned nearly four decades, Mr. Passo has directed the formation of more than 200 private and public limited liability companies and limited partnerships. He has also directed the acquisition, entitlement, management, leasing and/or disposition activities of over 250 retail, office, multifamily and land properties, raising more than \$1 billion in investor funds. Mr. Passo holds a Juris Doctorate degree from the University of California, Los Angeles (UCLA). He practiced law from 1967 to 1985, specializing in real estate syndications and related tax and securities matters. He also holds a Bachelor of Arts Degree with honors from California State University, Long Beach. A registered representative and principal of Passco Capital, Inc., Mr. Passo has been a member of FINRA since 1998. He holds registered representative and general principal licenses and has been a licensed California Real Estate Broker since 1974. Mr. Passo is a member of the International Council of Shopping Centers (ICSC), the Alternative & Direct Investment Securities Association (ADISA) and the Building Industry Association (BIA), and is a former Director of Catholic Charities Retirement Homes. He is also one of the founders of the Orange County Performing Arts Center.

Larry K. Sullivan, President and Board Member of Passco Companies. Larry Sullivan has a strong record of leadership in real estate investment, with more than 30 years of industry expertise. As President of Passco Companies, Mr. Sullivan guides the firm's strategies for growth, and ensures that Passco Companies' core philosophy of investor-centric decision making is reflected throughout the company. Mr. Sullivan has played an integral role in the growth of Passco Companies. He spearheaded the implementation of a multifamily investment strategy for the firm, resulting in over 10,000 units under ownership and management throughout the United States today. During his tenure, the firm has expanded from approximately \$750 million to \$1.8 billion in assets under management. During his career, Mr. Sullivan has been involved with more than \$6 billion in real estate transactions on a national scale, including core, value add and development projects spanning industrial, office, retail, and multifamily uses. Prior to joining Passco Companies, he served as Managing Director of PM Realty Advisors. Mr. Sullivan holds a Bachelor of Business Administration in Accounting from Niagara University, and completed MBA courses in real estate finance at San Diego State University. He earned a Certified Public Accountant license from the state of California, is a member and on the Board of the Alternative & Direct Investment Securities Association (ADISA) and is a member of the American Institute of CPAs (AICPA), the California Society of Certified Public Accountants (CalCPA), the International Council of Shopping Centers (ICSC) and the National Multi Housing Council (NMHC).

Thomas B. Jahncke, CFP, Senior Vice President and Board Member of Passco Companies and President of Passco Capital, Inc. A founding shareholder of Passco Companies, Thomas Jahncke is a seasoned industry expert with more than three decades of experience. As Senior Vice President and Director for Passco Companies and President of Passco Capital, Inc., Mr. Jahncke is responsible for overseeing the firm's operations and capital raising functions. A Certified Financial Planner (CFP), he was integral in the formation of Passco Capital, Inc., and has helped the company to raise more than \$1.8 billion in equity to date. During his career, Mr. Jahncke has served as Principal and CEO for Hall Securities Corporation, where, under his guidance, the company successfully raised more than \$550 million. In addition, Mr. Jahncke served in executive roles with Captec Financial Group, Inc. and Detroit Bank and Trust (now Comerica). Mr. Jahncke earned a Bachelor of Science degree from Cornell University, and a Master of Business Administration degree from the University of Michigan. He holds FINRA series 7, 22, 24, 27, 31, 39, 63 and 65 licenses, and is an active member of several industry associations, including the Alternative & Direct Investment Securities Association (ADISA), the Financial Services Institute (FSI), and the Financial Planning Association (FPA).

Belden Brown, Executive Vice President, National Sales and Board Member of Passco Companies. Belden Brown is a seasoned real estate professional with more than three decades of experience. As Senior Vice President of National Sales and Manager of Passco Companies, Mr. Brown is responsible for overseeing all regional wholesalers and instituting capital campaigns for Passco. He is also a Principal of Passco Companies. Prior to joining Passco,

Mr. Brown served as Senior Vice President for Cornerstone Ventures, where he was integral in the launch of the company's first public offering. During his career, Mr. Brown also worked with Dunham & Associates Investment Counsel Inc. and Rancho Consultants (now Rancon Securities). Mr. Brown attended the University of Miami, and is a licensed securities dealer, holding FINRA Series 7, 22 and 63 licenses. He is also a member of the Alternative & Direct Investment Securities Association (ADISA).

Alan Clifton, Chief Investment Officer of Passco Companies. Alan Clifton is a real estate finance and management expert with more than two decades of experience. As Chief Investment Officer for Passco Companies, Mr. Clifton is responsible for negotiating and securing financing for new acquisitions; refinancing for maturing asset loans; overseeing corporate operations for Passco Equity Partners, LLC; and Chief Financial Officer of Passco Companies Development, LLC. During his career, he has also served as group President of BayHarbor Management Services, Founding Partner of Service Plus Financial, and General Manager for Orange and San Diego Counties for CarrAmerica Realty, a multi-billion dollar NYSE traded national REIT. Mr. Clifton holds a Bachelor's degree in Economics from the University of California, Los Angeles (UCLA). He is a Certified Property Manager (CPM®) and a licensed California Real Estate Salesperson. He is also an active member of several industry associations, including the International Council of Shopping Centers (ICSC) where he has been appointed as the Western Division Operations Chairman, the Commercial Real Estate Development Association (NAIOP) and the Mortgage Banker Association (MBA), as well as a former board member of the Institute of Real Estate Management (IREM) and of the Building Owners and Managers Association (BOMA).

Suzy Cottle, Chief Financial Officer of Passco Companies. Suzy Cottle has spent more than 20 years in the finance and real estate industries. As Chief Financial Officer, Ms. Cottle oversees all financial reporting for Passco Companies and its Affiliates. Prior to joining Passco Companies, Ms. Cottle served as Director of Corporate Finance for Steadfast Companies, where she was involved in the development of innovative systems to enhance reporting timeliness and accuracy. In addition, Ms. Cottle was responsible for financial reporting for more than \$2 billion in real estate assets owned by institutional pension funds during a 10-year tenure with PM Realty Advisors. Ms. Cottle holds a Bachelor of Business Administration in Accounting from the University of Texas at El Paso.

Ogal B. Claspell, Jr., Senior Vice President, Realty Investments of Passco Companies. Ogal Claspell has more than 25 years of experience in acquisitions, asset and portfolio management, due diligence, research, valuations, and accounting in the real estate market. As Vice President of Realty Investments for Passco Companies, Mr. Claspell oversees due diligence, market research, economic and financial analysis, and prospectus production for the firm's \$1.8 billion portfolio. During his career, Mr. Claspell has been directly involved in over \$2 billion of acquisitions, nearly \$2 billion of asset and portfolio management, and the annual internal valuation of a \$4 billion portfolio of retail, multifamily, office, industrial and other real estate assets. He has held management roles with CS Capital Management, PM Realty Advisors, TCW Realty Advisors, and has vast experience with institutional clients such as the California Retirement System, the Public Employee Retirement System of Idaho, the Utah Retirement System, INVESCO, and Taft Hartly Funds, among others. Mr. Claspell earned a Bachelor of Science degree in Accounting from Brigham Young University, has passed the Certified Public Accounting (CPA) examination, and has taken and passed numerous other real estate professional courses. Mr. Claspell is a member of the International Council of Shopping Centers (ICSC), the National Multi Housing Council (NMHC), and the Alternative & Direct Investment Securities Association (ADISA).

Gary Goodman, Senior Vice President, Multifamily Acquisitions of Passco Companies. Gary Goodman has over 30 years of experience acquiring all property investment types. As Senior Vice President of Acquisitions for Passco Companies, Mr. Goodman is responsible for locating, negotiating to acquire, underwriting, and completing due diligence for the each of company's multifamily and retail acquisitions throughout the United States. During his career, Mr. Goodman has been responsible for acquiring properties with a combined value of more than \$4 billion. He served as Vice President of Acquisitions for PM Realty Advisors, and held executive level positions with Consolidated Capital, August Financial, Berkshire Realty Advisors and Sares-Regis. Mr. Goodman holds a California Real Estate Broker License, a Bachelor of Arts from the University of British Columbia, and a Master's in Business Administration from Columbia University. He sits on the Board of Directors for the National Multifamily Housing Council (NMHC), and is a member of International Council of Shopping Centers (ICSC), and the Urban Land Institute (ULI).

John W. (“Jack”) Fitzgibbon, Esq., Secretary and General Counsel of Passco Companies. Jack Fitzgibbon is an accomplished attorney and business executive with substantial experience in real estate, corporate finance and business structuring. As General Counsel for Passco Companies, Mr. Fitzgibbon handles all legal matters pertaining to the firm’s acquisitions and dispositions of investment properties, manages the firm’s general corporate governance matters, and oversees outside counsel engaged by Passco Companies. Prior to joining Passco Companies, Mr. Fitzgibbon served as General Counsel and a principal of The PRES Companies, a full-service real estate company in Irvine, California, where he was involved in more than \$1 billion in real estate closings. Earlier in his career, he served as an attorney with Connell Foley L.P., as well as The Gibbons Law Firm, both in New Jersey. Mr. Fitzgibbon earned his Juris Doctor degree at Seton Hall University School of Law and holds a Bachelor of Arts degree in Economics from Bucknell University. He is a member of the American Bar Association’s Corporate/Real Estate Section and is a member of the St. Thomas More Law Society, a not-for-profit, national public interest law firm.

Andy Wang, Senior Vice President, Marketing of Passco Companies. Andy Wang has spent more than a decade in the real estate marketing industry. As Vice President of Marketing for Passco Companies, Mr. Wang is responsible for sharing accurate and detailed information regarding the company’s DST 1031 products, and for building and maintaining strong relationships with broker dealers, clients, real estate agents, and other investors. Mr. Wang has been a part of Passco Companies’ growth since 2002, and was on a team that earned the Award of Excellence from the Tenant-In-Common Association (TICA) for funding the largest tenant-in-common program seen in the industry. He also serves as a principal for Passco Capital, Inc. Prior to joining Passco Companies, Mr. Wang gained experience in financial advising and consulting through increasing positions with Wells Fargo and Morgan Stanley. Mr. Wang obtained a Bachelor of Arts in Psychology from Baylor University, and holds Series 7, 24, 31, and 66 licenses. He is a member of the Alternative & Direct Investment Securities Association (ADISA).

Adriana Olsen, Senior Vice President, Marketing of Passco Companies. Adriana Olsen is a specialist in the real estate marketing industry, with more than a decade of experience. As Vice President of Marketing for Passco Companies, Ms. Olsen is responsible for raising funds for DST 1031 properties and other investment vehicles by supporting registered representatives throughout the nation with marketing strategies, property information, and investor communications. In 2014, Ms. Olsen was named one of “Commercial Real Estate’s Women of Influence” by leading commercial real estate publication *Real Estate Forum*. This prestigious industry honor highlighted Ms. Olsen’s deep experience in the real estate investment industry. As an industry expert and thought leader, Ms. Olsen is also frequently requested to act as a panel moderator, as well as a panelist for various commercial real estate industry conferences. Prior to joining Passco Companies, Ms. Olsen served as a licensed Real Estate Agent with Prudential Real Estate. She holds FINRA series 7, 22, and 63 licenses, as well as a Bachelor of Arts degree from the University of Delaware. She is an active member of the Alternative & Direct Investment Securities Association (ADISA).

Stacy Stemen, Senior Vice President, Corporate Marketing & Development of Passco Companies. Stacy Stemen has over 20 years of experience as a real estate industry marketing professional, during which time she has worked at several national real estate companies. As Senior Vice President, Corporate Marketing & Development for Passco Companies, Mrs. Stemen oversees all aspects of marketing, public relations, special events, conferences and business development for Passco Companies. In this role, she spearheads the development of the “Passco” brand and manages the strategic growth of Passco Companies’ visibility on a national basis. Mrs. Stemen is a graduate of California State University, Fullerton, and is an active member of the International Council of Shopping Centers (ICSC), sites on the Conference Planning Committee of ADISA and is the immediate past-president for Commercial Real Estate Women (CREW) – Orange County Chapter. In 2016, Mrs. Stemen was nominated by the Orange County Business Journal as a “Woman in Business” and was recognized as a “Woman of Influence” by Real Estate Forum. In 2018, Mrs. Stemen was recognized as one of the “Top Women in Real Estate” by Connect media and a “Power Woman” by Bisnow.

Nicole Fullerton, Vice President, Investor Services of Passco Companies. Nicole Fullerton has worked at Passco Companies since 2002, gaining more than 15 years of experience in the real estate client relations industry. As Vice President, Investor Services, Ms. Fullerton oversees all communications with Passco Companies’ investors and such investors’ registered representatives. Ms. Fullerton leads the investor services team, which is tasked with managing investor accounts, distributions and reporting. Ms. Fullerton holds a Bachelor of Science in Business Administration with an emphasis on Marketing from California State University, Long Beach.

Victoria White, Vice President, Entity Compliance & Business Licensing of Passco Companies. Ms. White has more than 30 years of experience in the real estate investment industry. As Vice President, Entity Compliance & Business Licensing, Ms. White works closely with Passco Companies' legal team, investment managers, property managers and accounting team to ensure that Passco Companies meets the jurisdictional requirements for all corporate entities, obtains all necessary business licenses and manages all required permits and licenses for its portfolio of properties. Ms. White was previously the Vice President, Investor Services of Passco Companies. Prior to joining Passco Companies, Ms. White serviced in supervisory positions with Charles Dunn Company and Bank of America, which she gained experience in commercial brokerage, due diligence, financial planning and client relations. Ms. White attended California State University, Northridge and Santa Monica College. She is involved with ADISA and is active in various charitable organizations.

Steve Rosenberg, Member of the Board of Managers. As CEO at Greystone & Co. II LLC ("Greystone"), Mr. Rosenberg is responsible for the coordination and management of corporate matters. Mr. Rosenberg founded Greystone in 1988 as an independent investment banking firm and has since developed it into a mature investment firm with a national reputation. Mr. Rosenberg leads Greystone as it successfully distinguishes itself in its creative approach and drive to provide solutions for its clients. Prior to joining Greystone, Mr. Rosenberg was a National Director with Dean Witter Reynolds. Mr. Rosenberg holds a D.M.D. degree from the University of Pennsylvania School of Dentistry and an M.B.A. from the Wharton School.

Kenneth Carpenter, Member of Board of Managers. Mr. Carpenter is currently a Senior Managing Director with Greystone leading its real estate investment management. Previously, Mr. Carpenter led the real estate investment management platform for a leading financial services company and served as the President of one of its publicly-registered, non-listed REIT's. Over his 25-year real estate career, Mr. Carpenter has directed the strategy and execution of multiple real estate investment platforms acquiring, financing, and managing over \$14 billion of commercial real estate comprising over 22 million square feet of industrial, office, healthcare, retail, and multifamily properties. Previous leadership roles include serving as Managing Director, Head of America's for Deutsche Bank's Asset Finance and Leasing group and Managing Director, Global Head of Structured Asset Finance for Wachovia and later Wells Fargo. Prior to Wachovia, Mr. Carpenter was a Vice President with Deutsche Bank in their commercial real estate finance group and a member of the investment banking group at NationsBank (which became Bank of America). Mr. Carpenter earned a Bachelor of Science degree in Computer Science from Rochester Institute of Technology and a Master of Business Administration from Wake Forest University Graduate School of Management.

Passco Capital, Inc.

Passco Capital, Inc., an Affiliate of Passco, is the Managing Broker-Dealer for the Offering. Passco Capital, Inc. is a member of FINRA and was established to provide underwriting, wholesaling and other securities-related services to partnerships sponsored by or affiliated with Passco.

The following are the officers, directors and principals of the Managing Broker-Dealer:

William O. Passo	Executive Vice President, Secretary and Director
Thomas B. Jahncke	Director and President

The biographical information for William O. Passo and Thomas B. Jahncke appears above.

PRIOR PERFORMANCE SUMMARY

The information presented in this section represents the historical experience of real estate programs sponsored by Passco Companies and its predecessor Passco Real Estate Enterprises, Inc. as well as programs sponsored by Passco Companies Development, LLC. Holders in the Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs. Holders will not acquire any ownership interest in any of the entities to which the following information relates.

The annualized cash-on-cash return metric used in this summary was calculated for currently operating programs by dividing the current annualized cash distributions by the equity investment made by investors. The average annualized rate of return metric used in this summary was calculated for completed programs by dividing the total return to investors after return of their initial investment by the number of years invested, and again by their initial investment.

Experience and Background of Passco Real Estate Enterprises, Inc.

Passco Real Estate Enterprises, Inc. (“PREE”), the predecessor to Passco Companies, was formed as a California corporation in 1998. The principal business of PREE was the acquisition and management of investment properties. It has been involved with 46 real estate programs since its formation. The prior real estate programs of PREE raised more than \$426 million from over 2,800 investors. Purchasers who participated in more than one prior real estate program of PREE were counted as an investor for each such program. A portion of the funds raised under the prior programs was raised pursuant to the sale of undivided interests in the real estate held by the prior real estate programs of PREE. PREE’s prior real estate programs also included issuing notes and debentures to investors.

The prior real estate programs of PREE purchased 46 properties for an aggregate purchase price of more than \$960 million. Of the 46 properties purchased by the PREE prior programs, 21 were existing shopping centers, 1 was an existing business park/retail center, 2 were existing industrial properties, 4 were existing shopping malls, 2 were existing multifamily residential properties, 6 were industrial development projects, 5 were residential development projects and 5 were undeveloped land. In the aggregate, 76% of the properties were previously owned and 26% were construction properties. 44 of the properties have been sold.

PREE has also sponsored programs that issued 10% Participating Notes and 10% Participating Debentures which raised \$12,540,000 from 315 investors for general corporate purposes, and sponsored Passco Diversified Fund, LLC and Passco Diversified Fund II, LLC, both of which issued limited liability company units with the objective of real estate investment in commercial retail properties located in California, Nevada, Kansas and Hawaii and raised \$14,035,000 from 287 investors. PREE also sponsored the formation of Passco Realty Trust, Inc., a private REIT. All of the programs have been liquidated.

The United States economy experienced a significant economic downturn beginning in 2008 and some of the PREE Programs have not met the operational and distribution levels anticipated in the projections produced by PREE with respect to the specific program.

Experience and Background of Passco Companies, LLC

Passco Companies was formed as a California limited liability company in 2005. The principal business of Passco Companies is the acquisition and management of investment properties. It has been involved with 108 real estate programs with similar investment objectives since its formation. These prior programs raised approximately \$2.5 billion from approximately 7,800 investors. Investors who participated in more than one program were counted as an investor for each such program. The prior real estate programs of Passco Companies purchased 110 properties for an aggregate purchase price of approximately \$5.8 billion. A portion of the funds raised under the prior real estate programs of Passco Companies were raised pursuant to the sale of undivided interests in the real estate held by the prior programs.

Of the properties purchased, 95 were multifamily residential properties, 9 were shopping centers, 1 was an industrial park, 2 were office buildings, 4 were drug stores and 1 was self-storage. None of the properties were new properties or construction properties; 100% were previously owned. 58 of the properties have been disposed of. Passco Companies also sponsored Passco Companies Income Fund I, LLC, which sold limited liability company units with the investment objective of making short-term mezzanine or bridge loans and acquiring properties. Passco Companies Income Fund I, LLC has raised more than \$29,665,000 from 469 investors. In addition, Passco Companies sponsored Passco Companies Income Fund II, LLC, which sold limited liability company units with the investment objectives of making short-term mezzanine or bridge loans, making long term equity investments in entities and acquiring real property and raised \$7,981,000 from 117 investors. Passco Companies has also assumed PREE's role as the advisor to Passco Realty Trust, Inc., a private REIT consisting of 183 investors that raised \$8.5 million; and has PREE's 8% Participating Debentures consisting of 656 original note holders and representing over \$45 million originally raised. The 8% Participating Debentures were repaid in full as of September 30, 2017. Passco Realty Trust, Inc. has been liquidated.

The table below summarizes properties purchased by the prior real estate programs of Passco Companies during the past 3 years:

<u>Program</u>	<u>Location and Type of Property</u>	<u>Financing</u>
Lively at Carolina Forest	South Carolina Apartment Complex	45% equity, 55% debt
Asheville Exchange	North Carolina Apartment Complex	44% equity, 56% debt
Sea Glass	Florida Apartment Complex	43% equity, 57% debt
Henry at Fritz Farm	Kentucky Apartment Complex	52% equity, 48% debt
The Grayson	Texas Apartment Complex	47% equity, 53% debt
Tribute at the Rim	Texas Apartment Complex	52% equity, 48% debt
Legacy on the Bay	Florida Apartment Complex	45% equity, 55% debt
Grand Oaks	Georgia Apartment Complex	37% equity, 37% debt
Sapphire Bay	Texas Apartment Complex	52% equity, 48% debt
Turkey Creek	Tennessee Apartment Complex	43% equity, 57% debt
Lakeview Villas	Texas Apartment Complex	43% equity, 57% debt
Park 35	Alabama Apartment Complex	52% equity, 48% debt
Avana Lennox (Buckhead)	Georgia Apartment Complex	40% equity, 60% debt
Mellody Farm	Illinois Apartment Complex	42% equity, 58% debt
Reserve at Nocatee	Florida Apartment Complex	44% equity, 56% debt
One Hampton Lake	South Carolina Apartment Complex	43% equity, 57% debt
Preserve	Virginia Apartment Complex	45% equity, 55% debt
Cypress Creek	Florida Apartment Complex	43% equity, 57% debt
TruNorth at Bulverde (San Antonio)	Texas Apartment Complex	53% equity, 47% debt
Mill at New Holland	Georgia Apartment Complex	52% equity, 48% debt
Parq at Chesterfield	Missouri Apartment Complex	52% equity, 48% debt
Fitzroy Chenal (Little Rock)	Arkansas Apartment Complex	53% equity, 47% debt
Altis Promenade	Florida Apartment Complex	51% equity, 49% debt
The Collins	Louisiana Apartment Complex	45% equity, 55% debt
The Harrison	Georgia Apartment Complex	48% equity, 52% debt
Vecina Apartment Villas	Texas Apartment Complex	48% equity, 52% debt
Aventine West Melbourne	Florida Apartment Complex	48% equity, 52% debt
Lullwater at Jennings Mill	Georgia Apartment Complex	52% equity, 48% debt
Long Farm	Louisiana Apartment Complex	44% equity, 56% debt
Sweetwater Apartments	Louisiana Apartment Complex	46% equity, 54% debt
Enclave at Woodland Lakes	Texas Apartment Complex	45% equity, 55% debt

It is anticipated that the operating results of the Trust and the benefits to Holders will be significantly different than those of the prior Passco Programs.

The United States economy experienced a significant economic downturn from which it is still recovering, and some of the Passco Programs have not met the operational and distribution levels anticipated in the projections produced by Passco Companies with respect to specific programs.

Prior Program Asset Classes

The following table gives a percentage breakdown of the aggregate amount of the purchase prices of the properties purchased by the prior real estate programs of PREE and Passco Companies, categorized by asset class, as of September 30, 2021:

<u>ASSET CLASS</u>	<u>PERCENTAGE OF AGGREGATE PURCHASE PRICE</u>
Retail	4%
Industrial	0.5%
Office	1%
Residential	94%
Self Storage	0.5%
Total	100%

Discussion of Completed Prior Programs with Positive Returns

The following is a summary of the prior real estate programs of PREE and Passco Companies as of September 30, 2021 that were liquidated and experienced positive results through that time. Please see the performance tables below for more detailed information regarding investor returns.

- Chicago Plaza, a 96,000 square foot retail shopping center located in Riverside, CA, which was acquired in November 1998 and sold in July 2001. The average annualized return on an investor's initial equity investment was 12.7%.
- Delta Fair Shopping Center, a 156,000 square foot retail shopping center located in Antioch, CA, which was acquired in March 1999 and sold in February 2004. The average annualized rate of return on an investor's initial equity investment was 14.6%.
- Walnut Hills, a 108,000 square foot retail shopping center located in Walnut, CA, which was acquired in October 1999 and sold in November 2006. The average annualized rate of return on an investor's initial equity investment was 29.5%.
- Norwood Plaza, an 89,000 square foot retail shopping center located in Sacramento, CA, which was acquired in December 1999 and sold in January 2008. The average annualized rate of return on an investor's initial equity investment was 6.5%.
- Belle Mill, a 120,000 square foot retail shopping center located in Red Bluff, CA, which was acquired in March 2000 and sold in May 2007. The average annualized rate of return on an investor's initial equity investment was 12.8%.
- Country Corner Shopping Center, a 106,000 square foot retail shopping center located in Escondido, CA, which was acquired in June 2000 and sold in April 2005. The average annualized rate of return on an investor's initial equity investment was 16.7%.
- Mercantile Row Shopping Center, a 189,000 square foot retail shopping center located in Dinuba, CA, which was acquired in October 2000 and sold in March 2004. The average annualized rate of return on an investor's initial equity investment was 14.1%.

- Moreno Valley Shopping Center, a 341,000 square foot retail shopping mall located in Moreno Valley, CA, which was acquired in November 2000 and sold in November 2004. The average annualized rate of return on an investor's initial equity investment was 11.5%.
- Sierra Vista Plaza, a 127,000 square foot retail shopping center located in Murrieta, CA, which was acquired in May 2001 and sold in November 2003. The average annualized rate of return on an investor's initial equity investment was 18.3%.
- Bradville Square, a 94,000 square foot retail shopping center located in Rancho Cordova, CA, which was acquired in May 2001 and sold in December 2011 at a loss representing approximately 27.5% of original invested capital. When distributions are included, investors received a return of approximately 137.25% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was 3.4%. The original projections were for an overall 15% to 19% return on the investors' capital. The property did not meet this distribution level.
- Rolling Ridge Plaza, an 86,000 square foot retail shopping center located in Chino Hills, CA, which was acquired in October 2001 and sold in August 2006. The average annualized rate of return on an investor's initial equity investment was 21.4%.
- Chapman Heights, a 111,000 square foot retail shopping center located in Yucaipa, CA, which was acquired in December 2001 and sold in September 2006. The average annualized rate of return on an investor's initial equity investment was 18.4%.
- Lancaster Commerce Center, a 550,000 square foot retail shopping center located in Lancaster, CA, which was acquired in January 2002 and sold in August 2005. The average annualized rate of return on an investor's initial equity investment was 28.5%.
- Jeronimo Business Center, an 85,000 square foot retail/automotive business center located in Mission Viejo, CA, which was acquired in February 2002 and sold in November 2006. The average annualized rate of return on an investor's initial equity investment was 42.3%.
- Hoover Place Shopping Center, an 80,000 square foot retail shopping center located in Fresno, CA, which was acquired in March 2002 and sold in December 2007. The average annualized rate of return on an investor's initial equity investment was 10.8%.
- Northern Village, a 45,000 square foot retail shopping center located in Fresno, CA, which was acquired in March 2002 and sold in October 2006. The average annualized rate of return on an investor's initial equity investment was 32.2%.
- Rancho Cordova Town Center, a 277,000 square foot retail shopping center located in Rancho Cordova, CA, which was acquired in September 2002 and sold in May 2007. The average annualized rate of return on an investor's initial equity investment was 16.4%.
- Reno I, a 618,000 square foot portfolio of industrial buildings located in Sparks and Reno, NV, which was acquired in April 2003 and sold in September 2003. The average annualized rate of return on an investor's initial equity investment was 12%.
- Reno II, a 705,000 square foot industrial building located in Sparks, NV, which was acquired in April 2003 and sold in January 2007. The average annualized rate of return on an investor's initial equity investment was 28.7%.
- Puente Hills Mall, a 1.2 million square foot regional mall located in Puente Hills, CA, which was acquired in May 2003 and sold in December 2005. The average annualized rate of return on an investor's initial equity investment was 20.7%.

- Kauai Village, a 114,000 square foot retail shopping center located in Kapaa, HI, which was acquired in May 2004 and sold in January 2007 at a loss representing approximately 5% of original invested capital. When distributions are included, investors received a return of approximately 108% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was 2% to 6% depending on the date of investment. The original projections were for an overall 10% to 14% return on the investors' capital. The property did not meet this distribution level.
- Passco Real Estate Enterprises, Inc., issued Series 2001-A 10% Participating Debentures in 2001, raising approximately \$4,310,000. Proceeds of this debt offering were specifically restricted to uses such as deposits and underwriting costs on real property acquisitions, bridge financing between acquisition and syndication of an asset, and direct real estate investments. All required interest payments were made on a timely basis and the debentures were retired on schedule in 2007 and repaid in full at that time. The investors also received interest payments under the debentures' participating interest provisions.
- Passco Real Estate Enterprises, Inc. issued Series 2005-A 8% Participating Debentures in 2005, raising approximately \$45,207,000. The obligation for the debentures was assumed by Passco Companies, LLC. Proceeds from this debt offering were specifically restricted to uses such as deposits and underwriting costs on real property acquisitions, bridge financing between acquisition and syndication of an asset and direct real estate investments. These debentures had an original maturity date of December 31, 2013, with a 10% portion due on December 31, 2015. Passco Companies, LLC modified the terms of the debentures to allow for an extension option to be exercised in the discretion of each of the debenture holders. These debentures were fully repaid as of September 30, 2017.
- Passco Diversified Fund, LLC, a non-public real estate investment fund, raised approximately \$4,035,000 between April 2002 and August 2003. It subsequently acquired interests in 6 properties. By 2009, all of the investments were liquidated, resulting in an average annualized rate of return on an investors' initial equity investment of 7.5%.
- Passco Realty Trust, Inc., a non-public real estate investment trust raised approximately \$8,500,000 between May 2005 and March 2007. All properties in this program have been sold. Passco Realty Trust, Inc. has distributed \$11,163,676 to its shareholders.
- Alanza Place, a 360-unit apartment property located in Phoenix, AZ, which was acquired in March 2005 and sold in April 2012 at a loss representing approximately 17% of original invested capital. When distributions are included, investors received a return of approximately 123.52% of their original investment capital. The average annualized rate of return on an investor's initial equity investment was 3.5%. The original projections were for an overall 8.9% to 15.4% return on the investors' capital. The property did not meet this distribution level.
- Passco/Younan Opportunity Fund I purchase 2 office building located in Houston, TX in July of 2007. One property was sold in September 2011 and the second one was sold in June 2012. The combined distribution from the sales returned all of the investors' original investment in the properties. In addition, investors received distributions at annual rate of 8% for the full term of ownership. The total return was approximately 137.8% of their original investment capital. The average annualized rate of return on an investor's initial equity investment was 8.0%. The original projections were for an overall return 34.4% to 50.2% return on the investors' capital over a 31-month time frame.
- Reserve at River Park West, a 288-unit apartment property located in Richmond, TX, which was acquired in December 2008 and sold in July 2013. The average annualized rate of return on an investor's initial equity investment was 8.5%.
- Mallard Crossing, a 350-unit apartment property located in Loveland, OH, which was acquired in December 2005 and sold in December 2013. The average annualized rate of return on an investor's initial equity investment was 3.5%.

- Promenade Crossing, a 212-unit apartment property located in Orlando, FL, which was acquired in September 2009 and sold in March 2015. The average annualized rate of return on an investor's initial equity investment was 6.87%.
- Promenade Howard Hughes Center, an entertainment center located in Los Angeles, CA, which was acquired in June 2005 and sold in June 2015. The average annualized rate of return on an investor's initial equity investment was 5.3%.
- Waters Edge, a 300-unit apartment property located in Plano, TX, which was acquired in October 2006 and sold in July 2015. The average annualized rate of return on an investor's initial equity investment was 8.9%.
- Moorings, a 201-unit apartment property located in League City, TX, which was acquired in February 2006 and sold in August 2015. The average annualized rate of return on an investor's initial equity investment was 6.6%.
- Towns of Riverside, a 436-unit apartment property located in Grand Prairie, TX, which was acquired in February 2006 and sold in August 2015. The average annualized rate of return on an investor's initial equity investment was 3.69%.
- Alanza Brook, a 336-unit apartment property located in Houston, TX, which was acquired in February 2006 and sold in September 2015. The average annualized rate of return on an investor's initial equity investment was 9.2%.
- Four Winds, a 350-unit apartment property located in Overland Park, KS, which was acquired in December 2005 and sold in December 2015. The average annualized rate of return on an investor's initial equity investment was 3.52%.
- Montclair Plaza, a 75,428 square foot retail property located in Montclair, CA, which was acquired in January 2006 and sold in December 2015. The average annualized rate of return on an investor's initial equity investment was 1.1%.
- Cambridge, a 168-unit apartment property located in Lynwood, WA, which was acquired in August 2008 and sold in January 2016. The average annualized rate of return on an investor's initial equity investment was 5.86%.
- Raveneaux, a 382-unit apartment property located in Houston, TX, which was acquired in August 2006 and sold in March 2016. The average annualized rate of return on an investor's initial equity investment was 8.4%.
- Lincoln Plaza, an 80,891 square foot retail property located in Tacoma, WA, which was acquired in April 2006 and sold in April 2016. The average annualized rate of return on an investor's initial equity was 3.4%.
- Courtney Village, a 368-unit apartment property located in Phoenix, AZ, which was acquired in February 2005 and sold in June 2016. The average annualized rate of return on an investor's initial equity investment was 8.4%.
- Sundance Creek, a 232-unit apartment property located in McDonough, GA, which was acquired in November 2010 and sold in July 2016. The average annualized rate of return on an investor's initial equity investment was 12.26%.
- The Summit, a 366-unit apartment property located in Kent, WA, which was acquired in September 2008 and sold in August 2016. The average annualized rate of return on an investor's initial equity investment was 5.4%.

- Resort at Lake Crossing, a 208-unit apartment property located in Lexington, KY, which was acquired in June 2008 and sold in December 2016. The average annualized rate of return on an investor's initial equity investment was 2.4%.
- Carrington, a 240-unit apartment property located in Montgomery, AL, which was acquired in May 2010 and sold in April 2017. The average annualized rate of return on an investor's initial equity investment was 6.8%.
- Legends at Indian Springs, a 212-unit apartment property located in Louisville, KY, which was acquired in November 2011 and sold in May 2017. The average annualized rate of return on an investor's initial equity investment was 12.8%.
- Marcus Pointe, a 248-unit apartment property located in Pensacola, FL, which was acquired in April 2011 and sold in June 2017. The average annualized rate of return on an investor's initial equity investment was 11.92%.
- Village at Lionsgate, a 360-unit apartment property located in Overland Park, KS, which was acquired in December 2007 and sold in August 2017. The average annualized rate of return on an investor's initial equity investment was 7.07%.
- Encore at the Park, a 280-unit apartment property located in Durham, NC, which was acquired in July 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 10.04%.
- Wakefield Glen, a 280-unit apartment property located in Raleigh, NC, which was acquired in November 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 4.98%.
- Vue21, a 322-unit apartment property located in Colorado Springs, CO, which was acquired in November 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 14.49%.
- Enclave at Rivergate, a 216-unit apartment property located in Charlotte, NC, which was acquired in December 2012 and sold in April 2018. The average annualized rate of return on an investor's initial equity investment was 12.35%.
- Stonegate, a 260-unit apartment property located in Birmingham, AL, which was acquired in July 2012 and sold in July 2018. The average annualized rate of return on an investor's initial equity investment was 6.4%.
- Villa Toscana, a 504-unit apartment property located in Houston, TX, which was acquired in October 2005 and sold in December 2018. It entered into a 1031 exchange and is holding replacement property. The preliminary average annualized rate of return on an investor's initial equity investment was 11.65%.
- Wolfchase, a 300-unit apartment property located in Memphis, TN, which was acquired in June 2012 and sold in June 2019. The average annualized rate of return on an investor's initial equity investment was 9.32%.
- Broad River Trace, a 240-unit apartment property located in Columbia, SC, which was acquired in August 2012 and sold in June 2019. The average annualized rate of return on an investor's initial equity investment was 7.27%.
- Desert Parks Vista, a 202-unit apartment property located in Scottsdale, AZ was acquired in June 2010 for a private investor and sold in November 2018. The average annualized rate of return on an investor's initial equity investment was 10.82%

- Glen at Alexander, a 216-unit apartment property located in Augusta, GA which was acquired in December 2012 and sold in July 2019. The average annualized rate of return on an investor's initial equity investment was 10.16%.
- Hickory Hollow, a 360-unit apartment property located in Antioch, TN which was acquired in August 2014 and sold in September 2019. The average annualized rate of return on an investor's initial equity investment was 19.83%.
- Brier Creek, a 270-unit apartment property located in Raleigh, NC which was acquired in March 2014 and sold in October 2019. The average annualized rate of return on an investor's initial equity investment was 7.44%.
- Silver City, a 41,583 square foot retail property located in Las Vegas, NV which was acquired in December 2004 and sold in December 2019. It entered into a 1031 exchange and is holding replacement property. The preliminary average annualized rate of return on an investor's initial equity investment was 10.48%.
- Azure, a 308-unit apartment property located in St. Petersburg, FL, which was acquired in March 2015 and sold in December 2019. The average annualized rate of return on an investor's initial equity investment was 10.81%.
- Luxe, a 218-unit apartment property located in Scottsdale, AZ, which was acquired in December 2015 and sold in December 2019. The average annualized rate of return on an investor's initial equity investment was 7.72%.
- Autumn Breeze, a 280-unit apartment property located in Noblesville, IN, which was acquired in May 2013 and sold in March 2020. The preliminary average annualized rate of return on an investor's initial equity investment was 7.38%.
- Lake Meade, a 28,052 square foot retail property located in North Las Vegas, CA, which was acquired in August 2017 and sold in March 2020. The average annualized rate of return on an investor's initial equity investment was 7.87%.
- CVS, a 51,713 square foot retail/drug store property (3 in TX and 1 in CA), which was acquired in December 2010 and sold in July 2020. The average annualized rate of return on an investor's initial equity investment was 5.13%.
- Lone Oak, a 304-unit apartment property located in Round Rock, TX, which was acquired in August 2015 and sold in October 2020. The average annualized rate of return on an investor's initial equity investment was 8.65%.
- Columns at Wakefield, a 324-unit apartment property located in Raleigh, NC, which was acquired in June 2014 and sold in October 2020. The average annualized rate of return on an investor's initial equity was 12.54%.
- Lexington, a 598-unit apartment property located in Nashville, TN, which was acquired in August 2015 and sold in November 2020. The average annualized rate of return on an investor's initial equity investment was 8.67%.
- Arlington, a 300-unit apartment property located in Spanish Fort, AL, which was acquired in May 2015 and sold in February 2021. The average annualized rate of return on an investor's initial equity investment was 8.38%.

- Overlook, a 452-unit apartment property located in Nashville, TN, which was acquired in April 2016 and sold in April 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 8.95%.
- Almeria, a 389-unit apartment property located in Chandler, AZ, which was acquired in August 2016 and sold in March 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 19.97%.
- Twenty25, a 238-unit apartment property located in Kennesaw, GA which was acquired in November 2014 and sold in May 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 20.83%.
- Ivy, a 248-unit apartment property located in Orlando, FL which was acquired in April 2016 and sold in May 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 2.64%.
- Vinings, a 244-unit apartment property located in Greenville, SC which was acquired in October 2014 and sold in June 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 9.91%.
- Estates, a 344-unit apartment property located in Duluth, GA which was acquired in October 2015 and sold in June 2021. The preliminary average annualized rate of return on an investor's initial equity investment was 20.94%.

Discussion of Completed Programs with Adverse Results

The following is a summary of the prior real estate programs of PREE and Passco Companies as of September 30, 2021 that had been liquidated at that time and experienced certain adverse results such as loss of capital. Please see the performance tables below for more detailed information regarding investor returns.

- Wenatchee Valley Mall, a 340,000 square foot regional mall located in Wenatchee, WA, which was acquired in October 2003 and sold in December 2007. The project was sold at a loss representing approximately 55% of the investors' original invested capital. When distributions are included, investors received a return of approximately 60% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -9.5%.
- Madison at Fairwood, a 382-unit Class B apartment property located in Renton, WA (suburb of Seattle), which was acquired in February 2008 and sold in June 2014. The project was sold at a loss representing approximately 48% of the investors' original invested capital. When distributions are included, investors received a return of approximately 59% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -7.3%.
- Mission Ridge, a 260-unit apartment property located in Renton, WA, which was acquired in June 2007 and sold in December 2015. The project was sold at a loss representing approximately 65% of the investors' invested capital. The investors did not receive any distributions. The average annualized rate of return on an investor's initial equity investment was -4.1%.
- Chandler Heights, a 124,820 square foot retail property located in Chandler, AZ, which was acquired in December 2006 and sold in September 2016. The project was sold at a loss representing approximately 35% of the investors' invested capital. When distributions are included, investors received a return of approximately 56% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -4.5%.
- Village at Orange, an 860,000 square foot regional mall located in Orange, CA, which was acquired in October 2004. The loan matured in November 2011 and was in default for failure to repay the principal amount of the loan. Although in maturity default, the property generated sufficient cash flow to pay the prior

monthly debt service and reserve obligations under the loan before the maturity default. The note was subsequently sold by the special servicer to a note investor. Passco Companies, on behalf of the tenant in common investors, negotiated a joint venture with the new Note investor whereby the tenant in common investors contributed their ownership into a new limited liability company. The investors received a \$1,000 capital account in exchange for their interest in the property and only retained profit participation interest in the newly formed limited liability company. The project was sold on October 31, 2016. When distributions are included, investors received a return of approximately 30% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -5.8%.

- Creekwalk Village, a 174,484 square foot retail property located in Plano, TX, which was acquired in April 2007 and sold in April 2017. The project was sold at a loss representing approximately 19% of the investors' invested capital. When distributions are included, investors received a return of approximately 83% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -1.52%.
- Laveen Market Place, a 56,747 square foot retail property located in Phoenix, AZ, which was acquired in July 2007 and sold in August 2017. The project was sold at a loss representing approximately 1% of the investors' invested capital. When distributions are included, investors received a return of approximately 44.6% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -5.44%.
- Eastwind Center, a 45,240 square foot retail property located in Las Vegas, NV, which was acquired in August 2004 and sold in March 2018. The project was sold at a loss representing approximately 27.5% of the tenant in common investors' invested capital. When distributions are included, investors received a return of approximately 64% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -2.19%.
- Pinnacle Village, a 126,909 square foot retail center located in Overland Park, KS, which was acquired in September 2007. The loan matured on September 6, 2017 and entered into default when the property's cash flow was insufficient to cover the monthly debt service and final balance due on the loan. On January 16, 2018, Wells Fargo filed for foreclosure of the property and the placement of a receiver to manage the day-to-day operations of the property until foreclosure proceedings were finalized. The tenant in common owners unanimously voted to allow the foreclosure proceeding and to not contribute additional equity into the property. The property was foreclosed upon on July 19, 2018. When distributions are included, investors received a return of approximately 35% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -6.01%.
- Olathe Station, a 612,000 square foot retail power center located in Olathe, KS, which was acquired in December 2004. The loan matured in January 2012 and a forbearance agreement was entered into extending the maturity to April 2012. The loan was not repaid prior to the expiration of the forbearance period. The note was subsequently sold by the special servicer to a note investor. Passco Companies, on behalf of the tenant in common investors, negotiated a joint venture between the investors and the new Note holder, whereby the tenant in common investors contributed their ownership into a new limited liability company. The investors received a \$1,000 capital account in exchange for their interest in the property and only retained profit participation interest in the newly formed limited liability company. Neither Passco Companies nor the tenant in common owners of the newly formed joint venture had control with respect to the newly formed entity. Part of this project was sold in phases on November 16, 2016, December 27, 2017 and May 24, 2018. Investors only received 23.65% of the initial equity investments.
- Passco Diversified Fund II, LLC, a non-public real estate investment fund raised approximately \$10,000,000 between September 2003 and January 2005. All properties in this program have been sold. The investors only received 47.30% of their initial equity investment.
- Hanford Mall, a 489,437 square foot enclosed regional mall located in Hanford, CA, which was acquired in November 2003. The loan matured in November 2011 and the tenant in common owners unanimously voted

to continue to hold the property, convert to a limited liability company structure and refinance the loan. In order to refinance the loan, additional equity was required and the limited liability company issued Class A and Class B membership units for this new equity. The original equity was issued Class C membership interests. The Hanford Mall project was sold on December 18, 2019. The Class C equity investors only received 53.93% of their initial equity investment. Class A and Class B members received 100% of their equity investment as well as an 8% preferred return on their equity investment.

- Warminster Business Center, a 90,523 square foot office buildings property located in Warminster, PA, which was acquired in November 2008 and sold in August 2021. The project was sold at a loss representing approximately 59.13% of the investors' invested capital. When distributions are included, investors received a return of approximately 99.6% of their original invested capital. The average preliminary annualized rate of return on an investor's initial equity investment was -0.04%.

Discussion of Currently Operating Programs

See the below table for a summary of Passco Companies' current operating programs.

In addition, Passco Companies has sponsored the following debentures and other entities:

- Passco Companies sponsored Passco Companies Income Fund I, LLC ("Income Fund I"), a non-public real estate fund raised approximately \$29.6 million from 469 investors between November 2008 and December 2012. Income Fund I was designed to provide investors with on-going monthly cash distributions by investing in a combination of direct investment in multifamily properties coupled with providing mezzanine capital to acquire assets pending syndication to investors. Income Fund I had made 4 direct multifamily investments: (i) Resort at Lake Crossing, a Kentucky Apartment Complex, (ii) Reserve at River Park West, a Texas Apartment Complex, (iii) Promenade Crossing, a Florida Apartment Complex and (iv) Stoneleigh Corpus Christi, a Texas Apartment Complex. All of these properties have been sold. Over its lifetime, Income Fund I has also provided mezzanine capital to 121 properties as part of the acquisitions process with 116 of them fully repaid. To date, Income Fund I has consistently delivered an 8% monthly distribution from investment operations to its investors.
- Passco Companies sponsored Passco Companies Income Fund II, LLC ("Income Fund II"), a non-public real estate fund which raised approximately \$7,981,000 from 117 investors as of December 31, 2014. Income Fund II was designed to provide investors with an on-going monthly cash distributions by investing in a combination of direct investment in retail properties, preferred equity opportunities and loans to Passco Companies and its Affiliates for the purpose of facilitating the acquisitions and syndications of properties. Income Fund II had 2 direct retail investments: (i) the Shoppes at Coronado Place I, a Missouri retail center and (ii) the Shoppes at Rio Rancho, a New Mexico retail center. The Shoppes at Rio Rancho and Coronado were sold in March 2016. Over its lifetime, Income Fund II has also provided mezzanine capital to 65 properties as part of the acquisitions process with 61 of them fully repaid. The average distribution rate to the investors has been an average of 6.67% as of September 30, 2021.

Passco Companies Development, LLC

Passco Companies Development, LLC has sponsored 4 investor programs since its inception in 2006. The programs offered by Passco Companies Development, LLC were all real estate development transactions and do not have similar objectives to the Trust. As more fully described below, such investments included investments in undeveloped land which was intended to be developed into commercial and multifamily real estate or entitled for development and sold.

- Passco Waikoloa, LLC, a non-public real estate development fund, raised approximately \$16 million from 160 investors between May 2007 and September 2007 to provide equity capital to Passco-Metric Waikoloa LLC, a joint venture with Metric Waikoloa, LLC that purchased raw land on the Big Island of Hawaii to entitle it, and construct a shopping center and/or sell parcels to accommodate a mixed-use project. The project was anticipated to include retail, hotel, multifamily and other commercial uses. Tenants were

unwilling to commit to such a project and lender financing for such a project was very difficult to obtain. The property has foreclosed, and the investors lost their entire investment in Passco Waikoloa, LLC.

- Passco Development Fund I, LLC, a non-public real estate development fund raised approximately \$7.3 million from 73 investors between January 2007 and May 2007 to (a) purchase, on an all-cash basis, 50 acres of residential land in the city of Menifee (formerly Romoland), California and (b) purchase with lender financing at a leverage ratio of 50.68%, an 18-acre parcel of industrial-zoned land in North Las Vegas, Nevada (the “Webbsite Property”). In July 2009, Passco Development Fund I, LLC commenced a new offering to raise up to an additional \$5.5 million in order to either extend or payoff the Webbsite Property loan and to invest in another nearby foreclosed industrial site known as the Raceway property (the “Raceway Property”). Through January 2010, the Passco Development Fund I, LLC raised approximately \$3.766 million. The acquisition of the Raceway Property closed on December 31, 2009 with the Passco Development Fund I, LLC investing \$1,844,820 in the acquiring joint venture. The repayment of the Webbsite Property loan was not made, but the loan was paid down by \$420,000 and extended. However, the Webbsite Property was subject to a loan that matured in May 2012. After numerous attempts to negotiate a discounted payoff of the loan due to the value of the land being less than the loan balance, a settlement was reached whereby the lender foreclosed on the land and agreed not to sue the guarantor in exchange for the guarantor to make payments of \$8,000 per month for 36 months beginning July 15, 2013. This loan settlement has now been fulfilled and the guarantor no longer has an obligation to be making monthly payments. The Raceway property has been sold to a national industrial developer. The sale closed in July of 2018. The Romoland parcel was sold in August 2019. Overall, Passco Development Fund I, LLC’s investors lost all of their original capital invested. The Preferred Members only received 45.1% of their original equity investment.
- Passco Diversified Development Fund III, LLC, a non-public real estate development fund raised approximately \$14.4 million from 138 investors between June 2008 and October 2009. The fund made 3 development investments (i) a 318-unit multifamily property in Houston, Texas, (ii) a 32,611 square foot medical office building in Dallas Texas and (iii) a 49,841 square foot retail project in Palm Desert, California. The two remaining pads were sold in December 2016. In 2013, the Houston property was sold. The medical office building has been completed and was 34% leased. Leasing trailed the original projections as uncertainty about both the economy and health care initiatives has caused medical organizations to delay their leasing commitments. The underlying loan matured in December 2011 and a forbearance agreement was negotiated in order to sell the asset. The asset was sold in June 2014. The Palm Desert project includes an existing Rite Aid drug store and 4 pad sites for developing additional single tenant/multi-tenant buildings. In 2010, Fresh & Easy Market purchased a pad site to construct a 14,000 square foot store. In 2013, the Rite Aid was sold and the debt on the project was paid off with funds held to complete a pad for an executed long-term ground lease with Bank of America. In 2014 a pad was sold to a Taco Bell franchise and construction began on the Bank of America branch. Construction on the Bank of America branch was completed in June 2015 and the branch is now open for business. The ground lease for the Bank of America was sold in 2015. The last of the building pads were sold in 2016 and the fund was closed. The investors only received 41.3% of their original equity investment.
- Passco Germantown, LLC has been formed for the purpose of acquiring a joint venture interest in PC/APDG Germantown, LLC (the “Germantown JV”). The Germantown JV acquired 5.28 acres of undeveloped land located in Germantown, Tennessee which the Germantown JV intends to develop into an active adult multifamily community to be known as Avenida Watermarq at Germantown. The Germantown JV acquired the land on June 29, 2018. The project was completed construction in September 2020 and currently is in lease-up. Passco Germantown, LLC has raised \$15,800,000.
- Passco Palm Desert, LLC has been formed for the purpose of acquiring a joint venture interest in PC/APDG Palm Desert, LLC (the “Palm Desert JV”). The Palm Desert JV acquired 6.4 acres of undeveloped land located in Palm Desert, California which the Palm Desert JV intends to develop into an active adult multifamily community to be known as Avenida Palm Desert. The Palm Desert JV acquired the land on December 21, 2018. Construction began in February 2019. The property received its Temporary Certificate

of Occupancy early May 2021 and expects a final Certificate of Occupancy to be issued by mid-December. Passco Palm Desert, LLC has raised \$25,825,000.

Passco Insite, LLC

Passco Companies entered into a joint venture with Insite Property Ventures, LLC, a California limited liability company, to form Passco Insite, LLC, a Delaware limited liability company. The principal business of Passco Insite, LLC is the acquisition, rehabilitation and sale of investment properties. Passco Insite, LLC has sponsored 1 investor program since its inception in 2014.

- Ovation at Tempe Apartments, a 270-unit Class A apartment property located in Tempe, Arizona, which was acquired in August 2014 and sold in July 2017. The average annualized rate of return on an investor's initial equity investment was 24.8%.

The following summarizes current operating programs as of December 31, 2020:

Property Name	Type ***	Location	Equity Raise Amount	Syndicated Purchase Price	Years Held	2020 PPM Projected Distributions	(A) 2020 Actual Average Distributions as of 12/31/2020	(B) Annual Investor Distributions Average from Inception through 12/31/2020	(C) Projected Annual Investor Distributions Average from Inception through 12/31/2020
DST Properties									
Multifamily									
1000 West	MF	Charleston, SC	\$20,750,000	\$45,775,000	4.0	6.14%	4.91%	5.34%	5.83%
Almeria at Ocotillo (E)	MF	Chandler, AZ	\$42,875,000	\$90,125,000	4.4	6.17%	5.87%	5.51%	5.54%
Arlington (E)	MF	Spanish Fort, Alabama	\$20,025,000	\$49,985,000	5.6	6.25%	4.44%	6.31%	6.70%
Asheville	MF	Asheville, NC	\$28,325,000	\$65,029,000	2.2	5.10%	4.85%	4.92%	5.03%
Buckhead (Avana Lenox)	MF	Atlanta, GA	\$53,975,000	\$123,102,000	1.1	4.70%	4.04%	4.07%	4.70%
Cypress Creek	MF	Land O Lakes, FL	\$37,475,000	\$87,125,000	0.2	New	New	New	New
District Lofts	MF	Jackson, MS	\$33,250,000	\$63,816,000	2.3	5.35%	5.24%	5.21%	5.25%
Estates (E)	MF	Duluth, GA	\$24,550,000	\$53,280,000	5.2	5.98%	5.57%	5.56%	5.60%
Fritz Farm	MF	Lexington, KY	\$37,475,000	\$71,817,000	1.8	5.00%	4.69%	4.82%	5.00%
Grand Oaks	MF	Augusta, GA	\$29,525,000	\$67,225,000	1.4	5.00%	4.84%	4.88%	5.00%
Grayson	MF	Spring, TX	\$30,400,000	\$57,240,000	1.7	5.05%	4.03%	4.42%	5.00%
Greenwood	MF	Olathe, KS	\$19,325,000	\$44,187,000	3.2	5.71%	5.31%	5.29%	5.46%
Haven	MF	Brevard, FL	\$27,900,000	\$62,512,000	3.6	6.45%	6.22%	6.01%	6.05%
Homeplace	MF	Prattville, AL	\$19,550,000	\$43,925,000	3.0	6.15%	5.45%	5.45%	5.71%
Ivy (E)	MF	Orlando, FL	\$26,700,000	\$60,964,000	4.7	6.22%	5.54%	5.39%	5.64%
Lakeview Villas	MF	New Braunfels, TX	\$23,825,000	\$55,350,000	1.2	4.80%	4.29%	4.36%	4.80%
Legacy on the Bay	MF	Destine, FL	\$33,450,000	\$74,692,000	1.5	5.50%	4.45%	4.80%	5.50%
Lively at Carolina Forest	MF	Myrtle Beach, SC	\$24,900,000	\$55,800,000	2.2	5.15%	4.64%	4.92%	5.15%
Longitude 81	MF	Esteros, FL	\$26,175,000	\$60,950,000	3.7	5.84%	5.06%	5.22%	5.48%
Longitude 82 Sarasota	MF	Sarasota, FL	\$45,475,000	\$88,100,000	2.6	5.20%	5.15%	5.09%	5.10%
Mariner Grove	MF	Savannah, GA	\$30,800,000	\$71,490,000	3.0	5.69%	5.71%	5.53%	5.37%
Marisol	MF	Viera, FL	\$25,025,000	\$57,687,500	4.0	6.11%	6.28%	6.04%	5.71%
Melody Farm	MF	Vernon Hills, IL	\$41,425,000	\$98,625,000	1.0	4.60%	4.60%	4.60%	4.60%
Merritt at Sugarloaf	MF	Duluth, GA	\$36,350,000	\$81,102,000	2.8	5.19%	4.73%	5.01%	5.18%
Nocatee	MF	Ponte Vedra, FL	\$28,525,000	\$64,210,000	0.8	4.05%	4.05%	4.05%	4.05%
Ocean Walk	MF	Keywest, FL	\$50,650,000	\$116,625,000	3.4	5.94%	5.21%	5.46%	5.63%

Property Name	Type ***	Location	Equity Raise Amount	Syndicated Purchase Price	Years Held	2020 PPM Projected Distributions	(A) 2020 Actual Average Distributions as of 12/31/2020	(B) Annual Investor Distributions Average from Inception through 12/31/2020	(C) Projected Annual Investor Distributions Average from Inception through 12/31/2020
One Hampton	MF	Bluffton, SC	\$38,325,000	\$89,025,000	0.3	4.25%	4.25%	4.25%	4.25%
Overlook (E)	MF	Nashville, TN	\$28,850,000	\$62,260,000	4.7	6.82%	5.64%	5.54%	5.92%
Park 35	MF	Birmingham, AL	\$39,425,000	\$75,945,000	1.2	4.75%	4.63%	4.63%	4.75%
Park Crest	MF	Bradenton, FL	\$36,450,000	\$85,200,000	4.4	6.49%	5.64%	5.57%	5.91%
Parker	MF	Alexandria, VA	\$53,000,000	\$126,287,000	3.3	5.68%	5.23%	5.23%	5.43%
Pearce at Pavilion	MF	Riverview, FL	\$24,900,000	\$57,205,000	3.6	6.00%	5.17%	5.22%	5.55%
Point at Tamaya	MF	Jacksonville, FL	\$42,200,000	\$80,700,000	2.5	5.30%	4.44%	4.80%	5.13%
Preserve	MF	Woodbridge, VA	\$30,375,000	\$68,172,000	0.3	4.25%	4.25%	4.25%	4.25%
San Antonio - TruNorth at Bulverde	MF	San Antonio, TX	\$36,250,000	\$68,425,000	0.1	New	New	New	New
Sapphire Bay	MF	Baytown, TX	\$35,825,000	\$68,275,000	1.4	5.00%	4.36%	4.52%	5.00%
Sea Glass	MF	Destin, FL	\$30,600,000	\$71,784,000	2.1	5.30%	4.70%	4.70%	5.23%
Tribute at the Rim	MF	San Antonio, TX	\$47,650,000	\$92,392,000	1.6	4.95%	4.13%	4.40%	4.93%
Turkey Creek	MF	Knoxville, TN	\$20,200,000	\$46,483,000	1.2	5.00%	5.00%	5.00%	5.00%
Twenty 25 (E)	MF	Kennesaw, GA	\$17,025,000	\$44,175,000	6.1	4.92%	5.33%	6.16%	5.98%
Veranda	MF	Prospect, KY	\$24,475,000	\$57,202,000	4.4	6.56%	5.46%	5.49%	5.88%
Vinings at Laurel Creek (E)	MF	Greenville, SC	\$15,600,000	\$35,750,000	6.2	4.57%	3.62%	5.58%	5.60%
Voyager	MF	Nassau Bay, TX	\$27,500,000	\$56,527,000	3.7	5.69%	5.40%	5.21%	5.28%
Watervue	MF	Lake Charles, LA	\$21,825,000	\$49,840,000	3.2	6.85%	4.19%	5.62%	6.51%
Self Storage									
River Oaks Self Storage	SS	Houston, TX	9,855,000	\$19,260,000	2.9	5.38%	5.10%	5.06%	5.20%
TIC Properties									
Retail									
Day Creek	SC	Rancho Cucamonga, CA	\$6,694,728	\$15,800,000	5.0	n/a	2.37%	4.65%	n/a
Temescal Village	SC	Corona, CA	\$6,495,000	\$16,950,000	3.7	n/a	1.83%	2.56%	n/a
Industrial									
Warminster	IND	Warminster, PA	\$14,500,000	\$14,500,000	12.1	(D)	0.00%	3.03%	7.03%

Footnotes

A. Actual averaged distribution % rate or master lease rent on equity year-to-date as of December 31, 2020. Amounts may include a distribution of reserves.

- B. This is the cumulative annual average distributions to investors through December 31, 2020.
- C. This is the projected cumulative annual average distributions to investors through December 31, 2020.
- D. 2020 is beyond the projected distribution period.
- E. Sold in 2021

*** Property Types:

IND	Industrial
MF	Multifamily
SC	Shopping Center
SS	Self Storage

The following table summarizes properties that were sold through September 30, 2021.

Name		Description	Location	Date Acquired	Date Sold	Purchase Price	Sale Price	Years Held	ARR
Passco Real Estate Enterprises									

Reno Industrial Portfolio I	TIC	Industrial	Sparks, NV	4/4/2003	8/28/2009	21,900,000	12,414,000	6.40	12.04%
Reno Industrial Portfolio II	TIC	Industrial	Sparks, NV	4/4/2003	1/22/2007	19,354,491	25,365,000	3.80	28.69%
								Average ARR:	18.2%
								Average years held:	5.1

Courtney Village	TIC	Multifamily	Phoenix, AZ	2/25/2005	6/8/2016	37,724,215	45,500,000	11.3	8.42%
Alanza Place	TIC	Multifamily	Phoenix, AZ	3/30/2005	4/20/2012	40,925,000	38,500,000	7.06	3.44%
								Average ARR:	6.5%
								Average years held:	9.2

Chicago Plaza	TIC	Retail	Riverside, CA	11/25/1998	7/1/2001	8,850,000	11,100,000	2.60	12.71%
Delta Fair Shopping Center	TIC	Retail	Antioch, CA	3/17/1999	2/26/2004	14,000,000	16,500,000	4.95	14.62%
Walnut Hills Plaza	TIC	Retail	Walnut, CA	10/27/1999	11/15/2006	6,775,000	12,100,000	7.06	29.51%
Norwood Center	TIC	Retail	Sacramento, CA	12/14/1999	1/11/2008	12,600,000	14,350,000	8.10	6.45%
Belle Mill Landing	TIC	Retail	Red Bluff, CA	3/21/2000	5/18/2007	10,300,000	13,000,000	7.17	12.76%
Country Corner	TIC	Retail	Escondido, CA	6/2/2000	4/29/2005	6,340,000	8,800,000	4.85	16.68%
Mercantile Row	TIC	Retail	Dinuba, CA	10/6/2000	3/15/2004	7,977,500	8,712,500	3.44	14.10%
Moreno Valley Plaza	TIC	Retail	Moreno Valley, CA	11/30/2000	11/22/2004	27,750,000	29,000,000	3.98	11.48%
Sierra Vista Plaza	TIC	Retail	Murrieta, CA	5/7/2001	11/25/2003	10,650,000	13,100,000	2.55	18.26%
Bradville Square	TIC	Retail	Rancho Cordova, CA	5/10/2001	12/29/2011	5,100,000	4,550,000	10.64	3.46%
Rolling Ridge	TIC	Retail	Chino Hills, CA	10/1/2001	8/2/2006	14,700,000	21,500,000	4.84	21.42%

Chapman Heights	TIC	Retail	Yucaipa, CA	12/31/2001	9/1/2006	9,900,000	12,245,000	4.67	18.38%
Lancaster	TIC	Retail	Lancaster, CA	1/15/2002	8/16/2005	37,075,000	45,000,000	3.59	28.47%
Jeronimo Business Center	TIC	Retail	Mission Viejo, CA	2/27/2002	11/8/2006	14,400,000	25,000,000	4.70	42.33%
Hoover Marketplace	TIC	Retail	Fresno, CA	3/21/2002	12/17/2007	7,125,000	9,100,000	5.75	10.78%
Northern Village	TIC	Retail	Fresno, CA	3/21/2002	10/18/2006	5,100,000	8,517,000	4.58	32.23%
Rancho Cordova	TIC	Retail	Rancho Cordova, CA	9/30/2002	5/10/2007	22,200,000	26,800,000	4.61	16.39%
Puente Hills Mall	TIC	Retail	City of Industry, CA	5/9/2003	12/29/2005	148,000,000	170,080,000	2.64	20.73%
Wenatchee Valley Mall	TIC	Retail	Wenatchee, WA	10/3/2003	12/13/2007	43,000,000	32,500,000	4.20	-9.45%
Hanford Mall	TIC	Retail	Hanford, CA	11/18/2003	12/17/2019	49,300,000	26,000,000	16.09	-2.86%
Hanford Mall-Additional Investment A	TIC	Retail	Hanford, CA	11/21/2012	12/17/2019	-	-	7.07	7.02%
Hanford Mall-Additional Investment B	TIC	Retail	Hanford, CA	11/21/2012	12/17/2019	-	-	7.07	9.33%
Kaua'I Village	TIC	Retail	Kappa, HI	5/20/2004	1/25/2007	30,746,400	33,000,000	2.70	2-6%
Eastwind	TIC	Retail	Las Vegas, NV	8/24/2004	3/28/2018	14,150,000	12,165,000	13.60	-2.19%
Eastwind - Additional Investment	TIC	Retail	Las Vegas, NV	12/18/2012	3/28/2018	-	-	5.28	21.52%
The Village at Orange	TIC	Retail	Orange, CA	10/18/2004	10/31/2016	100,000,000	85,400,000	12.00	-5.83%
The Village at Orange-Additional Investment	TIC	Retail	Orange, CA	9/14/2013	10/31/2016	-	-	3.10	9.48%
Silver City	TIC	Retail	Las Vegas, NV	12/16/2004	12/27/2019	42,425,000	59,250,000	15.04	10.49%
Olathe Station	TIC	Retail	Olathe, KS	12/29/2004	5/24/2018	53,150,000	-	13.40	-5.69%
Promenade Howard Hughes Center	TIC	Retail	Los Angeles, CA	6/15/2005	6/5/2015	110,580,000	111,000,000	9.98	5.26%
								Average ARR:	8.8%
								Average years held:	7.7

Passco Companies, LLC

Promenade Crossing	DST	Multifamily	Orlando, FL	9/4/2009	3/19/2015	26,300,000	27,350,000	5.54	7.18%
Carrington	DST	Multifamily	Montgomery, AL	5/18/2010	4/26/2017	27,050,000	29,200,000	6.95	7.00%
Sundance Creek	DST	Multifamily	McDonough, GA	11/2/2010	7/15/2016	18,055,000	23,500,000	5.70	12.33%
Marcus Point	DST	Multifamily	Pensacola, FL	4/8/2011	6/8/2017	20,253,000	26,300,000	6.17	11.92%
Indian Spring	DST	Multifamily	Louisville, KY	11/17/2011	5/31/2017	24,835,000	30,000,000	5.54	12.80%
Wolfchase	DST	Multifamily	Memphis, TN	6/15/2012	6/10/2019	34,775,000	42,100,000	6.99	9.24%
Stonegate	DST	Multifamily	Birmingham, AL	7/6/2012	7/12/2018	31,950,000	34,100,000	6.02	6.44%
Broad River	DST	Multifamily	Columbia, SC	8/9/2012	6/21/2019	22,025,000	24,000,000	6.87	7.27%
Glen at Alexander	DST	Multifamily	Augusta, GA	12/14/2012	7/29/2019	31,225,000	36,100,000	6.62	10.16%
Enclave at Rivergate	DST	Multifamily	Charlotte, NC	12/28/2012	4/24/2018	30,165,000	37,000,000	5.32	12.35%
Autumn Breeze	DST	Multifamily	Noblesville, IN	5/23/2013	3/17/2020	37,548,000	43,000,000	6.82	7.53%
Encore at the Park	DST	Multifamily	Durham, NC	7/15/2013	3/5/2018	34,075,000	39,850,000	4.64	10.04%
Vue21	DST	Multifamily	Colorado Springs, CO	11/26/2013	3/29/2018	61,567,000	77,600,000	4.34	14.49%
Wakefield Glen	DST	Multifamily	Raleigh, NC	11/26/2013	3/5/2018	37,465,000	39,850,000	4.27	4.98%
Brier Creek	DST	Multifamily	Raleigh, NC	3/27/2014	10/23/2019	45,225,000	51,500,000	5.58	7.44%
Columns	DST	Multifamily	Raleigh, NC	6/18/2014	10/26/2020	46,650,000	62,500,000	6.36	12.54%
Hickory Hollow	DST	Multifamily	Antioch, TN	8/14/2014	9/18/2019	37,357,000	\$53,350,000	5.10	19.83%
Vinings at Laurel Creek	DST	Multifamily	Greenville, SC	10/8/2014	6/10/2021	35,750,000	\$43,500,000	6.68	9.91%
Twenty25	DST	Multifamily	Kennesaw, GA	11/25/2014	5/7/2021	44,175,000	\$64,750,000	6.45	20.83%
Azure	DST	Multifamily	St. Petersburg, FL	3/6/2015	12/19/2019	61,125,000	\$70,250,000	4.79	10.81%
Arlington	DST	Multifamily	Spanish Fort, AL	5/22/2015	2/16/2021	49,985,000	\$55,300,000	5.75	8.38%
Lexington	DST	Multifamily	Nashville, TN	8/12/2015	11/24/2020	109,725,000	\$127,000,000	5.29	8.67%
Lone Oak	DST	Multifamily	Round Rock, TX	8/25/2015	10/13/2020	50,040,000	\$56,300,000	5.14	8.65%
Estates at Crossroads	DST	Multifamily	Duluth, GA	10/8/2015	6/30/2021	\$53,280,000	\$78,300,000	5.73	20.94%

Luxe	DST	Multifamily	Scottsdale, AZ	12/17/2015	12/20/2019	58,979,000	\$65,500,000	4.01	7.72%
Overlook	DST	Multifamily	Antioch, TN	4/5/2016	4/8/2021	62,260,000	\$73,400,000	5.01	8.95%
Ivy	DST	Multifamily	Orlando, FL	4/29/2016	5/27/2021	60,964,000	\$62,000,000	5.08	2.64%
Almeria	DST	Multifamily	Chandler, AZ	8/12/2016	3/23/2021	90,125,000	\$129,250,000	4.61	19.97%
								Average ARR: 10.7%	
								Average years held: 5.6	

Montclair Plaza	LLC	Retail	Montclair, CA	1/12/2006	12/1/2015	20,900,000	18,215,000	9.89	1.11%
Lake Meade	LLC	Retail	North Las Vegas, NV	8/25/2017	3/6/2020	2,600,000	3,550,000	2.91	7.87%
CVS	LLC	Retail	(3) TX, (1) CA	12/17/2010	7/23/2020	21,168,997	22,380,000	9.61	5.13%
								Average ARR: 3.7%	
								Average years held: 7.5	

Villa Toscana	LLC	Multifamily	Houston, TX	10/17/2005	12/21/2018	44,610,000	63,500,000	13.19	11.65%
Cambridge	LLC	Multifamily	Lynwood, WA	8/8/2008	1/14/2016	25,106,483	27,000,000	7.44	5.86%
								Average ARR: 9.6%	
								Average years held: 10.3	

Mallard Crossing	TIC	Multifamily	Loveland, OH	12/8/2005	12/27/2013	37,467,000	39,800,000	8.06	3.51%
Four Winds	TIC	Multifamily	Overland Park, KS	12/22/2005	12/3/2015	27,300,000	27,700,000	9.95	3.52%
Moorings	TIC	Multifamily	League City, TX	2/1/2006	8/19/2015	20,400,000	23,250,000	9.55	6.60%
Towns of Riverside	TIC	Multifamily	Grand Prairie, TX	2/3/2006	8/19/2015	47,700,000	49,500,000	9.55	3.69%
Alanza Brook	TIC	Multifamily	Houston, TX	2/5/2006	9/2/2015	38,300,000	46,800,000	9.57	9.21%
Raveneaux	TIC	Multifamily	Houston, TX	8/23/2006	3/31/2016	42,875,000	48,500,000	9.61	8.40%
Waters Edge	TIC	Multifamily	Plano, TX	10/3/2006	7/31/2015	35,650,000	45,600,000	8.83	8.92%
Mission Ridge	TIC	Multifamily	Renton, WA	6/29/2007	12/1/2015	37,865,956	40,500,000	8.43	-4.10%
Village at Lionsgate	TIC	Multifamily	Overland Park, KS	12/6/2007	8/10/2017	44,355,000	51,944,449	9.70	7.07%

Madison at Fairwoods	TIC	Multifamily	Renton, WA	2/28/2008	6/11/2014	51,677,000	41,500,000	6.29	-7.35%
Resort at Lake Crossing	TIC	Multifamily	Lexington, KY	6/30/2008	12/12/2016	22,530,000	22,050,000	8.46	2.37%
The Summit	TIC	Multifamily	Kent, WA	9/8/2008	8/9/2016	47,423,000	51,575,000	7.90	5.40%
Reserve at River Park West	TIC	Multifamily	Richmond, TX	12/9/2008	7/31/2013	27,600,000	30,000,000	4.64	8.49%
Desert Parks Vista (A)	TIC	Multifamily	Scottsdale, AZ	6/15/2010	11/30/2018	33,210,800	52,000,000	8.47	10.82%
								Average ARR:	5.0%
								Average years held:	8.5

Houston Office Portfolio (Younan)	LLC	Office	Houston, TX	9/12/2007	6/1/2012	49,905,000	51,025,000	4.72	8.00%
Warminster	TIC	Industrial	Warminster, PA	11/26/2008	8/25/2021	14,500,000	9,140,000	12.75	-0.04%
Lincoln Plaza	TIC	Retail	Tacoma, WA	4/13/2006	4/29/2016	25,400,000	26,718,000	10.05	3.40%
Chandler Heights Marketplace	TIC	Retail	Chandler, AZ	12/29/2006	9/15/2016	40,846,000	30,000,000	9.72	-4.53%
Creekwalk	TIC	Retail	Plano, TX	4/20/2007	4/25/2017	35,550,000	24,500,000	10.02	-1.52%
Laveen Market Place	TIC	Retail	Phoenix, AZ	7/11/2007	8/18/2017	22,115,000	14,200,000	10.11	-5.44%
Pinnacle Village	TIC	Retail	Overland Park, KS	8/30/2007	7/19/2018	36,500,000	-	10.89	-6.01%
								Average ARR:	-2.9%
								Average years held:	10.2

(A) Private Investor

DUTIES OF THE TRUST MANAGER, THE MASTER TENANT, THE DEPOSITOR AND HOLDERS

The Delaware statutes that govern statutory trusts do not impose any fiduciary duty upon the trustees, managers or owners of statutory trusts and permit the waiver of all fiduciary duties other than the implied duty of good faith and fair dealing. None of the Trust Manager, the Master Tenant, the Depositor or the other Holders will have a fiduciary duty to a Holder.

The Trust Agreement provides that the Trust Manager (its owners, Affiliates, directors, managers, employees, agents, assigns, principals, trustees and any officers) will not be liable to the Trust or the Holders for any act or omission performed or omitted by it in good faith, but will be liable only for fraud, gross negligence or willful misconduct. Holders of Interests may, accordingly, have a more limited right of action against the Trust Manager than they would have absent such an exculpatory provision in the Trust Agreement.

The Trust Agreement generally provides for indemnification of the Trust Manager (its owners, Affiliates, directors, managers, employees, agents, assigns, principals, trustees and any officers) by the Trust (to the extent of Trust assets) for any claims, liabilities and other losses that it may suffer in dealings with third parties on behalf of the Trust not arising out of fraud, gross negligence or willful misconduct. In the case of a liability arising from an alleged violation of securities laws, the Trust Manager may obtain indemnification only if (i) the Trust Manager is successful in defending the action, (ii) the indemnification is specifically approved by the court of law which will have been advised as to the current position of the SEC (as to any claim involving allegations that the Securities Act was violated) or the applicable state authority (as to any claim involving allegations that the applicable state's securities laws were violated) or (iii) in the opinion of counsel for the Trust, the right to indemnification has been settled by controlling precedent. It is the opinion of the SEC that indemnification for liabilities arising under the Securities Act is contrary to public policy and, therefore, unenforceable.

CONFLICTS OF INTEREST

The Trust Manager and its Affiliates may act, and are acting, as the manager of other trusts or limited liability companies, or as the general partner of other partnerships. The Trust Manager, the Master Tenant and their Affiliates may form and manage additional limited liability companies or other business entities. The Trust Manager, the Master Tenant and their Affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities in addition to the Trust. As a result, conflicts of interest between the Trust and the other activities of the Trust Manager and Master Tenant may occur from time to time. The principal areas in which conflicts may be anticipated to occur are described below.

Trust Manager and the Master Tenant Are Affiliates

The Trust Manager is an Affiliate of the Master Tenant. Therefore, there will be a conflict of interest with the Trust Manager's management of the Master Lease and Master Tenant on behalf of the Trust. If the Master Tenant defaults under the Master Lease, the Trust Manager will have a conflict of interest regarding whether to pursue any remedies available to the Trust against the Master Tenant. The Holders do not have the authority to act on behalf of the Trust and only the Delaware Trustee has the power to replace the Trust Manager and may do so only in the case of the fraud, gross negligence or willful misconduct of the Trust Manager. The Trust Manager will have the right to renegotiate the terms of the Master Lease in the event that the Master Tenant is insolvent or in bankruptcy without approval of the Holders. The Trust Manager and the Master Tenant are related entities. Thus, the Trust Manager will have a conflict of interest with respect to the terms of any renegotiated Master Lease. There is no mechanism to resolve any such conflict.

Potential Continued Ownership of Interests

In the event that less than all of the Interests are sold to purchasers, the Depositor's Class B beneficial interests in the Trust will convert to Interests. The continued ownership of Interests in the Trust by the Depositor or the fact that an Affiliate of the Trust Manager is in control of an entity that owns the Class A Beneficial Interests could create

a conflict of interest with respect to the Trust Manager's management of the Trust and the management of the Depositor or any entity that owns the Interests. There is no method established for resolving any such conflict.

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the Trust Manager, the Master Tenant and their Affiliates to the Trust and similar obligations to other entities. Other investment projects in which the Trust Manager, the Master Tenant and their Affiliates participate may compete with the Trust and the Project for the time and resources of the Trust Manager, the Master Tenant and their Affiliates. The Trust Manager, the Master Tenant and their Affiliates will, therefore, have conflicts of interest in allocating management time, services and functions among the Project, the Trust and other existing companies and businesses, as well as any companies or businesses that may be organized in the future. The Trust Manager believes that the Trust Manager, the Master Tenant and their Affiliates have the capacity to discharge their responsibilities to the Trust notwithstanding participation in other investment programs and projects. In addition, an Affiliate of the Trust Manager has provided an indemnification to the third-party report provider for damages that exceed their contract limitations. As a result, the Trust Manager has a conflict of interest regarding the pursuit of a cause of action against the third-party report provider.

Interests in Other Activities

The Trust Manager, the Master Tenant or any of their Affiliates may engage for their own account, or for the account of others, in other business ventures, whether related to the business of the Trust or otherwise, and neither the Trust nor the Holders will be entitled to any interest therein solely by reason of any relationship resulting from entering into the Trust Agreement or the Trust entering into the Master Lease.

Acquisition of Other Properties in Market Area

It is possible that Affiliates of the Trust Manager could acquire other multifamily real estate properties that are located within the Project's market area. In such case, the other property and the Project will compete for tenants.

Receipt of Compensation by the Depositor, the Trust Manager and Their Affiliates

The payments to the Depositor, the Trust Manager and their Affiliates as set forth under "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates" have not been determined by arm's-length negotiations.

Receipt of Fee from Seller

Passco Management Services, LP received a fee of \$1,603,250 from the Seller pursuant to the Acquisition Agreement. The receipt of a fee from the Seller of the Project creates a conflict with respect to Passco Management Services, LP's obligations to the Trust and those owed to the Seller.

Legal Representation

Counsel to the Trust, the Depositor, the Trust Manager, the Master Tenant and their Affiliates in connection with the Offering is the same, and it is anticipated that such multiple representation will continue in the future. As a result, conflicts may arise in the future and if those conflicts cannot be resolved or the consent of the respective parties cannot be obtained to the continuation of the multiple representation after full disclosure of any such conflict, said counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved. Each Holder acknowledges and agrees that counsel representing the Trust, the Trust Manager and its Affiliates 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 Holders in any respect. Each Holder consents to the Trust Manager hiring counsel for the Trust which is also counsel to the Trust Manager. In addition, 1 or more attorneys from DLA Piper LLP (US) may make an investment to acquire Interests pursuant to the Offering; provided, however, such investment in Interests should not be taken as a representation or opinion concerning the operation of the Trust's business, its future success or any other matter related to the investment by any Holder in the Trust.

Resolution of Conflicts of Interest

The Trust Manager, the Depositor and the Master Tenant have not developed, and do not expect to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Project, the Trust and the Holders, the Trust Manager, the Depositor and the Master Tenant, in their sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of their business judgment in an attempt to fulfill their legal obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest.

The Managing Broker-Dealer

Passco Capital, Inc., as the Managing Broker-Dealer, may be expected under applicable securities laws to review this Memorandum to determine if this Memorandum is accurate and complete. The Managing Broker-Dealer is an Affiliate of the Trust Manager. The Managing Broker-Dealer will also be paid a placement fee based on the number of Interests sold and their Affiliates are entitled to receive substantial fees as set forth under “Compensation to the Depositor, the Trust Manager, The Master Tenant and their Affiliates.” Consequently, there is an inherent conflict of interest to the Managing Broker-Dealer in reviewing this Memorandum.

**COMPENSATION TO THE DEPOSITOR, THE TRUST MANAGER,
THE MASTER TENANT AND THEIR AFFILIATES**

The following is a brief description of the compensation that may be received by the Depositor, the Trust Manager, the Master Tenant and their Affiliates from the Trust or in connection with the use of the proceeds of the Offering to redeem the Class B beneficial interests held by the Depositor and in connection with Trust administration and operation of the Project. Much of this compensation will be paid regardless of the success or profitability of the Trust. The increase in the purchase price and the compensation arrangements have been established by the Trust and are not the result of arm's-length negotiations.

<u>Form of Compensation</u>	<u>Description</u>	<u>Estimated Amount of Compensation/Increase in Purchase Price</u>
Organization and Offering Stage:		
Placement Fee and Selling Commissions:	Passco Capital, Inc., an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive compensation up to 6.0% of the Total Sales as Selling Commissions (provided, however, that this amount will be reduced if a lower commission rate is requested by a Selling Group Member and the commission rate will then be the lower agreed upon rate), up to 1.0% of Total Sales as a nonaccountable marketing allowance of costs actually incurred and up to 0.5% of Total Sales for reimbursement of due diligence costs actually incurred, some or all of which will be reallocated. The Managing Broker-Dealer will also receive 1.25% of Total Sales as a placement fee, and may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions.	The actual amount of Selling Commissions and nonaccountable marketing allowance will depend upon the number of Interests sold by the Selling Group Members and the Managing Broker-Dealer. The maximum Selling Commissions will be \$2,038,500, the maximum reimbursement of due diligence costs will be \$169,875, the maximum placement fee will be \$424,688 and the maximum nonaccountable marketing allowance will be \$339,750.
Redemption of Class B Beneficial Interests held by the Depositor:	The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$33,975,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$29,516,638). The Depositor is responsible for paying certain costs and expenses including: (i) Selling Commissions and Expenses of approximately \$2,972,813, (ii) organization and offering costs of approximately \$150,000, (iii) closing costs of approximately \$150,000, (iv) due diligence costs and expenses of approximately \$75,000, (v) carrying	The total increase in the purchase price to the Holders (based on the Maximum Offering Amount) will be \$4,458,362. The Trust Manager anticipates that the total amount to be retained by the Depositor from the Offering Proceeds after payment of the costs and expenses described herein (\$4,158,362) and funding the Master Tenant (\$300,000) will be approximately \$0.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
	<p>costs of approximately \$574,258 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$236,291. The estimates of these costs and expenses are based on certain assumptions made by the Depositor. Depending on the length of the Offering, the number of Holders and negotiations with the Lender regarding the Loan, the actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount. The Depositor estimates that the amount retained by it from the Offering Proceeds after paying the costs and expenses described above will be approximately \$300,000. After the Depositor makes distributions to Passco Companies, its sole member, Passco Companies, through its Affiliates, used \$300,000 to fund the Master Tenant to establish reserves to be held by the Master Tenant (which reserves will be retained by the Master Tenant to the extent not used). The net amount retained by the Depositor from Offering Proceeds after funding the Master Tenant and payment of the costs and expenses described above is approximately \$0.</p>	
Carry Costs:	<p>An Affiliate of the Trust Manager will receive approximately \$356,637 in carrying costs. This amount may increase or decrease depending on the amount of Interests sold and the timing of such sales. The Depositor will also receive its portion of cash distributions attributable to its Class B beneficial interests in the Trust. The reimbursement for carrying costs will be paid regardless of the amount of cash flow distributions received by the Depositor.</p>	<p>The total carrying costs retained by an Affiliate of the Trust Manager is anticipated to be \$356,637.</p>

<u>Form of Compensation</u>	<u>Description</u>	<u>Estimated Amount of Compensation/Increase in Purchase Price</u>
Advisory Fee:	An Affiliate of the Trust Manager received an advisory fee from the Seller at the time the Trust acquired the Project.	The advisory fee was \$1,603,250.
Operating Stage (Trust or LLC):		
Reimbursement of Expenses to the Trust Manager:	Reimbursement by the Trust of reasonable and necessary expenses paid or incurred by the Trust Manager in connection with the administration of the Trust.	Impracticable to determine at this time.
Property Revenues in Excess of Rent:	The Master Tenant will be entitled to receive and retain revenues generated from the Project and any sublease of the Project during the term of the Master Lease that are in excess of the Base Rent and Percentage Rent payable under the Master Lease.	Impracticable to determine at this time.
Property Management Fee:	The Property Manager will receive a management fee in an amount equal to 2.25% of the gross revenues from the Project. The Property Manager will sub-manage the Project and will be obligated to pay the submanager a fee of 2.25%.	Impracticable to determine at this time.
Construction Management Fee:	A Construction Management Fee to the Property Manager in an amount equal to 5% of hard Project construction costs.	Impracticable to determine at this time.
Cash Flow:	In addition to the carrying costs described above, the Depositor will receive its share of distributions from the Trust while it owns Class B beneficial interests.	Impracticable to determine at this time.
Administration Fee:	A \$3,000 annual Trust (or LLC) administration fee, payable to the Trust Manager in monthly installments.	\$3,000 per year.
Financing Fee (LLC only):	In connection with a financing or refinancing of the Project, an amount to the Trust Manager equal to 1% of the principal amount of any loan, financing or refinancing, payable at the closing of the transaction.	Impracticable to determine at this time.

<u>Form of Compensation</u>	<u>Description</u>	<u>Estimated Amount of Compensation/Increase in Purchase Price</u>
Disposition Stage:		
Fee on Sale of Project:	In connection with a sale, exchange or other disposition of the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of the sale, payable at the closing of the transaction. The Trust will be responsible for paying any third party real estate broker; provided, however, that the disposition fee payable to the Trust Manager will be reduced to the extent to the outside third party fee exceeds 0.5%.	Impracticable to determine at this time.

RESTRICTIONS ON TRANSFERABILITY

There are substantial restrictions on the transferability of the Interests imposed by state and federal securities laws. Before selling or transferring an Interest, a Holder must comply with applicable requirements of federal and state securities laws and regulations, including the financial suitability requirements of such laws or regulations. It is highly unlikely that any market for Interests will ever develop and prospective Holders should view an investment in Interests solely as a long-term investment.

The Interests offered by this Memorandum have not been registered under the Securities Act or the securities laws of any state. The Interests may not be transferred or resold unless they are registered, qualified or exempt under the Securities Act and applicable state securities laws. Appropriate legends setting forth the restrictions on the transfer of the Interests will be set out in the Trust Agreement. No public market exists for the Interests, and it is highly unlikely that any such market will develop. Prospective Holders should view an investment in an Interest as a long-term investment. Each Holder will be responsible for compliance with applicable securities laws with respect to any transfer or resale of its Interest. Further, there can be no more than 480 owners of beneficial interests in the Trust.

The Lender has required that certain searches related to OFAC compliance be completed with respect to any single person's acquisition of 20% or more of the Trust.

In addition to the above, the Trust Agreement provides that any Holder that proposes to sell their Interests to Maxus will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests.

SUMMARY OF THE PURCHASE AGREEMENT

Each prospective Holder will be required to execute a Purchase Agreement in the form attached hereto as Exhibit B. The entire Purchase Agreement should be reviewed 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 reference thereto.

“As-Is” Purchase

The Purchase Agreement provides that the prospective Holders must accept their Interests, as they relate to the Project, in an “as-is” condition. The Seller has provided only limited representations and warranties regarding matters affecting the condition, use and ownership of the Project and the Trust has not provided any such representations and warranties. Consequently, the prospective Holders must rely solely on their own inspections, investigations and analysis of the Project.

Limitation on Purchase of Interests

The Trust will not accept any prospective Holder who is (i) directly or indirectly affiliated in any way with Maxus, (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus. Prospective Holders will be required to represent and warrant in the Purchase Agreement that such prospective Holder is not affiliated in any way, either directly or indirectly, with such persons. In the event the Trust determines that a Holder is affiliated with Maxus in breach of the representations and warranties in the Purchase Agreement, the Trust will have the right to repurchase all Interests held by such Holder at a price equal to the cost of the Interests as paid by the Holder, less any distributions received by the Holder and any costs incurred by the Trust in connection with repurchase of the Interests.

No Tax Advice

Holdes will acquire their Interests without any representations from the Trust regarding tax implications of the transaction. Prospective Holders should consult with their attorney and other tax advisors regarding the tax implications of their acquisition of an Interest, including whether or not such acquisition will qualify as part of a tax-deferred exchange under Code Section 1031, if one is contemplated. See “Federal Income Tax Consequences.”

Termination of the Purchase Agreement

The Purchase Agreement may be terminated if the conditions to the closing are not satisfied as set forth in the Purchase Agreement. The conditions include failure of the Trust to acquire the Project for any reason.

SUMMARY OF THE TRUST AGREEMENT

General

Each Holder will be required to enter into the Trust Agreement with the other Holders, a copy of which is attached hereto as Exhibit C. The rights and obligations of the Holders will be governed by the Trust Agreement. The entire Trust Agreement should be reviewed before investing. The following is only a summary of some of the significant provisions of the Trust Agreement and is qualified in its entirety by reference thereto.

The Trust

The Trust was formed as a Delaware statutory trust under the laws of the State of Delaware on November 18, 2021 by the Depositor and the Delaware Trustee. The Original Trust Agreement was entered into on November 18, 2021 by the Delaware Trustee and the Depositor. The Trust Agreement was amended and restated by the Amended and Restated Trust Agreement by and among the Depositor, the Trust Manager and the Delaware Trustee on December 9, 2021. The principal place of business of the Trust is 2050 Main Street, Suite 650, Irvine, California 92614, and the telephone number is (949) 263-7900 or (877) 4PASSCO.

The use of a Delaware statutory trust for an investment in real estate for purposes of a Code Section 1031 exchange is a recent development. The Trust differs from a corporation, limited partnership or limited liability company. Prospective Holders should carefully review with their counsel the protection against liability provided by a Delaware statutory trust.

The Trust Estate

The Trust Estate consists only of the Project and the Trust Reserves.

Ownership

The Trust is authorized to issue Class A Beneficial Interests (which are the Interests offered to prospective Holders) and Class B beneficial interests (which are the Interests delivered to and registered to the Depositor) aggregating all of the beneficial interests in the Trust. The Depositor deposited into the Trust (i) the Acquisition Agreement, (ii) \$27,103,992 for the acquisition of the Project, and (iii) Reserve Note and the Operating Reserves, in exchange for all of the Class B beneficial interests in the Trust. Holders will acquire Class A Beneficial Interests in the Trust in exchange for the payment of cash to the Trust, which cash will be used by the Trust to redeem the Depositor's Class B beneficial interests on a proportional basis.

Redemption of Class B Beneficial Interests

The proceeds of the Offering will be used by the Trust to redeem all of the Depositor's Class B beneficial interests on a one-for-one basis whereby 1 Class B beneficial interest will be redeemed for approximately \$5,000 (unless a Class A Beneficial Interest is sold at a discount and the redemption price will be the reduced amount) paid to the Depositor for each Class A Beneficial Interest sold. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is not, for federal income tax purposes, affiliated with the Master Tenant. However, it is anticipated that such entity would be controlled by an Affiliate of the Trust Manager. See "Estimated Use of Proceeds" and "Plan of Distribution."

Term

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement, on the first to occur of (i) January 31, 2032, (ii) a Transfer Distribution or (iii) the sale of the Project.

The Delaware Trustee

Delaware Trust Company is the Trust's Delaware Trustee under the Trust Agreement. The Delaware Trustee's principal office is located at 251 Little Falls Drive, Wilmington, Delaware 19808, Attn: Alan R. Halpern.

The Delaware Trustee is a trustee for the sole limited purpose of fulfilling the requirements of Section 3807 of the Delaware Statutory Trust Act and is authorized and empowered only to (i) accept legal process served on the Trust in the State of Delaware as provided in Section 3804 of the Delaware Statutory Trust Act, (ii) execute and file any certificates that are required to be executed under the Delaware Statutory Trust Act and (iii) take such action or refrain from taking such action under the Trust Agreement as may be directed in writing by the Trust Manager.

The Delaware Trustee will be reimbursed for its expenses and held harmless from liability by the Trust, except with respect to the willful misconduct, bad faith, fraud or negligence of the Delaware Trustee or its officers, directors, employees or agents.

The Delaware Trustee may resign at any time by providing at least 60 days prior written notice to the Trust Manager and the Lender, and the Trust Manager may remove the Delaware Trustee for cause at any time by providing written notice to the Delaware Trustee. Cause will only result from the willful misconduct, bad faith, fraud or negligence of the Delaware Trustee.

The Delaware Trustee received an initial set-up fee of \$500 and will charge \$1,500 per year thereafter as an administrative fee.

The Trust Manager

Passco Northridge Manager, LLC, a Delaware limited liability company, is the manager of the Trust. The Trust Manager's sole member is Passco Companies. Passco Companies is also the sole member of the Depositor and, through its wholly-owned subsidiaries, owns 100% of the Master Tenant. Accordingly, the Trust Manager, the Master Tenant and the Depositor are Affiliates. The agreements between the Trust, the Trust Manager, the Master Tenant and the Depositor are not the result of arm's-length negotiations, and they should not be considered as such. Certain conflicts of interest may arise between these entities and the Holders. See "Conflicts of Interest" and "The Trust Manager."

The Trust Manager has the exclusive authority to manage and control all aspects of the Trust's business, subject to certain limitations provided in the Trust Agreement. The Trust Manager is specifically authorized to take each of the following actions with respect to the Trust as necessary to conserve and protect the Trust Estate: (i) comply with the terms of the Master Lease and Loan documents, (ii) make, or cause to be made, any repairs necessary to maintain the Project, (iii) collect rent under the Master Lease and make distributions to the Holders in accordance with the Trust Agreement, (iv) enter into any agreement for purposes of enabling Holders to complete Code Section 1031 exchanges of real property, (v) notify the relevant parties of any default by them under the Trust Agreement, the Master Lease or any other transaction documents, (vi) upon the Master Tenant's insolvency or bankruptcy, enter into a new lease or renegotiate or refinance any debt secured by the Project and (vii) any other action that, in the opinion of tax counsel to the Trust, would not have an adverse effect on either the treatment of the Trust as an "investment trust" or of each Holder as a "grantor." The Trust Manager may, in its sole discretion, employ such persons, including Affiliates of the Trust Manager, as it deems necessary for the efficient operation of the Trust.

The Trust Manager will be reimbursed by the Trust for its expenses (including reasonable legal fees) and held harmless from liability by the Trust except with respect to the fraud, gross negligence or willful misconduct of the Trust Manager or its officers, directors, employees, agents, managers and owners. To the fullest extent permitted by law, the Trust will advance to the Trust Manager expenses incurred in its defense of any claims in connection with

the Trust Agreement, the Trust or any transaction or document contemplated thereby, subject to repayment in the event a court finds that the Trust Manager was not entitled to indemnification.

The Trust Manager may resign at any time by providing at least 60 days' prior written notice to the Delaware Trustee, and the Delaware Trustee may remove the Trust Manager for cause at any time by providing written notice to the Trust Manager. Cause will only result from the fraud, gross negligence or willful misconduct of the Trust Manager.

The Trust Manager will receive an annual fee of \$3,000, payable monthly and a disposition fee to be paid upon the sale of the Project. See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates."

The Trust Manager will not owe any duties to the Trust other than those limited duties expressly set forth in the Trust Agreement. In performing its duties under the Trust Agreement, the Trust Manager will be liable for fraud, gross negligence or willful misconduct. If a prospective Holder has questions about the lack of fiduciary duties of the Trust Manager, prospective Holders should consult their own legal counsel.

Rights of Holders

The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of its ownership or sale of the Project. The Holders have no right or power to direct the actions of the Trust, the Delaware Trustee, the Master Tenant or the Trust Manager in any way. Although the Trust Manager may poll the Holders with respect to the sale of the Project, the Holders have no voting rights, including as to whether or not the Project is sold. In addition, the Holders have no right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

Furthermore, if any Holder desires to transfer all or any portion of their Interests to Maxus, such Holder will be required to provide written notice of the offer to sell such Interests to the Trust Manager or its Affiliates, or any assignee of the Trust Manager or its Affiliates, at the price at which the Interests are intended to be transferred to Maxus, and the Trust Manager or its Affiliates, or an assignee, will have a right of first refusal on such transfer.

Right to Transfer

Any transfer of the Interests under the Trust Agreement will be subject to (i) compliance with applicable federal and state securities laws and the Trust Agreement, (ii) the delivery to the Trust Manager of the assignee's or transferee's written acceptance and adoption of the Trust Agreement, (iii) the limit on the number of Holders in the Trust of not more than 480 persons and (iv) a prohibition regarding the ownership of Interests by ERISA plans. Holders owning 20% or more of the Interests will be required to have certain searches completed related to OFAC compliance prior to any transfer of their Interests. See "Restrictions on Transferability."

Termination and Conversion

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement on the first to occur of (i) January 31, 2032, (ii) a Transfer Distribution or (iii) the sale of the Project. In the event that the Trust Manager determines that dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to the Springing LLC, which will be owned by the Holders at the time of conversion and will be managed by the Trust Manager.

A "Transfer Distribution" will occur (a) if the Trust Manager makes a determination, in writing, that dissolution is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) 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, (iv) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is necessary to take a Prohibited Action in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value, or (b) upon a Master Lease Termination Event. If the Trust transfers the Project (or the Trust converts) to the Springing LLC, the Holders will lose their ability to engage in a future Code Section 1031 exchange upon the sale or other disposition of the Project.

If the Project is transferred (or the Trust is converted) to the Springing LLC, the Holders will be required to provide their basis information to the Trust Manager within 30 days of the conversion.

Trust Limitations

The Trust may not take any of the following Prohibited Actions: (i) sell, transfer or exchange the Project except as required or permitted under the Trust Agreement; (ii) invest or reinvest any cash held by the Trust (including reserves) in anything other than short-term obligations maturing prior to the next distribution date, and held to maturity of, or guaranteed by, the United States or any agency or instrumentality thereof, and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus of \$100,000,000; (iii) reinvest any monies of the Trust except to make minor nonstructural modifications or repairs to the Project as permitted under the Trust Agreement; (iv) reinvest the proceeds from the sale of the Project; (v) renegotiate or refinance the Loan, except in the case of the Master Tenant's bankruptcy or insolvency; (vi) renegotiate, alter or extend the Master Lease, or enter into new leases, except in the case of the Master Tenant's bankruptcy or insolvency; (vii) make any modifications to the Project other than minor nonstructural modifications or as required by law; (viii) accept any capital contributions from any owner or other person (other than from the sale of the Interests which amounts are distributed to the Depositor) or (ix) take any other action that would, in the opinion of tax counsel, cause the Trust to be treated as a business entity for federal income tax purposes, if the effect of the action would be to create a power under the Trust Agreement to "vary the investment of the certificate holders" under Treasury Regulations Section 301.7701-4(c)(1) and the Revenue Ruling.

The Trust may not sell the Project until it has held the Project for at least 2 years following the last sale of Interests (but not more than 3 years after the Conversion Date) and if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project earlier if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

Distributions of Cash From Operations

After the payment of any fees and any expenses, as determined by the Trust Manager, and after the reductions for reserves, the Trust's net cash flow from operations will be distributed to the Holders in proportion to their Interests.

Distributions Upon Dissolution

Upon the dissolution of the Trust, any cash remaining after the winding up of the Trust's affairs in accordance with the laws of the Delaware Statutory Trust Act and providing for all costs and expenses, will be distributed to the Holders in proportion to their Interests.

Property Rights

The Holders have no right to possession of the Project. Pursuant to the Trust Agreement, the Holders have no legal title to the Trust Estate, and no interest in any specific Trust property. Each Holder waives any right to seek a judicial dissolution of the Trust, to terminate the Trust or right to demand and receive from the Trust an in-kind distribution of the Trust Estate or any portion thereof, or to partition the Trust Estate. In addition, each Holder agrees that it has no ability to file or consent to the filing of, a petition in bankruptcy on behalf of the Trust or take any action that consents to, aids, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

Reports to Holders

The Trust Manager will keep customary and appropriate books and records of account for the Trust at the Trust Manager's principal place of business; provided, however, any inspection, examination and copying of the Trust's books and records (i) will only be for any purpose reasonably related to the Holder's interest as an owner of the Trust as determined by the Trust Manager in the Trust Manager's sole and absolute discretion and (ii) will be limited to information regarding the business and financial condition of the Trust and will specifically exclude any and all personal information with respect to the Holders, including, but not limited to, the names, addresses, email addresses and phone numbers of the Holders. The Trust will obtain audited financial statements on an annual basis which will be provided to the Holders upon request. The Holders may inspect, examine and copy the Trust's books and records other than any information related to any other Holders at any time during normal business hours. The Trust Manager will maintain appropriate books and records in order to provide reports of income and expenses to each Holder as necessary for such Holder to prepare their income tax returns. No Holder will have the right to information regarding the other Holders, and the Trust Manager will not disclose such information to any Holder and no personal information concerning any of the Holders, such as names and addresses, will be disclosed by the Trust Manager.

Amendments

The Trust Agreement may only be amended by a writing signed by the Trust Manager and the Holders adversely affected by the amendment, if any. No amendment may be made to the Trust Agreement, however, which would cause the Trust to cease to be treated as a trust for federal income tax purposes.

Fees and Expenses

The Trust will be responsible for paying certain administrative fees related to the Trust including accounting and other fees.

SUMMARY OF THE SPRINGING LLC LIMITED LIABILITY COMPANY AGREEMENT

After a Transfer Distribution, the rights and obligations of the Holders, as members of the Springing LLC, will be governed by the limited liability company agreement of the Springing LLC (the “LLC Agreement”), a form of which is attached as Exhibit E to the Trust Agreement. Prospective Holders should carefully review the LLC Agreement before making an investment. The following is a summary of some of the significant provisions of the LLC Agreement. This summary is qualified in its entirety by reference thereto.

Generally

In connection with the transfer by the Trust of the Project to the Springing LLC (or the conversion of the Trust into the Springing LLC), the Trust will dissolve and the Holders will receive units in the Springing LLC in proportion to their Interests in the Trust in full redemption of, and complete exchange for, the Interests. The Trust Manager, or one of its Affiliates, will be the manager of the Springing LLC. No Interests will remain outstanding after a Transfer Distribution, and the Holders will own 100% of the units in the Springing LLC.

The nature of the business and the purposes of the Springing LLC will be to engage solely in activities related to acquiring, owning, holding, selling, assigning, transferring, operating, leasing, mortgaging, pledging, managing, servicing, conveying, safekeeping, disposing of, borrowing against, refinancing and otherwise dealing with the Project. The ability of the Springing LLC to engage in activities with respect to its assets will not be subject to the significant restrictions and limitations imposed on the Trust, the Delaware Trustee and the Trust Manager by the Trust Agreement.

Authority and Responsibilities of the Trust Manager

The Trust Manager will be appointed to serve as the manager of the Springing LLC to hold such office until the Trust Manager is removed or the Trust Manager withdraws or resigns.

The Trust Manager will have broad authority, powers, and rights to manage and control the business affairs of the Springing LLC, including the complete power to do all things necessary or incident to the management and conduct of the Springing LLC’s business.

The Trust Manager and its Affiliates will be entitled to receive a fee in the amount of \$3,000 per year, payable monthly. The Trust Manager and its Affiliates will not be reimbursed for overhead expenses incurred in connection with the Springing LLC. The Springing LLC will pay directly or reimburse the Trust Manager as the case may be, for all costs and expenses of the Springing LLC’s operations, formation and termination. The Trust Manager or its Affiliate may enter into a property and asset management agreement with the Springing LLC with respect to the Project pursuant to which the Trust Manager or its Affiliate will be entitled to receive compensation for its services in managing, leasing, financing, overseeing construction and disposing of the Project. In connection with a sale, exchange or other disposition of the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of the sale, payable at the closing of the transaction. The Trust will be responsible for paying any third party real estate broker; provided, however, that the disposition fee to the Trust Manager will be reduced to the extent to the outside third party fee exceeds 0.5%.

At all times during the term of the Springing LLC, the Trust Manager will have a special power of attorney as the attorney-in-fact for each member with the power and authority to act in the name and on behalf of each member to execute and take other actions with respect to documents that are not inconsistent with the provisions of the LLC Agreement.

The Trust Manager will be prohibited from resigning or withdrawing as the manager or doing anything that would require its resignation or withdrawal without the vote of members holding more than 50% of the units entitled to vote (a “Majority Vote”). The Trust Manager may be removed only for “cause” by a Majority Vote. Upon termination, removal, or withdrawal of the Trust Manager as the manager of the Springing LLC, the Trust Manager will be paid all earned but unpaid fees and other compensation in cash at or before the date of withdrawal.

Indemnification of Trust Manager

The Springing LLC will indemnify the Trust Manager (to the extent of the Springing LLC's assets) for any loss or damage incurred by the Trust Manager, its Affiliates, or the members in connection with the business of the Springing LLC other than for the Trust Manager's fraud, gross negligence or willful misconduct.

Rights and Obligations of Members

The members will have no obligation to make contributions to the Springing LLC except to the extent of the amount of any distributions made to such member by the Springing LLC in violation of the Delaware Limited Liability Company Act. No member will be individually liable for the Springing LLC's debts, liability, contracts or other obligations.

The members 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 do not have the right to (i) withdraw or reduce their contribution to the capital of the Springing LLC, except as a result of dissolution and termination of the Springing LLC or by law, (ii) bring action for partition against the Springing LLC or (iii) demand or receive property other than cash in return for their capital contribution. The members 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. The members will have only limited voting rights with respect to certain other matters.

Distributions and Tax Matters

It is intended that the Springing LLC will make periodic distributions of substantially all cash determined by the Trust Manager to be distributable, subject to the following: (i) a restriction or suspension for periods when the Trust Manager determines in its reasonable discretion that doing so is in the Springing LLC's best interest and (ii) the payment, and maintenance of reasonable reserves for payment, of the Springing LLC's obligations. All distributions made with respect to the units will be in the ratio of the number of units held by each member on the date of such allocation to the total outstanding units as of such date. If the Springing LLC is required to make a tax payment to a government authority as a result of a member's ownership interest in the Springing LLC, any such tax payment will be deemed a loan to such member, which loan will bear interest at the Prime Rate (as defined in the LLC Agreement) and be payable upon demand or offset by any distribution which would otherwise be made to such member.

All income of the Springing LLC will be allocated to the members in proportion to their units. The Trust Manager will be required to use its best efforts to meet the applicable requirements for the Springing LLC to be classified for federal income tax purposes as a partnership. The Trust Manager will be appointed to represent the Springing LLC and its members as the partnership representative in connection with IRS matters. The Trust Manager will cause the Springing LLC to timely file all applicable tax returns with the appropriate authorities and to distribute, within 90 days after the Springing LLC's fiscal year end, all Springing LLC information necessary for the preparation of the members' individual income tax returns.

Transfer of Units

No transfer of a unit or any interest in the Springing LLC may be made unless the Trust Manager, in its sole discretion, has consented in writing to such transfer. In addition, no transfer may be made (i) if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded partnership for federal income tax purposes, (ii) to any person who does not possess the required financial qualifications, (iii) to any minor or to any person who lacks the capacity to contract for themselves under applicable law, (iv) if the transfer will result in more than 480 members, (v) if the transfer was not made by a written instrument of assignment executed by the assignor of such units and accepted by the Trust Manager, (vi) if the transfer will result in employee benefit plans (as defined in the LLC Agreement) owning 25% or more of the units or (vii) unless the transferring member pays a transfer fee pursuant to the LLC Agreement. The Trust Manager, with advice of counsel, must determine that the transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act or any state securities laws relied upon by the Springing LLC and the Trust Manager in offering and selling the units or otherwise

violate any federal or state securities laws. A transferee will not become a substituted member in the Springing LLC unless the Trust Manager consents and all of the following conditions are satisfied: (i) a duly executed and acknowledged written instrument specifying the number of units being assigned and the intention that the transfer take place has been filed with the Springing LLC, (ii) a transfer fee sufficient to cover all reasonable expenses required in connection with the transfer has been paid by or for the account of the transferee and (iii) all agreements and other instruments have been executed, acknowledged and delivered which the Trust Manager deems necessary to make the transferee a substituted member in the Springing LLC.

In addition to the above, if any Holder desires to transfer all or any portion of their Units to Maxus, such Holder will be required to provide written notice of the offer to sell such Units to the Trust Manager or its Affiliates, or any assignee of the Trust Manager or its Affiliates, at the price at which the Units are intended to be transferred to Maxus, and the Trust Manager or its Affiliates, or an assignee, will have a right of first refusal on such transfer.

Meetings of the Members

The Trust Manager may call a meeting of the members at any time with respect to any matter on which the members are entitled to vote. Members whose combined units constitute more than 10% of all units then outstanding and entitled to vote may request that the Trust Manager call a meeting to vote and take action with respect to any issue on which the members may vote pursuant to the LLC Agreement. Upon receiving a proper written request stating the purpose of the meeting, the Trust Manager will be required to mail, within 20 days after receipt of such request, written notice of the meeting to all members of record on the record date, stating the general nature of the business to be conducted at such meeting, and such meeting will be required to be held at a time and place on a date not fewer than 10 days or more than 60 days after the date the Trust Manager mails such notice.

Termination and Winding Up

The Springing LLC will be dissolved upon the occurrence of any of the following events:

- (i) the happening of any event of dissolution specified in the Springing LLC's Certificate of Formation;
- (ii) a determination by the Trust Manager to terminate the Springing LLC;
- (iii) the entry of a decree of judicial dissolution;
- (iv) the sale of the Project held by the Springing LLC;
- (v) the death, insanity, withdrawal, retirement, resignation, expulsion, insolvency or dissolution of the Trust Manager unless the business of the Springing LLC is continued by the consent of the remaining members within 90 days following the occurrence of such event; or
- (vi) the expiration of the term of the Springing LLC.

In the event of the Springing LLC's dissolution, the Springing LLC's affairs will be terminated and wound up in accordance with Delaware law and the Springing LLC's remaining assets, after the payment of the unsecured creditors and the setting up of any reserves, will be distributed to the members in proportion to their units.

FEDERAL INCOME TAX CONSEQUENCES

The following discussion applies only to persons purchasing an Interest directly from the Trust. Prospective Holders should not view the following analysis as a substitute for careful tax planning, particularly because the income tax consequences of an investment in the Interests are uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. Prospective Holders should be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect some Holders.

Certain aspects of the following summary of federal income tax consequences are the subject of an opinion from DLA Piper LLP (US). The opinion is based on counsel's interpretation of the Code, Treasury Regulations promulgated thereunder, published rulings of the IRS and court decisions, as these existed at the time the opinion was rendered. An opinion of counsel only represents such counsel's best legal judgment and has no binding effect on the IRS or the courts. In addition, the opinion of counsel is based on certain factual representations and warranties from the Trust Manager and the Master Tenant that, if not true, may alter the conclusion of the opinion. Thus, no assurance can be given that the conclusions set forth in such opinion would be sustained by a court, if contested, or that legislative or administrative changes or court decisions will not be forthcoming that would significantly modify the statements and opinions expressed therein. Any such changes may or may not be retroactive with respect to transactions prior to the date of such changes.

Congress has enacted several major tax bills that substantially affect the tax treatment of real estate, including, the TCJA, the provisions of which generally were effective for tax years beginning after December 31, 2017. Although the TCJA was enacted more than 2 years prior to the date of this Memorandum, there remains limited guidance regarding how various provisions of the TCJA apply to an investment in the Interests. Moreover, the CARES Act, which corrected and liberalized various provisions of the TCJA, was recently passed. No assurance can be given that the provisions of the TCJA will be interpreted and administered by the IRS in a manner consistent with the descriptions in this Memorandum, or that the IRS may interpret and administer the TCJA and the CARES Act in a manner that could have substantial negative income tax consequences on an investment in the Interests. Moreover, no assurance can be given that further amendments to the Code (including amendments having a retroactive effect) will not be enacted that could adversely affect the investment in and ownership of the Interests and the Trust's operations and activities.

The discussion of the tax aspects contained in this Memorandum is based on the law presently in effect and certain proposed Treasury Regulations. Congress could make substantial changes to the Code in the future, some of which may have considerable negative income tax consequences with respect to an investment in the Interests. It is impossible to predict the impact that any tax reform bill will have on the Trust and the Holders and any changes could materially reduce any income tax benefits to the Holders.

Counsel will not prepare or review the Trust's income tax information, which will be prepared by management and independent accountants for the Trust.

There is uncertainty concerning certain of the tax aspects discussed herein, and there can be no assurance that some of the deductions claimed or positions taken by a Holder will not be challenged by the IRS. Holders might be faced with substantial legal and accounting costs in resisting a challenge by the IRS to the tax treatment of an investment in an Interest, even if the IRS's challenge proves unsuccessful.

Prospective Holders should not purchase an Interest solely for the purpose of obtaining tax shelter for income from other sources. An Interest is unlikely to provide any such tax shelter. Prospective Holders are urged to consult their own tax advisors as to the tax consequences of purchasing an Interest.

Before purchasing an Interest, prospective Holders will be required to represent and warrant that (i) they understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related "1031 exchange" rules, are complex and vary with the facts and circumstances of each individual Holder, (ii) they understand and are aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) they have read this entire Memorandum (including any supplements thereto) and fully understand that there is a significant risk that an Interest will not be treated as real estate for income tax purposes, (iv) if they are engaging in a tax-

deferred exchange under Code Section 1031, they have independently obtained advice from their legal counsel and/or accountant regarding such tax-deferred exchange, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange under Code Section 1031, (v) they understand that the Trust will not obtain a ruling from the IRS that an Interest will be treated as an undivided interest in real estate for federal income tax purposes and (vi) they understand that the opinion of counsel issued to the Trust is only counsel's view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

Nature of Interests

Classification of Trust. The Trust will attempt to structure the Offering such that Holders are treated for federal income tax purposes as acquiring interests in real property and not an interest in an entity. If the Interests were to be treated by the IRS or a court as interests in an entity, then no Holder would be able to use its acquisition of Interests as part of an exchange under Code Section 1031.

The Trust obtained an opinion from counsel that for federal income tax purposes (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a "trust" for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust's assets, including the Project, in proportion to their Interests for purposes of Code Section 1031.

The Trust has not received and will not request a private ruling from the IRS regarding the federal income tax classification of the Trust. There is always a risk that the IRS may not agree with such opinion. The opinion of counsel is predicated on all the facts, conditions and assumptions 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, conditions or assumptions set forth in the opinion prove incorrect, it is likely that the tax consequences would change. The issue on which counsel to the Trust issued the opinion to the Trust has not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a "should" opinion. A "should" opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed in the opinion will be accepted by the IRS or any state taxing authority, 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. Further, because counsel represents the Trust, the opinion has been rendered to the Trust. The Holders may rely on the opinion of counsel subject to the limitations set forth in the opinion. No opinion is rendered as to whether the opinion of counsel may be used to avoid tax penalties and if it is used, whether a taxpayer will be successful in avoiding any penalties. The opinion of counsel is not applicable as to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder. The opinion is not intended to be used by any taxpayer to avoid penalties. A copy of the opinion rendered to the Trust is attached hereto as Exhibit F.

In General. Code 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." Thus, a determination has to be made as to whether a Holder will be treated as acquiring an interest in real property.

Trust Must be Recognized as a Separate Entity. The first determination that has to be made is whether the Trust will be treated as an entity that is separate from its 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. An entity that is formed under local law is not always recognized as a separate entity for federal income tax purposes. Generally, when participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, such as investment or profit, and not for tax avoidance, the entity will be recognized for federal tax purposes.

The initial determination is whether the Trust will be viewed as an entity. The IRS in Revenue Ruling 2004-86 (the "Revenue Ruling") held that the Delaware statutory trust ("DST") was an entity that was recognized as separate

from its owners. The IRS made this determination based on the fact that (i) creditors of the beneficial owners of the DST could not assert claims directly against property owned by the DST, (ii) the DST could sue or be sued and the property held by the DST was subject to attachment and execution as if it were a corporation, (iii) the beneficial owners of the DST were entitled to the same limitation on personal liability because of actions of the DST that is extended to stockholders of Delaware corporations, (iv) the DST could merge or consolidate with or into 1 or more statutory entities or other business entities and (v) the DST was formed for investment purposes. The foregoing limitations also apply to the Trust. Thus, based on the above, the Trust should be recognized as a separate entity.

The next determination that must be made is whether the Trust or the Trust Manager will be viewed as an agent of the Holders. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties. An entity that is formed to act as a mere agent of its owners will not be treated as an entity that is separate from its owners for federal income tax purposes.

The United States Supreme Court in Commissioner v. Bollinger, 485 U.S. 340 (1988), held that the owners of a corporation were the owners of the property and the corporation was an agent for the owners. The corporation agreed (i) to hold title to the property as the owners' nominee and agent solely to secure financing, (ii) that the owners had sole control and responsibility for the property and (iii) that the owners were the principal and owner of the property during its financing, construction and operation.

The IRS concluded in Revenue Ruling 92-105, 1992-2 C.B. 204, that an interest in an Illinois land trust constituted real property and the trust was not treated as a separate entity for federal income tax purposes. The taxpayer in the revenue ruling created an Illinois land trust, was named the beneficiary and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to certain real property to the trust subject to the provisions of an accompanying land trust agreement. Under the land trust 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 liabilities with respect to the real property. 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 a trust was not established.

The Trust should not be viewed merely as an agent of the Holders because, unlike the trusts in Bollinger and Revenue Ruling 92-105, 1992-2 C.B. 204, the Holders have no right or power to direct the actions of the Trust, the Trust Manager or the Master Tenant in connection with the management or operation of the Trust or the Project. Specifically, the Holders have no right or power to contribute additional assets to the Trust, cause the Trust to negotiate or renegotiate loans or leases, or cause the Trust to reinvest the proceeds of a sale of its assets. The Trust Agreement provides that the Trust's sole purpose is to acquire, lease and dispose of the Project. Additionally, the Trust is subject to "single purpose entity" provisions as mandated by the Lender. These provisions evidence an intent that the Trust will engage in activities on its own behalf rather than as an agent of the Holders. Finally, because the Trust is a DST, the Holders may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Based on the above, the Trust should be recognized as an entity separate from the Holders for federal income tax purposes and the Trust, the Delaware Trustee and the Trust Manager should not be viewed as agents of the Holders for federal income tax purposes.

Trust Treated as an Investment Trust. The next determination is whether the Trust will be treated as a "business entity" or as an "investment trust" that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1). In general, the term "trust" refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries. The beneficiaries of such a trust may be the persons who created it and it will be recognized as a trust if it was created for the purpose of protecting or conserving the trust property for beneficiaries who stand in the same relation to the trust as they would if the trust had been created by others for them. Generally, an arrangement will be treated as a trust 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 business for profit. An "investment trust" will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders. An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust,

will be classified as a trust if there is no power under the trust agreement to vary the investment of the certificate holders. An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose. A power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.

The Revenue Ruling involved the determination of the tax treatment of a DST that invested in real property. Under the Revenue Ruling, Party A borrowed money, on a nonrecourse basis, from a bank and used the proceeds of the loan to purchase rental real property (“Blackacre”). The note was secured by Blackacre. Immediately following Party A’s purchase of Blackacre, Party A entered into a net lease with Party Z for a 10-year term. Under the terms of the lease, Party Z was required to pay all taxes, assessments, fees or other charges imposed on Blackacre. In addition, Party Z was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Party Z could sublease Blackacre. Party Z’s rent 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 provided that the adjustments to the rate or index were not within the control of any of the parties to the lease. The rent was not contingent on Party Z’s ability to lease the property or on Party Z’s gross sales or net profits derived from Blackacre.

On the same day, Party A formed a DST and Party A contributed Blackacre to the DST. The DST assumed Party A’s rights and obligations under the note with the bank and the lease with Party Z. Neither the DST nor any of its beneficial owners were personally liable to the bank on the note, which continued to be secured by Blackacre.

The trust agreement provided that interests in the DST were freely transferable. The DST terminated on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but did not terminate on the bankruptcy, death or incapacity of any owner or on the transfer of any right, title or interest of an owner. The trust agreement further provided that interests in the DST would be of a single class, representing undivided beneficial interests in the assets of the DST.

Under the trust agreement, the trustee was authorized to establish a reasonable reserve for expenses associated with the holding of Blackacre that may be payable out of trust funds. The trustee was required to distribute all available cash less reserves quarterly to each beneficial owner in proportion to their respective interests in the DST. The trustee was required to invest cash received from Blackacre between each quarterly distribution and all cash held in reserve in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was permitted to invest only in obligations maturing prior to the next distribution date and 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 trust property.

The trust agreement provided 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 the short-term investments described above or accept additional contributions of assets (including money) to the DST. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z, except in the case of Party Z’s bankruptcy or insolvency. In addition, the trustee could make only minor nonstructural 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 DST under local law.

Neither the DST nor its trustee entered into an agreement with the beneficial owners creating an agency relationship, and neither the DST nor its trustee acted as an agent of the beneficial owners.

To determine whether the DST qualified as an investment trust that is classified as a trust for federal income tax purposes, the Revenue Ruling discussed whether the trust agreement granted the power to vary the investment held by the DST. The Revenue Ruling indicated that the financing and leasing arrangements related to Blackacre were made prior to the inception of the DST and were fixed for the entire life of the DST. Further, the trustee was

permitted to only invest in short-term obligations that matured prior to the next quarterly distribution date and was required to hold the obligations until maturity. The Revenue Ruling concluded that because the trust agreement required that any cash from Blackacre, and any cash earned on short-term obligations held by the DST between distribution dates, be distributed quarterly and because the disposition of Blackacre resulted in the termination of the DST, no reinvestment of such monies was possible.

The Revenue Ruling 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 DST. The trustee could not renegotiate the terms of the loan and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z except in the case of Party Z's bankruptcy or insolvency. In addition, the trustee could only make minor nonstructural modifications to the property except to the extent required by law. The Revenue Ruling noted that the trustee had none of the powers which evidence an intent to carry on a profit making business. The Revenue Ruling concluded that because the trustee had no power to vary the investment of the beneficiaries of the trust, the DST will be classified as a "trust" for federal income tax purposes.

The Revenue Ruling indicated 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 1 or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Party Z, or enter into a lease with a tenant other than Party Z (other than in the case of the bankruptcy or insolvency of Party Z);
- renegotiate or refinance the loan used to purchase Blackacre (other than in the case of the bankruptcy or insolvency of Party Z);
- invest cash received to profit from market fluctuations; or
- make more than minor nonstructural modifications to Blackacre that were not required by law.

The Trust Agreement. The powers and authority granted to the Trust Manager in the Trust Agreement are intended to 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 Manager to comply with the terms of the Loan documents, collect rents and make distributions, enter into any agreements for the purposes of enabling a Holder to complete a like-kind exchange, notify the relevant parties of any default under the transaction documents, and enter into a new lease solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant or renegotiate or refinance any debt secured by the Project (including, without limitation, the Loan) solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant. Additionally, the Trust Agreement expressly denies the Trust Manager any power or authority to take any action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c) or of each Holder as a "grantor" within the meaning of Code Section 671. Many of the prohibited actions are factual in nature (i.e. whether or not more than a minor nonstructural modification, other than as required by law was performed at the Project). Counsel is relying on the Tax Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

Although the Trust Agreement grants certain powers to the Trust Manager and/or the Delaware Trustee that are not addressed in the trust arrangement described in the Revenue Ruling, we believe that these powers should not prevent the Trust from being treated as an investment trust. Those powers include (i) the sale of the Project and (ii) the potential liquidation and termination of the Trust as a result of a Transfer Distribution. Counsel believes that neither of these powers permit the Delaware Trustee or Trust Manager to vary the investments of the certificate holders of the Trust in a manner that results in the Holders improving their investment results based on variations in the market.

The power granted under the Trust Agreement to sell the Project should not be viewed as a power to vary the Trust's investments because the Trust is prohibited from reinvesting the proceeds of the sale. Immediately after a sale of the Project, the Trust Manager must distribute the sales proceeds to the Holders and the Trust will terminate. The Delaware Trustee has no power to purchase replacement investments with the proceeds from the sale of the Project. As a result, the fact that the Delaware Trustee has the power to sell the Project should not prevent the Trust from being treated as an investment trust that is classified as a "trust" for federal income tax purposes.

A Transfer Distribution should not be viewed as inconsistent with the limitations imposed on an investment trust under the Revenue Ruling. A Transfer Distribution would occur only under specified circumstances that would, in the absence of the Trust termination, require actions that either are not authorized, or are prohibited, by the Trust Agreement. The fact that such circumstances are not expected or likely further supports the conclusion that a Transfer Distribution is not intended to circumvent the passive nature of the Trust with respect to its ownership of the Trust Estate. The termination of the Trust and the transfer of the Trust Estate (or the conversion of the Trust) to the Springing LLC, an entity that has the power to engage in the actions required under the specified circumstances, is evidence that the Trust is intended to act simply as a passive holder of the assets comprising the Trust Estate.

Master Lease. As set forth in the Revenue Ruling, the Trust must be considered an "investment trust." Pursuant to Treasury Regulations Section 301.7701-4(c), an "investment" trust will not be classified as a trust if there is a power to vary the investment of the certificate holders. If the Trust has the power to vary the investment of the certificate holders, the Trust will be considered a business trust for federal income tax purposes. The Revenue Ruling involved a DST that entered into a net lease for the property. The courts have interpreted a net lease, for federal income tax purposes, to mean a lease that is designed to transfer (or minimize) the economic risk of fluctuating operating costs from the lessor to the lessee. Generally, if a tenant is responsible for paying for all expenses related to the property and operating the property, the activities of the trust should be considered to be the mere leasing of property and not the operation of a trade or business. The Trust is required to pay debt service under the Loan. In addition, pursuant to the Master Lease the Trust must pay for the Trust Obligations. Thus, the Master Lease is not similar to the net lease described in the Revenue Ruling.

The Revenue Ruling does not incorporate the requirement for a net lease in the legal analysis regarding whether the DST will be considered to be an investment trust and is only a factual statement in the Revenue Ruling. The Revenue Ruling does enumerate 7 prohibited actions which would cause the trust not to be treated as an investment trust for federal income tax purposes. The lack of a net lease was not included in these prohibitions. Thus, it does not appear that the Revenue Ruling imposes a requirement that, in order to be considered an investment trust, the lease between the DST and the tenant must be a net lease similar to the one described in the Revenue Ruling.

There is not a consistent definition of "net lease" under the Code and judicial authority. Thus, it is not clear whether the Master Lease would be considered to be a net lease for federal income tax purposes. Former Code Section 57(c)(1) provided that a lease would be considered to be a net lease if, for a taxable year the sum of the deductions of the lessor with respect to a property (which are allowable solely by reason of Code Section 162 other than rents and reimbursed amounts with respect to such property) were less than 15% of the rental income produced by such property. If this test were applied to the Master Lease, the Master Lease would be considered to be a net lease for federal income tax purposes based on the Projections prepared by the Trust Manager. However, it is possible that the fact that the Trust is responsible for the Trust Obligations could cause the Master Lease to be treated as a gross lease (and not a net lease) for federal income tax purposes.

Even if the Master Lease were to be considered a gross lease (and not a net lease), there is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether the lease of real property under a lease that is not a net lease will have any effect on whether the Trust will be considered an investment trust. If the Trust were considered to be in an active trade or business, the Trust would not qualify as an investment trust. Certain rules have developed regarding whether the activities of a taxpayer will be sufficient to be considered engaging in an active trade or business when the taxpayer merely receives income from rental property. The majority of the case law regarding whether or not the ownership of real estate will be considered to be a trade or business is based on the activities of the taxpayer. For example, in Revenue Ruling 79-394, the IRS found that a corporation was considered to be engaged in an active trade or business if its conduct of its rental activities "demonstrates considerable day to day management and operational activity sufficient for purposes of distinguishing such conduct from passive investment in real estate. Furthermore, objective criteria such as [the corporation's] acquiring, renovating, refurbishing, maintaining, leasing

and servicing its rental property and its payment of salaries and expenses support this conclusion.” Further, in PLR 7904019 (October 24, 1978), an individual owned and leased property under a lease that required the landlord to pay for taxes, insurance and for certain operational expenses related to the property. The IRS indicated that, although the landlord was required to pay for certain expenses related to the property, the landlord did not supervise or participate in the operation or management of the property. Thus, the landlord was not engaged in a trade or business. Under Code Section 512(b)(3)(B)(ii), courts have held that a landlord’s payment of a number of expenses related to property subject to a crop-sharing lease would not prevent the rent paid to the landlord from qualifying as “passive rent.” See, e.g., Trust U/W Emily Oblinger v. Commissioner, 100 T.C. 114 (1993); White’s Iowa Manual Labor Institute v. Comm’r, TCM 1993-364 (the landlord and tenant share some expenses equally, the tenant paid the “substantial” operating expenses, including machinery and labor costs, and the landlord “agreed to pay certain other costs which primarily affected the value of the farm; i.e., materials to repair buildings, fences, and other improvements, and lime to improve or maintain the quality of the soil”). When looking at the sharecrop leases, the courts focused on the fact that the lease terms were customary in the applicable market when finding that the leases were true leases for federal income tax purposes. Treasury Regulations Section 1.856-4(b)(3) (made applicable to leases by charitable organizations by Treasury Regulations Section 1.512(b)-1(c)(2)(iii)(b)) provides that “an amount will not qualify as ‘rents from real property’ if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits.” However, in AOD 1994-01, the IRS stated that it did not agree with the cases that had held the sharecrop leases to be true leases, but, in view of its lack of success in the courts, had decided that it would no longer litigate these issues with regard to the “typical crop-sharing agreement.” Counsel has received and relied on the Tax Certificate containing representations that the terms of the Master Lease are consistent with market terms of similar leases and is not an effort to share in income or profits.

In separate authority under the Subchapter S rules, the determination of whether the ownership of real estate will result in “passive investment income” looks at both the activities and the amount of funds expended by the owner of the real estate. A Subchapter S election will be terminated if a corporation (i) has accumulated earnings and profits at the close of each of 3 consecutive taxable years and (ii) has gross receipts for each of such taxable years more than 25% of which are “passive investment income,” which includes for this purpose “rents.” Treasury Regulations Section 1.1362-2(c)(5)(ii)(B)(2) provides, however, that “rents” do not include rents derived in the active trade or business of renting property, and states that rents received by a corporation are derived in the active trade or business of renting property only if the corporation provides significant services or incurs substantial costs in the rental business. There is limited authority interpreting the above definition of “substantial costs” for this purpose. In PLR 200808004 (February 2, 2008), the only private letter ruling that appears to interpret this phrase, the IRS indicated that the standard to be applied when making this determination is based “upon all the facts and circumstances, including, but not limited to, the number of persons employed to provide the services and the types and amounts of costs and expenses incurred (excluding depreciation).” In PLR 200808004, the IRS determined that a corporation’s payment of real property taxes in respect of leased property did not constitute engaging in an active trade or business. The Master Lease provides that the Trust is responsible for the Trust Obligations. Thus, if the standard applied in PLR 200808004 is applied to the Trust, the Trust could be viewed as incurring “substantial costs” which would result in the Trust being engaged in an active trade or business and the Trust would fail to qualify as an investment trust for federal income tax purposes. However, it should be noted that this provision has been limited to Subchapter S and has not been applied to other areas of the Code where a similar determination of whether a taxpayer is involved in a trade or business is required.

The Trust is merely leasing property to the Master Tenant and the Master Tenant, and not the Trust, has the obligation to operate the Project and provide the day-to-day repair and maintenance of the Project. The Trust has no employees, and is merely paying for certain expenses associated with the Project, rather than actively providing services to the Master Tenant or to the Project. The Master Tenant, and not the Trust, is responsible for engaging contractors to perform the services for the maintenance and repair of the Project. Moreover, the Trust’s financial responsibilities primarily relate to expenses of a type that benefit the Project as a whole, and, therefore, protect and conserve the value of the Trust Estate. As a result, even though the Master Lease is not a net lease as set out in the factual assumptions in the Revenue Ruling, the Trust should not be viewed as engaging in an active trade or business that would prevent it from being treated as an investment trust.

The Revenue Ruling also involved a lease that did not provide for any rent based on the gross revenues of the property. There is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether a trust will

be considered an investment trust because it receives a portion of rent based on a percentage of receipts. However, real estate investment trusts (“REITs”), like investment trusts, must only be passive owners of real estate and, generally, must only receive rent from real property and other passive income. Under the REIT rules, rent from real property does not include any amount where the determination of the amount depends in whole or in part on the income or profits derived by any person from the property. However, amounts received under a lease will qualify as rent if the rent is based on a fixed percentage of gross receipts or sales. Treasury Regulations Section 1.856-4(b)(3) indicates that an amount will not be considered “rents from real property” if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits. Under the Master Lease, the Master Tenant must pay Percentage Rent based on the gross revenues of the Project over an established Baseline Amount. The amount of the Percentage Rent is fixed upon entering into the Master Lease and cannot be changed during the ownership of the Project by the Trust or the Master Tenant. Further, the Trust Manager, the Master Tenant and Passco Companies have provided, and counsel has relied upon, a certificate in which such entities represent that the terms of the Master Lease, considering the lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project. Therefore, based on these certifications, amounts received by the Trust pursuant to the Master Lease should be considered rent and not a share in income from the Project.

True Lease. The Project is leased by the Trust to the Master Tenant pursuant to the Master Lease. The IRS could take the position that the Master Lease is not a true lease and is instead an agency relationship. If such a position were taken, the Trust would not qualify as an investment trust and Interests would not qualify as real property for purposes of Code Section 1031. In determining whether a lease arrangement is a true lease, rather than an agency relationship, the IRS and the courts have generally engaged in a fact-intensive analysis which focuses on the following 2 factors: (i) who controls the use of the property and (ii) who bears the risk of loss in respect of such use.

Where the property owner controls the use or operation of the property, an agency or financing relationship is more likely to be found. In determining who holds control with respect to the use or operation of property, the IRS and the courts have adopted flexible standards to weigh whether the right to exploit the use of the property for its own benefit has been sufficiently transferred to the lessee. In Amerco v. Commissioner, 82 T.C. 654 (1984), the Tax Court found that the lessee’s day-to-day control over the use and leasing of the trucks, power to set or recommend the terms of leasing the trucks to the public, and exclusive control and supervision over all operating expenses was sufficient lessee control to outweigh the lessor’s right to require periodic accountings and to enter the premises to determine whether income was reported accurately and the obligation of the lessee to promote the welfare of the lessor. In contrast, in Meagher v. Commissioner, T.C. Memo. 1977-270 (U.S. Tax Ct.), the Tax Court found that an agency relationship existed where the lessee was required to use its best efforts to lease the owner’s railway cars, maintain adequate records and obtain insurance with the owner as a co-beneficiary. However, in Meagher, the Tax Court also focused on the fact that the “rent” due under the purported lease was based on net earnings and no payment was due to the lessor if the property did not generate a net profit. Factors which indicate that the lessee holds powers or obligations which are indicia of property rights, such as the lessee’s continuing exclusive right to use and possess the property following a sale of the property by the lessor or an obligation to pay rent regardless of the profit generated by a property can shift the balance towards a finding of a true lease. Although the Master Lease restricts the use of the Project, the Master Tenant has the exclusive right to use and possess the Project pursuant to the Master Lease. In addition, the Master Tenant has control over the day-to-day operation and maintenance of the Project and is responsible for all costs associated with such operation and maintenance. Further, the Master Tenant has an obligation to pay rent to the Trust regardless of whether the Project generates any profit. In addition, any profits generated by the Master Tenant’s operation of the Project will be retained by the Master Tenant.

If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether “rent” payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Master Lease provides that the rent includes Base Rent payable in all events. The Master Lease requires the Trust to be responsible for the Trust Obligations. However, the Master Tenant is responsible for the payment of the day-to-day operating expenses of the Project. The Master Tenant is also required to pay Percentage Rent based on gross revenue from the Project. The Master Lease provides that neither the Trust nor the Master Tenant may take any action that would violate the provisions of the Revenue Ruling including that neither the Trust nor the

Master Tenant may make any modification to the Project other than minor nonstructural modifications or as required by law. Counsel has received and relied upon the Tax Certificate stating that the terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project. The Master Tenant is obligated to pay Base Rent due under the Master Lease and Percentage Rent based on gross revenues over a Baseline Amount, regardless of whether the Project generates a profit.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The Master Tenant has an initial capitalization of \$300,000 which will be in the form of \$50,000 in cash and a promissory note from Passco Management Services, LP in the amount of \$250,000. Passco Management Services, LP also executed a demand promissory note issued by Passco Management Services, LP in the amount of \$500,000, and will hold certain reserves as set forth in this Memorandum. Counsel has received and relied on the Tax Certificate containing representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease. If the Master Lease is not respected as a true lease, the Master Tenant will be treated as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in real estate.

The Master Lease and the Loan structure cannot create a partnership between the Trust and the Master Tenant for federal income tax purposes. Upon the occurrence of an Event of Default (as defined in the Loan documents and which includes the default by the Master Tenant under the subordination agreement it has entered into with respect to the Loan), the Lender has the right to require that all funds from the operations of the Project and the rent paid by the Master Tenant to the Trust be swept into separate lockbox accounts under the control of the Lender. The Loan documents require that the cash from operations at the Project be segregated into a lockbox in the name of the Master Tenant (the “Master Tenant Lockbox”) and the amount representing rent under the Master Lease be held in a lockbox in the name of the Trust. The Master Tenant Lockbox will be used to collect the income from the Project and to pay the Master Tenant’s expenses as set forth in the Master Lease. It is possible that upon a Master Tenant Termination Event (as defined below), the Lender will have the right to apply the amounts in the Master Tenant Lockbox against obligations of the Trust. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Master Tenant Lockbox in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan documents include certain provisions that should provide limitations on the Lender’s right to take the Master Tenant’s assets in excess of the Master Tenant’s obligations under the Master Lease. It is unclear whether these provisions will control the Lender’s right to access funds held in the Master Tenant Lockbox Account.

In order to prevent the Lender from capturing any Master Tenant funds in excess of the Master Tenant’s obligations under the Master Lease, the Master Lease will automatically terminate in the event of a Master Tenant Termination Event. A “Master Tenant Termination Event” includes the following: (i) a Master Lease event of default has occurred and is continuing, (ii) the Master Tenant becomes insolvent or a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an Event of Default under the Loan documents (as such term is used in the Loan documents) caused by the Master Tenant which Event of Default has not been waived within any applicable cure period. In addition, the Trust will be required to transfer its assets to the Springing LLC upon a Master Tenant Termination Event. Thus, the Lender should not be able to access the Master Tenant’s funds while the Trust is intending to qualify as an investment trust for federal income tax purposes. Further, in the event the Lender takes any of Master Tenant funds in excess of the obligations of the Master Tenant to the Trust, the Trust is required to indemnify the Master Tenant for such amounts.

The IRS could take the position that the lockbox provisions described above could result in the Trust and the Master Tenant having entered into a loss sharing arrangement which is one of the factors that the IRS considers when determining whether a partnership has been created for federal income tax purposes. Although the Trust and the Master Tenant do not intend to form a partnership with each other, if a loss sharing arrangement has been created, it could cause the Trust and the Master Tenant to be considered to be in a partnership for federal income tax purposes. However, given the requirement in the Master Lease to terminate the Master Lease in the event of a Master Lease Termination Event and the indemnification in the Master Lease, the Master Tenant should not be required to fund any amount to the Trust in excess of its obligations to the Trust and the Master Lease should not be considered a partnership

for federal income tax purposes. If the Master Tenant and the Trust were viewed to be a partnership for federal income tax purposes, the interest in the Trust would not qualify as real estate for purposes of Code Section 1031. Further, if a Master Lease Termination Event occurs and the Trust springs into a limited liability company the beneficial interest holders will not be able to participate in a Section 1031 exchange on the sale of the Project by the Springing LLC.

Revenue Procedure 2001-28, 2001 C.B. 1156 sets forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes. Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of 1 year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has an initial 13 year term with 2 5-year extension options. The Appraisal indicates that the Project has a remaining economic life of not less than 50 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the renewal term of the Master Lease.

Multiple Classes of Ownership Interests. The Treasury Regulations provide that a trust arrangement that would be treated as an investment trust with multiple classes of ownership will still be treated as an investment trust if the multiple classes of ownership interests are incidental to the investment purpose of the trust.

It is possible that the IRS may assert that the redemption of the Class B beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class B beneficial interest owner otherwise will be identical to the rights of the Holders. Counsel has indicated that it believes that the redemption right should be treated as existing simply to facilitate an investment in the Interests. The redemption simply replaces the Class B beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class B beneficial interests. 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, counsel has indicated that it believes that the formal mechanism by which the Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

This analysis is consistent with the IRS statement in the Revenue Ruling that its conclusions would have been the same regardless of whether the trust property (Blackacre) had been sold directly to Party A, and then contributed to the trust or, as in the facts in the Revenue Ruling, contributed to the trust followed by a sale of an interest in the trust to Party A. Under these circumstances no multiple classes of ownership interests in the Trust should exist.

Holders Treated as "Grantors" of the Trust. A "grantor" of a trust includes any person to the extent such person either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust. A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust. 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 that is treated as a trust. The Revenue Ruling also considered whether the purchase of interests in the trust arrangement by Party B and Party C would be treated as an acquisition of interests in Blackacre which was owned by the trust. The IRS concluded that Party B and Party C should be treated as grantors of the trust when they acquired their interests in the trust from Party A, who had formed the trust.

Similar to the Revenue Ruling, the Holders should be treated as "grantors" of the Trust. The Holders will transfer cash 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 Holders should be treated as making a gratuitous transfer to the Trust. Thus, the Holders should be treated as "grantors" of the Trust.

Holders Treated as Owning an Undivided Interest in the Project. 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 is considered to own the trust asset attributable to that undivided fractional interest of the trust for all federal income tax purposes. 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.

In the Revenue Ruling, the IRS concluded that, because Party B and Party C had the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Code Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion were includible by Party B and Party C 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 Party B and Party C as each owning an undivided fractional interest in Blackacre for federal income tax purposes.

Several of the rights accorded under the Trust Agreement to the Holders as “grantors” should result in the Holders being treated as owning a direct interest in the Project. The Holders have the right to the distribution of all income received by the Trust without the approval, consent, or exercise of discretion by any person. Additionally, the Holders have a total reversionary interest in the assets of the Trust. These rights of the Holders as grantors should result in the Holders being treated as owning a direct interest in the Trust’s assets for federal income tax purposes.

Treatment as Real Estate. The provisions of Code Section 1031 do not apply to “(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest.” This phrase has not been defined precisely; the exact connotation associated with the term “other securities” is not clear. The exclusion in Code Section 1031 for “other securities” was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities. There are other Sections of the Code that define “securities” under the Code including Code Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term “securities.” However, it is not clear whether the definitions in these Sections of the Code apply or whether a broader view should be taken. In G.C.M. 35242, the IRS indicated after discussing the definition of “securities” in Code Sections 165(g)(2) and 1236(c), that “we believe it persuasive that Congress has consistently defined the term ‘securities’ in a limited sense.” The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were “securities” under Code Section 1031. This occurred even though the SEC believed they were securities under securities law. Further, in Plow Realty Co. of Texas, 4 T.C. 600 (1945), mineral deeds were not securities under the predecessor to Code Section 543 even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a “security” under applicable federal and state securities laws.

The nonrecognition rules of Code Section 1031 do not apply to an exchange of real property for a certificate of trust or beneficial interest. The Revenue Ruling stated:

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, *B* and *C* are each considered to own an undivided fractional interest in Blackacre for federal income tax purposes. See Rev. Rul. 85-13.

Accordingly, the exchange of real property by *B* and *C* for an interest in *DST* through a qualified intermediary is the exchange of real property for an interest in Blackacre, and not the exchange of real property for a certificate of trust or beneficial interest under § 1031(a)(2)(E).

Consequently, provided a Holder meets the other requirements of Code Section 1031, such Holder’s exchange of real property in exchange for the Interests in the Trust should not be considered an exchange for a certificate of trust or beneficial interest for purposes of Code Section 1031.

Rent Accrual Under the Master Lease. Code Section 467 provides that the lessor under a Code Section 467 rental agreement must include in such lessor’s income the amount of rent which accrues during the taxable year. Generally, such rent will be accrued as set forth in the lease agreement between the lessor and lessee. Thus, the Trust would accrue income from rent as set forth in the Master Lease. In the event that a lease arrangement is determined

to be a tax avoidance transaction requiring treatment as a disqualified leaseback under Code Section 467, rent will be accrued on a constant accrual basis rather than accruing as set forth in the lease agreement. In determining whether a lease arrangement is a tax avoidance transaction, the IRS has established certain safe harbor tests. If a safe harbor test is met, rent is not accrued under the constant accrual basis. The Master Lease is intended to satisfy a safe harbor test. However, if the IRS makes a determination that the safe harbor is not met, that the lease arrangement is a disqualified leaseback and provides notice of such determination, the Trust will be required to accrue rent on a constant accrual basis. The IRS has not made such a determination nor provided notice with respect to the Master Lease.

Taxable Boot. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately \$379.01 per Interest. Of this amount \$23.95 is attributable to reserves funded from Loan proceeds as a requirement of the Loan. It is possible that such amount, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder’s prior investment, may not be treated as “boot.” Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders, which includes loan fees and costs, over the cost to the Depositor would not be considered as an interest in real estate and may be treated as “boot” which may be taxable. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder’s debt on the property exchanged, such difference will constitute “boot” and may be taxable depending on the Holder’s basis in the property exchanged. The TCJA eliminated the ability to enter into like-kind exchanges under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as “boot,” to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal 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 of counsel is being provided with respect to the amount of taxable “boot” in the transaction.

Identification of Property. The Treasury Regulations require a purchaser of property who is participating in a Code Section 1031 exchange to identify the replacement property. There are several alternate methods under which one may identify replacement property. Each prospective Holder should consult with its own tax consultant regarding how to identify replacement property.

Transfer Distribution. If a Transfer Distribution occurs, the Project will be transferred (or the Trust will be converted) to the Springing LLC and the interests in the Springing LLC will be distributed to the Holders. The Springing LLC should be treated as a partnership for federal income tax purposes. Under current law, a Transfer Distribution should not be subject to federal income tax pursuant to Code Section 721. A Transfer Distribution could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that a Transfer Distribution will not be taxable under the federal income or other tax laws in effect at the time the Transfer Distribution occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Holders in the event of a Transfer Distribution.

Summary. Based on the foregoing discussion and counsel’s review of the transaction documents, counsel believes that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031. However, although the Trust Manager has attempted to structure the transaction such that an Interest is treated as an undivided interest in real estate, there can be no assurance or guaranty that such classification will be respected by the IRS. The IRS could take the position that the increase in the purchase price does not represent real property.

Certain Tax Consequences Regarding Ownership of an Interest

20% QBI Deduction. The TCJA introduced a new deduction for noncorporate taxpayers generally equal to 20% of the taxpayer’s domestic “qualified business income” derived from carrying on qualified businesses through partnerships, S corporations and sole proprietorships. The new deduction (the “20% QBI Deduction”) will have the

effect (subject to various limitations) of reducing the maximum Federal income tax rate on qualified business income from 37% to 29.6%. The deduction expires for tax years beginning after December 31, 2025. Qualified business income does not include items relating to investment activities, such as capital gains, dividends and interest income (other than interest income earned in a trade or business). The 20% QBI Deduction is subject to various limitations based on, among other things, (i) wages paid with respect to each qualified trade or business, (ii) the unadjusted basis of depreciable property used in each qualified trade or business and (iii) the taxable income of the taxpayer (determined without regard to the deduction).

The IRS recently issued final Treasury Regulations interpreting the 20% QBI Deduction that, among other things, clarify that (i) each beneficiary of a grantor trust, like the Trust, will be treated as if the beneficiary directly carried on the activities of trust, to the extent of the portion of the trust treated as owned by the beneficiary, and (ii) the deduction is only available for income that a taxpayer derives from carrying on a trade or business. The final regulations do not attempt to define what is a trade or business, but instead incorporate the standard for deducting ordinary and necessary expenses paid or incurred in carrying on a trade or business under Code Section 162. Because the application of this standard to rental real estate activities is unclear, the IRS also proposed issuing a safe harbor under which a rental real estate enterprise may be treated as a trade or business solely for purposes of the 20% QBI Deduction; however, property leased under a triple net lease is expressly not eligible for the proposed safe harbor. The activities of the Trust will be limited to leasing the Project to the Master Tenant under the Master Lease. It is not clear whether the Master Lease will be considered a triple net lease for federal income tax purposes. Although the Trust may not qualify under the safe harbor described above, it is possible that the Holders will still qualify for the 20% QBI Deduction. Holders should contact their own tax advisors regarding qualification for the 20% QBI Deduction.

Limitation on Deductibility of Business Interest. The TCJA imposes a new limitation on the deductibility of interest incurred in carrying on a trade or business. Under the TCJA, the maximum deduction for business interest in any year is limited to the sum of (i) business interest income and (ii) 30% of adjusted taxable income. Adjusted taxable income is taxable income excluding (1) items not attributable to carrying on a trade or business, (2) business interest income and deductions, (3) the 20% deduction for qualified business income, (4) net operating losses and (5) for tax years beginning before January 1, 2022, depreciation, amortization and depletion. Any disallowed interest may be carried forward indefinitely.

Certain businesses are excluded from the new limitation, including (i) a business having average annual gross receipts for the 3-taxable-year period ending with the prior taxable year that do not exceed \$25 million (i.e., the gross receipts test of Code Section 448(c) as liberalized/increased by the TCJA) and (ii) a real property trade or business that irrevocably elects to be excluded. A real property trade or business is defined as “any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business.” The TCJA requires a real property trade or business that elects to be excluded from the business interest limitation to depreciate its nonresidential real property, residential rental property and qualified improvement property (described above) under the alternative depreciation system of Code Section 168(g) (as modified by the TCJA). Each Holder will be required to make a determination as to whether or not an election should be made with respect to such Holder’s ownership of Interests.

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, royalties, 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 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 Holder’s share of the Project’s income and loss will, in all likelihood, constitute income and loss from passive activities and will be subject to such limitation.

Losses 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 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,” Holders will not, in all likelihood, be actively participating in the Project’s rental real estate activities and, therefore, will not be able to deduct any loss against their portfolio or active business income. In addition, the \$25,000 allowable loss is subject to a phase-out for any individual whose adjusted gross income is more than \$100,000. An individual whose gross adjustable income is greater than \$150,000 will not be permitted to use any of the off-set.

Certain taxpayers (“real estate professionals”) can 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 and (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. In the case of a joint return, 1 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 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.

At-Risk Rules. A Holder that is an individual or closely held corporation will be unable to deduct its share of loss from the Project, if any, to the extent such loss exceeds the amount such Holder has “at risk.” A Holder’s initial amount at risk will equal the purchase price of an Interest. In addition, a Holder can generally include in the amount at risk such Holder’s share of qualified nonrecourse financing. It is anticipated that the Loan will be considered qualified nonrecourse financing and therefore will qualify as “at risk.”

A Holder’s amount at risk will be reduced by the amount of any cash flow to such Holder and the amount of the Holder’s loss, and will be increased by the amount of the Holder’s income. Loss not allowed under the at-risk rules may be carried forward to subsequent taxable years and used when the amount at risk increases.

Excess Business Loss Limitation. Code Section 461(l), introduced by the TCJA, is a new limitation on the ability of noncorporate taxpayers to deduct “excess business losses,” which generally are losses from carrying on trade or business activities in excess of a specified amount (\$500,000 in the case of married individuals filing jointly). This limitation applies only after the passive loss limitations (so only affects an individual’s “active” losses) and, in the case of a trade or business carried on by a partnership or S corporation, is applied at the partner or S corporation shareholder level. The excess business loss limitation may, in addition to passive activity loss, at-risk and basis limitations, limit the ability of the Holders to utilize net losses allocated to them from the Trust.

Originally, the excess business loss limitation applied to tax years beginning after December 31, 2017 (for 2018 calendar year taxpayers). The CARES Act retroactively changed the effective date to tax years beginning after December 31, 2020 (for 2021 calendar year taxpayers).

Net Income and Loss of Each Holder. Each Holder will be required to determine its own net income or loss from the Project for income tax purposes. Each Holder will be required to pay its share of expenses of the Project and be entitled to its share of income. Certain expenses of the Project, such as depreciation, will be different for different Holders. The Trust will keep records and provide information regarding expenses and income for the Project. A Holder, however, will be required to keep separate records in order to separately report its income.

Income in Excess of Cash Receipts. It is possible that a Holder’s income from the Project may exceed the Holder’s cash flow from the Project and such Holder’s tax liability on that income may even exceed the cash flow. This may occur as a result of the payments of capital expenditures, payments of loan principal or funding of reserves or during a cash sweep event under the Loan.

Treatment of Gain or Loss on Disposition of Interests. Any gain or loss realized by a Holder upon the sale or exchange of an Interest will generally be treated as capital gain or loss, provided that such Holder is not deemed to be a “dealer.” As a general rule, the holding of parcels of real property for investment is not the type of activity that would cause a person or entity to be considered a “dealer” in real property. The question of “dealer” status is a

question of fact, which will depend on the facts and circumstances of the transaction and will be determined at the time of a sale of the Project. If the Holder is deemed a “dealer” and the Project is not considered to be a capital asset or a Code Section 1231 asset, any gain or loss on the sale or other disposition of the Project would be treated as ordinary income or loss. In general, if an Interest constitutes a capital asset in the hands of a Holder, any profit or loss realized by a Holder on its sale or exchange (except to the extent that such profit represents depreciation recapture taxable as ordinary income) will be treated as capital gain or loss under the Code. Capital gain that is equal to or less than past depreciation (other than ordinary income recapture) taken on the Project will be taxed to individuals at 25%. Any additional capital gain attributable to property held more than 12 months will generally be taxed to individuals at up to 20%.

In determining the amount realized on the sale or exchange of an Interest, a Holder must include, among other things, its share of indebtedness on the Project assumed by such Holder. Therefore, it is possible that the gain realized on a Holder’s sale of an Interest 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, a Holder would combine its gain or loss attributable to the Project with any other Code Section 1231 gains or losses realized by such Holder in that year, and the resultant 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 each Holder’s 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 5 preceding taxable years.

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

Tax Elections. The Trust has tried to structure the Interests so that the Holders will be treated as owning an undivided interest in the Project. As a result, the Holders will be required to make any applicable tax elections. However, if the Holders were treated as a partnership, applicable elections would have to be made by that entity.

Method of Accounting. Each Holder will be required to report its income under such Holder’s applicable accounting method.

Deductibility of Interest. Interest will accrue and be payable on the Loan for the Project. The deduction of such interest is limited by the rules limiting the deductibility of passive losses. See “Limitations on Losses and Credits from Passive Activities” and “Limitation on Deductibility of Business Interest” above.

Depreciation and Cost Recovery. Current federal income tax law permits 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 Holder’s share of nonrecourse liabilities to which the Project is subject are in excess of the fair market value of the Interest, a Holder will not be entitled to take depreciation deductions to the extent the basis in the Interest is derived from nonrecourse liability. Each Holder will have to compute its own depreciation. Residential real estate can generally be depreciated on a straight-line method, over 27.5 years using the mid-month convention. Under the mid-month convention, property is treated as placed in service during the mid-point of the month.

Depreciation deductions can only be claimed for that portion of real property that is depreciable. Because land is not depreciable, an allocation must be made between the value of improvements on real estate and the underlying land. The allocation of the purchase price between depreciable and nondepreciable items is a question of fact, and if the amount allocated by the Trust to depreciable items is decreased and the amount allocated to nondepreciable items such as land is increased, Trust losses for federal income tax purposes will be decreased.

The TCJA generally left intact the modified accelerated cost recovery system (“MACRS”) recovery periods for residential rental property, which remains at 27.5 years.

If a Holder elects with respect to a real estate trade or business to be excluded from the Section 163(j) limitation on deductibility of business interest, the Holder will be required to depreciate all of its depreciable property used in such real estate trade or business under the “alternative depreciation system” rules found in Code Section 168(g) (“ADS”), rather than the more favorable MACRS rules. The ADS life for residential real estate is 30 years. The use of ADS would have the effect of spreading out depreciation deductions over a longer period of time (thereby decreasing the amount of losses or increasing the amount of income of the Holders).

Any purchaser that is acquiring Interests in connection with a Code Section 1031 exchange will have a carry-over basis in the Interests. Thus, the amount of depreciation deductions available to such purchaser may be limited by the basis in the property sold by such purchaser as part of the deferred exchange.

Payments to the Depositor, the Trust Manager and Their Affiliates. The Depositor, the Trust Manager and their Affiliates will receive various fees described elsewhere in this Memorandum. The tax treatment of these fees is set forth below.

Although each Holder is purchasing an Interest, it is possible the IRS may take the view that an increase in the price of an Interest over the cost to the Depositor for the Trust Estate 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 Trust Manager) paid upon the acquisition of the Project will be treated as capitalized expenditures and added to the basis of the Project. Real estate brokerage commissions (whether or not paid to Affiliates of the Trust Manager) paid upon the sale, exchange or other disposition of the Project will be treated as an adjustment to the sales price.

Construction fees for tenant improvements (whether or not paid to Affiliates of the Trust Manager) will be amortized or depreciated based on the useful life of the applicable improvement.

Management Fees. The management fees paid to the Trust Manager should be deductible as ordinary and necessary business expenses to the extent that the fees represent ordinary and necessary expenses and do not exceed the reasonable value of the services for which they are paid. Because the determination of whether these fees qualify as ordinary and necessary business expenses is inherently factual, there is no assurance that this determination may not be challenged by the IRS or that this determination would be upheld if challenged by the IRS.

Investment by Tax-Exempt Entities - Unrelated Business Taxable Income

Tax-entities (“Tax-Exempt Entities”), although generally exempt from federal income taxation, nevertheless are subject to tax to the extent their UBTI exceeds \$1,000 during any tax year. Generally, income from property that is “debt financed property” will result in UBTI. Debt financed property is generally defined to mean any property as to which there is “acquisition indebtedness.” The Trust will generate UBTI as a result of debt financing. Counsel has expressed no opinion on whether, or to what extent, Trust income will be considered UBTI.

If the receipt of UBTI from the Trust will have an adverse impact on a Holder, such Holder should consult its own tax advisor before investing in the Trust. If a Tax-Exempt Entity’s share of the UBTI from the Trust and other investments exceeds \$1,000 during any tax year, the Tax-Exempt Entity will be required to pay taxes on such UBTI. Whether a Tax-Exempt Entity’s UBTI will exceed this \$1,000 exclusion in any year will depend upon whether or to what extent the Trust qualifies for the exception, the actual operations of the Trust, the size of the Tax-Exempt Entity’s investment in the Trust, the taxable income of the Trust and the amount of such Tax-Exempt Entity’s UBTI from other investments. An allocable portion of the Holder’s income directly associated with debt financed property reduced by an allocable portion of deductions (computing depreciation on a straight-line basis) directly associated with such debt financed property will be treated as UBTI. The allocable portion of income and deductions will be equal to the ratio of indebtedness on such properties outstanding from time to time to the basis in such properties as adjusted from time to time. When a Tax-Exempt Entity disposes of a debt financed property, a Tax-Exempt Entity will be required to recognize an allocable portion of the gain as UBTI based on the ratio between the indebtedness as of the date of sale and the basis of such property.

The portion of the income that is not deemed to be UBTI will continue to be exempt for a Tax-Exempt Entity even if a portion of the Trust's income is deemed to be UBTI. For further details on the application of UBTI, Tax-Exempt Entity investors are urged to consult their tax advisors.

For certain other tax-exempt entities, such as charitable remainder trusts and charitable remainder unitrusts (as defined in Code Section 664), the receipt of any UBTI may have extremely adverse tax consequences. For example, if such a trust or unitrust received any UBTI during a taxable year, a tax equal to 100% of such UBTI will be imposed. Charitable remainder trusts and charitable remainder unitrusts should consult their own tax advisors before the purchase of any Interests.

Pursuant to the TCJA, a tax-exempt organization will not be able to use UBTI losses from one trade or business to offset UBTI from a different trade or business.

Alternative Minimum Tax

Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax. The alternative minimum tax applies to designated items of tax preference. The TCJA entirely eliminates the alternative minimum tax for regular C corporations. For noncorporate taxpayers, the TCJA increases the exemption amount and the threshold amount of income at which the exemption begins to phase out. The limitations and thresholds related to the payment of the alternative minimum tax are subject to change on an annual basis. Holders should consult with their tax advisors regarding the alternative minimum tax thresholds to determine if it will apply to such Holder's investment in Interests. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income.

For more information concerning tax preferences and the alternative minimum tax, prospective Holders should consult their own tax advisors.

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any 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.

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. Counsel for the Trust is rendering an opinion with respect to the treatment of Interests as interests in real estate for income tax purposes. However, the opinion is not intended to be used by any taxpayer to avoid penalties, and may not be relied upon by the Holders of Interests to avoid penalties. This opinion is not applicable to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder and each Holder should consult with its own independent tax advisor.

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. In the case of a C corporation, a substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the lesser of (i) 10% of the tax required to be shown on the return for the taxable year (or if greater, \$10,000) or (ii) \$10,000,000.

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 or \$10,000 in the case of a C corporation.

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 that the taxpayer acted in good faith.

In addition to the penalties described above, a new penalty has recently been added with respect to understatements resulting from listed or reportable transactions. A reportable transaction is a transaction that the IRS has identified as having the potential for tax avoidance or evasion. A listed transaction is a reportable transaction which the IRS has specifically identified as a tax avoidance transaction. The penalty is equal to 20% of the portion of the underpayment to which the penalty applies if the taxpayer disclosed the understatement and 30% of the portion of the underpayment to which the penalty applies if the taxpayer did not disclose the understatement. A taxpayer may avoid the payment of the penalty if (i) there was reasonable cause for the understatement and the taxpayer acted in good faith, (ii) the relevant facts affecting the taxpayer's tax treatment were adequately disclosed, (iii) there is, or was, substantial authority for the taxpayer's treatment of the item and (iv) the taxpayer reasonably believed that the treatment of the items on the return was more likely than not proper. A taxpayer may not rely on the opinion from a disqualified tax advisor. A disqualified tax advisor includes a (i) material advisor who participates in the organization, management, promotion or sale of the transaction or is related to any person who so participates, (ii) is compensated directly or indirectly by a material advisor with respect to the transaction, (iii) has a fee arrangement with respect to the transaction that is contingent on intended tax benefits being sustained or (iv) has a disqualifying financial interest with respect to the transaction. In the event the Interests are determined to be a reportable transaction, and the taxpayer fails to include information regarding such reportable transaction, the taxpayer will be subject to a maximum penalty in the amount of \$10,000 if the taxpayer is an individual and \$50,000 in any other case. In the event the Interests are determined to be a listed transaction, the maximum penalty increases to \$100,000 in the case of an individual and \$200,000 in any other case.

The tax opinion issued to the Trust with respect to the Interests was prepared by a disqualified tax advisor. As a result, the Holders may not rely on such opinion to avoid the payment of penalties.

Accrual Method Taxpayers Required to Match Income Recognition to Accounting Treatment. The TCJA adds a new provision that will require an accrual method taxpayer subject to the all events test for an item of gross income to recognize that income no later than the taxable year in which the income is taken into account as revenue in an applicable financial statement. Generally, an applicable financial statement is a financial statement of the taxpayer that is certified as being prepared in accordance with GAAP and is (i) included in a Form 10-K filed with the SEC or (ii) an audited financial statement used for a substantial nontax purpose, such as credit purposes or reporting to shareholders, partners, other proprietors or beneficiaries. The IRS Proposed Treasury Regulations on September 9, 2019, which proposed changes to the definition of applicable financial statement and provided guidance with respect to the application of this provision. Prospective Investors that are accrual basis taxpayers should review the Proposed Treasury Regulations prior to an investment in Interests.

3.8% Net Investment Income Tax

Under the Health Care and Education Reconciliation Act of 2010, for each tax year beginning after December 31, 2012, a taxpayer who is an individual will be assessed an additional tax equal to 3.8% of the lesser of: (i) the taxpayer's "net investment income" for the taxable year or (ii) the excess of (x) the taxpayer's modified adjusted gross income for the taxable year over (y) (a) for a taxpayer filing jointly with a spouse (or for a surviving spouse), \$250,000, (b) for married taxpayer filing a separate return, \$125,000 or (c) in any other case, \$200,000. For purposes of the additional tax, "net investment income" includes, among other things: (i) net income in the form of interest, dividends, annuities, royalties and rents that do not arise in the ordinary course of a trade or business (but including net income from a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities) and (ii) net gains (to the extent taken into account in computing taxable income) on the disposition of property other than property held in a trade or business (but including net gains realized on the disposition of property held in a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities).

State and Local Taxes

In addition to the federal income tax consequences described above, prospective Holders should consider the state tax consequences of an investment in an Interest. A Holder's share of income or loss generally will be required to be included in determining the Holder's reportable income for state and local tax purposes.

The Project is located in the State of Mississippi. Mississippi's current income tax rate for both individuals and corporations is a graduated rate from 3% to 5% on Mississippi income. Mississippi treats investment trusts as business corporations for purposes of applying Mississippi tax laws. Therefore, the Trust will be responsible for paying state income tax on its Mississippi income. The Trust will also be responsible for paying franchise tax. The franchise tax is at a rate of \$2.50 for every \$1,000 of capital used, invested or employed within the state, with a minimum due of \$25, and the value of capital in Mississippi can never be less than the assessed value of the real estate and tangible personal property in the state of Mississippi for the year preceding the year in which the return is due. This could change in the future.

Each Holder will be subject to state and local taxes in the state where the Project is located and where the Holder resides. Certain states do not follow the federal rules with respect to tax-deferred exchanges and it is not clear whether all states will treat the Trust as an investment trust. Further, certain state taxing agencies, including the California Franchise Tax Board, are aggressively auditing tax-deferred exchange transactions. In addition, the California Franchise Tax Board and other states have not yet approved of beneficial interests in a Delaware statutory trust as like-kind property with respect to tax-deferred exchanges. This Memorandum does not analyze or discuss state or local tax consequences to the Holders. Each prospective Holder should consult its own tax advisor regarding the tax consequences of the purchase of an Interest in both the state where they reside and where the Project is located.

Limitation on Deduction for State and Local Taxes. The TCJA limits the itemized deductions of individuals for state and local taxes to \$10,000 of income taxes, sales taxes in lieu of income tax and property taxes. The new \$10,000 limitation does not apply to property taxes that are incurred in carrying on a trade or business or an activity for the production of income.

It is anticipated that state and local income taxes incurred by the Holders as a result of an acquisition of an Interest will be subject to the new limitation.

Prospective Holders should note that a number of issues discussed in this Memorandum have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Prospective Holders are urged to consult their own tax counsel regarding the tax consequences of an investment in an Interest.

REPORTS

The Trust Manager will keep proper and complete records and books of account for the Trust and the Holders. These books and records will be kept at the Trust Manager's principal place of business. Each Holder will at all times, during normal business hours, have the right to inspect, examine and copy from them; provided, however, no Holder will have access to the name, address or investment information of any other Holder. The Trust Manager will also have prepared and transmitted to the Holders an annual report setting forth the applied income and expenses attributable to an Interest.

LITIGATION

There are no legal actions pending against the Trust nor, to the knowledge of the Trust, are any such actions contemplated that would have a material effect on the Trust's business, financial condition or operations.

LEGAL OPINION

DLA Piper LLP (US) rendered a tax opinion to the Trust with respect to certain issues set forth in this Memorandum. Except as to matters stated in the opinion, which are based on the law in effect as of the date of the opinion, the issuance of the opinion should not in any way be construed as implying that counsel has approved or passed upon any other matter for the Trust. DLA Piper LLP (US) will be paid for providing such opinion.

ADDITIONAL INFORMATION

The Trust will answer inquiries about the Interests and other matters relating to the offer and sale of the Interests, and the Trust will afford prospective Holders the opportunity to obtain any additional information that is necessary to verify the information in this Memorandum to the extent the Trust possesses such information or can acquire such information without unreasonable effort or expense.

Prospective Holders are entitled to review copies of other material contracts relating to the Interests described in this Memorandum and copies of the Trust's organizational documents.

EXHIBIT A

PURCHASER QUESTIONNAIRE



PASSCO NORTHRIDGE DST PURCHASER QUESTIONNAIRE

Instructions For Purchase Of Beneficial Interest In the Passco Northridge DST

Dear Investor:

We would like to take this opportunity to thank you for your interest in the Passco Northridge DST and request your assistance in expediting the closing of this transaction. It is crucial that you immediately process and return all paperwork as you receive it. In order to begin the closing process, you will need to provide the following information:

- Purchaser Questionnaire** (attached)
- Purchase and Sale Agreement** (enclosed)
- Entity Documentation** (i.e. trust document (Certificate of Trust), partnership agreements and certification of partnership, articles of incorporation and bylaws, articles of organization and operating agreement); **MUST INCLUDE DOCUMENTS AUTHORIZING SIGNING AUTHORITY.**
- CLASS A OWNERSHIP CERTIFICATE TO BE ISSUED TO (please indicate legal title):**

- My Equity Investment will be:** _____ **Interests in the Trust (1 Interest = \$5,000)**
- Funds to Close**
Please indicate how you will be purchasing your interest.

_____ I have enclosed a check payable to **“UMB, as Escrow Bank for Passco Northridge DST”** equal to the equity investment above. Please note that escrow funds from checks will be held as follows: 5 business day hold from time of UMB receipt.

_____ Funds will be wired by me or my accommodator once requested by escrow.

Upon receipt of these documents and acceptance by the Trust, the Trust will send the Purchase Agreement and Escrow Instructions, a signature page to the Trust Agreement, and an estimated closing statement to you. Shortly after the fully executed documents and funds to close have been received, you will receive the Class A Ownership Certificate.

QUESTIONS?

For questions or assistance, please contact Adriana Olsen (949-263-7933), Andy Wang (949-263-7934), or Passco’s Marketing Department or toll free 1-877-472-7726.

**CLASS A BENEFICIAL INTERESTS IN
PASSCO NORTHRIDGE DST
PURCHASER QUESTIONNAIRE**

Please read carefully the Confidential Private Placement Memorandum for Class A Beneficial Interests (the “Interests”) in Passco Northridge DST dated January 21, 2022 (the “Memorandum”), and all Exhibits and supplements thereto before deciding to subscribe.

EACH PROSPECTIVE PURCHASER SHOULD EXAMINE THE SUITABILITY OF THIS TYPE OF PURCHASE OF SECURITIES IN THE CONTEXT OF ITS OWN NEEDS, PURCHASE OBJECTIVES, AND FINANCIAL CAPABILITIES AND SHOULD MAKE ITS OWN INDEPENDENT INVESTIGATION AND DECISION AS TO SUITABILITY AND AS TO THE RISK AND POTENTIAL GAIN INVOLVED. ALSO, EACH PROSPECTIVE PURCHASER IS ENCOURAGED TO CONSULT WITH ITS ATTORNEY, ACCOUNTANT, FINANCIAL CONSULTANT OR OTHER BUSINESS OR TAX ADVISOR REGARDING THE RISKS AND MERITS OF THE PROPOSED PURCHASE.

This private offering (the “Offering”) of the Interests in Passco Northridge DST, a Delaware statutory trust (the “Trust”), is limited to a purchaser who certifies that he/she is an Accredited Investor (“Accredited Investor,” as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, the “Securities Act”) and meets all of the qualifications set forth in the Memorandum. If you meet these qualifications and desire to purchase an Interest, then please complete, execute and deliver this Purchaser Questionnaire (the “Purchaser Questionnaire”) to:

Passco Capital, Inc.
2050 Main Street, Suite 650
Irvine, California 92614

You must complete, sign and return the original of (i) this completed Purchaser Questionnaire bearing your signature, which includes your certification of your investor qualification, (ii) one original copy of your Purchase Agreement (the “Purchase Agreement”) and (iii) a signature page to the Amended and Restated Trust Agreement of Passco Northridge DST (the “Trust Agreement”); provided, however, that your subscription may be accepted or rejected by the Trust at any time within 30 days after delivery to the Trust of this Purchaser Questionnaire and the other documents described above. The total purchase price for the Interests (the “Purchase Price”) shall be payable at the times set forth in the Purchase Agreement.

If applicable, you will need to instruct your 1031 exchange qualified intermediary/accommodator (the “Accommodator”) to wire the amount of your Purchase Price to UMB Bank, N.A. (the “Escrow Bank”) (instructions will be provided). The purchaser of the Interests (the “Purchaser”) acknowledges that the Escrow Bank is acting solely as an escrow agent and depository in connection with the Offering and makes no recommendation or endorsement with respect to such Offering, and the Escrow Bank has made no investigation regarding the Offering, the Trust, the Project (the “Project” is that certain real property and the improvements situated thereon more particularly described on Exhibit A of the Purchase Agreement) or any other person or entity related thereto.

Important Note: The person or entity actually making the decision to purchase an Interest should complete and execute this Purchaser Questionnaire, the Purchase Agreement and the other documents listed above. For example, retirement plans often hold certain securities purchases in trust for their beneficiaries, but the beneficiaries may maintain control and discretion over the securities. In such a situation, the beneficiary with control must complete and execute the Purchase Agreement, this Purchaser Questionnaire and the other agreements listed above (this also applies to trusts, custodial accounts and similar arrangements.

**CLASS A BENEFICIAL INTERESTS IN
PASSCO NORTHRIDGE DST
PURCHASER QUESTIONNAIRE**

As further consideration to induce the Trust to accept the Purchase Agreement, I hereby make the following acknowledgments, representations and warranties with the full knowledge that the Trust will expressly rely on the following in making a decision to accept or reject the Purchase Agreement:

1. **General Information.**

Name of Purchaser: _____
(The name of the Purchaser must match the relinquished property owner if this is a 1031 exchange)

Amount of Equity to be Invested: \$ _____

This represents a _____% Interest

(Minimum Purchase Amount for an all cash Purchaser is \$25,000)

(Minimum Purchase Amount for a Code Section 1031 Exchange Purchaser is \$100,000)

I will be paying the amount of the Purchase Price (check one):

Out of the 1031 Accommodator funds

Directly (or as additional funds contributed in connection with a Code Section 1031 exchange)

I am conducting a 1031 tax-deferred exchange for this investment (check one): Yes No

If Yes, I closed on my relinquished property or will close on: _____

My 45 Day Deadline: _____

My 180 Day Deadline: _____

My Primary State of Residence (or if entity, state of primary business): _____

2. **Vesting Information.**

Ownership of the Interests is to be vested as follows (*please indicate by marking the appropriate box and print names **exactly** as you would like title to be vested*):

INDIVIDUALS

Name: _____

Social Security No.: _____ Date of Birth: _____

Name of Spouse or Co-investor: _____

Social Security No.: _____ Date of Birth: _____

Please check one:

Single Man Single Woman As JTWROS (Joint Tenants with Right of Survivorship)

Joint Tenants Husband and Wife, as community property

Separate Property (**check below**)

Married Man as His sole and separate property

Married Woman as Her sole and separate property

Tenants in Common Other: _____

GRANTOR TRUST OR REVOCABLE TRUST

Please enclose a **COMPLETE** copy of the trust documents, as amended to date.

Name of Trust: _____

Date of Trust: _____ Trust Tax ID Number (if applicable): _____

State of Trust Formation: _____

Trustee Name: _____

Date of Birth: _____ SSN: _____

Trustee Name: _____

Date of Birth: _____ SSN: _____

BUSINESS TRUST OR IRREVOCABLE TRUST

Please enclose a **COMPLETE** copy of the trust documents, as amended to date.

Name of Trust: _____

Date of Trust: _____ Trust Tax ID Number: _____

State of Trust Formation: _____

Individual Trustee

Trustee Name: _____

Date of Birth: _____ SSN: _____

Trustee Name: _____

Date of Birth: _____ SSN: _____

Entity Trustee

Trustee Name: _____

Trustee Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____ Entity Tax ID Number: _____

Trustee Name: _____

Trustee Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____ Entity Tax ID Number: _____

CORPORATION

Please enclose a **COMPLETE** copy of (i) the Articles of Incorporation, as amended to date, (ii) the Bylaws, as amended to date, (iii) a list of all shareholders of the corporation and (iv) the resolutions of the Board of Directors authorizing the purchase of the Interests and providing authority to execute documents on behalf of the corporation.

Name of Corporation: _____

Corporate Tax ID Number: _____ State of Corporate Formation: _____

Name of Signatory: _____

Title: President Vice President Secretary Other _____

Signatory Date of Birth: _____

Name of Signatory: _____

Title: President Vice President Secretary Other _____

Signatory Date of Birth: _____

PARTNERSHIP

Please enclose a **COMPLETE** copy of (i) the partnership agreement, as amended to date, (ii) a list of all partners (both general and limited) and (iii) the resolutions of the partnership authorizing the purchase of the Interests and providing authority to execute documents on behalf of the partnership.

Name of Partnership: _____

Partnership Tax ID Number: _____ State of Partnership Formation: _____

Individual General Partner

Name: _____ Title: General Partner

Date of Birth: _____

Name: _____ Title: General Partner

Date of Birth: _____

Entity General Partner

Name of Entity: _____ Title: General Partner

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

Name of Entity: _____ Title: General Partner

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

LIMITED LIABILITY COMPANY

Please enclose a **COMPLETE** copy of (i) the operating agreement, as amended to date, (ii) the certificate of formation, as amended to date, (iii) a current and complete list of all members and managers and (iv) the resolutions of the members and/or managers authorizing the purchase of the Interests and providing authority to execute documents on behalf of the company.

Name of LLC: _____

LLC Tax ID Number: _____ State of LLC Formation: _____

Individual Manager/Member

Name: _____

Title: Manager Managing Member Member Other _____

Date of Birth: _____

Name: _____

Title: Manager Managing Member Member Other _____

Date of Birth: _____

Entity Manager/Member

Name of Entity: _____

Title: Manager Managing Member Member Other _____

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

Name of Entity: _____

Title: Manager Managing Member Member Other _____

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

3. **Contact Information.**

Please send all correspondence to (check one): Home Address Business/Other Address
(At least one street address (i.e. no P.O. Box) is required to send documents via overnight delivery)

Home Address:

Name: _____

Address: _____

City / State / Zip: _____

Phone: Home: (____) _____

Cell Phone: (____) _____

Facsimile: (____) _____

Email Address: _____

Business/Other Address (if applicable):

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (____) _____

Facsimile: (____) _____

Email Address: _____

Attorney's or CPA's Contact Information:

Name: _____

Firm: _____

Address: _____

City / State / Zip: _____

Phone: Business: (____) _____

Cell Phone: (____) _____

Facsimile: (____) _____

Email Address: _____

Travel Plans:

In order to facilitate delivery of documents, please provide general information regarding your travel plans beginning as of the date of this Purchaser Questionnaire through six months from such date. Please make special note of any planned travel outside the United States.

4. **Accredited Investor Certification and Tax Representation.**

Accredited Investor Certification: I hereby represent and warrant that:

If a Natural Person (including most revocable grantor trusts) (check as appropriate):

- That I have an individual net worth, or joint net worth with my spouse or spousal equivalent, of more than \$1,000,000 exclusive of the value of my primary residence.

(For purposes of determining net worth, exclude the value of your primary residence as well as the amount of indebtedness secured by your primary residence, up to the fair market value. Any amount in excess of the fair market value of your primary residence must be included as a liability. In the event the indebtedness on your primary residence was increased in the 60 days preceding the completion of this Purchaser Questionnaire, the amount of the increase must be included as a liability in the net worth calculation. For purpose of determining the joint “net worth” of natural persons, joint net worth can be the aggregate net worth of the investor and spouse or spousal equivalent; assets need not be held jointly to be included in the calculation. Reliance on the joint net worth standard described herein does not require that the securities be purchased jointly. For purposes of this definition, “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.)

- That I had an individual income of more than \$200,000, or joint income with my spouse or spousal equivalent in excess of \$300,000, in each of the 2 most recent years and I have a reasonable expectation of reaching the same income level in the current year.

- I hold, in good standing, 1 or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying hereunder.

(For purposes of determining the above, as of the date of the Memorandum, the SEC has posted the following qualifying professional certifications: holders in good standing of FINRA Series 7, Series 65, and Series 82 licenses.)

If other than a Natural Person (check as appropriate):

- A corporation, an organization described in Internal Revenue Code of 1986, as amended (the “Code”) Section 501(c)(3), a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring Units, with total assets in excess of \$5,000,000.
- A trust, with total assets in excess of \$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.
- A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
- An investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

- An investment advisor relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Company Act.
- An insurance company as defined in section 2(a)(13) of the Securities Act.
- An investment company registered under the Investment Company Act or a business development company (as defined in section 2(a)(48) of the Investment Company Act).
- A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958.
- A private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”).
- A bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity.
- An entity in which all of the equity owners are Accredited Investors.
- A Rural Business Investment Company as defined in section 384A of the Consolidation Farm and Rural Development Act.
- A “family office” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of \$5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;

(For purpose of determining “investments” above, investments is defined in rule 2a51-1(b) under the Investment Company Act.)

- A “family client” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements above and whose prospective investment in the issuer is directed by such family office pursuant to (c) above.
- A grantor revocable trust where the grantors meet the qualifications under “Natural Persons” above.

Tax Representation: I have read the entire Memorandum, including the portion relating to federal income tax consequences, and I acknowledge that I (i) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related “1031 exchange” rules, are complex and vary with the facts and circumstances of each individual purchaser, (ii) understand and am aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) have read the entire Memorandum and fully understand that there is a significant risk that an Interest will not be treated as real estate for income tax purposes, (iv) have independently obtained advice from my legal counsel and/or accountant regarding any tax-deferred exchange under Code Section 1031, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange, (v) understand that the Trust will not obtain a ruling from the IRS that an Interest will be treated as an undivided interest in real estate for federal income tax purposes and (vi) understand that the opinion of counsel issued to the Trust is only counsel’s view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

Escrow Representation: I acknowledge that the Escrow Bank is acting solely as a depository in connection with the Offering of the Interests and makes no recommendation or endorsement with respect to such Offering, and the Escrow Bank has made no investigation regarding the Offering, the Trust or its affiliates, the Project or any other person or entity related thereto.

Pennsylvania Resident Representation: By signing below, I acknowledge and understand (i) that I am prohibited from selling the Interests for a period of 12 months after the date of purchase, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, (ii) that the Interests have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom, and (iii) that no subsequent resale or other disposition of the Interests may be made within 12 months following their initial sale in the absence of an effective registration, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, and thereafter only pursuant to an effective registration or exemption.

General Solicitation Representation: I acknowledge that the sale of the Interests has not been made through general solicitation and is in compliance with the requirements of Rule 506(b) of Regulation D.

5. **1031 Exchange Qualified Intermediary/Accommodator Information and Authorization.**

I/we, the undersigned, hereby provide the following information pertaining to my/our Qualified Intermediary/Accommodator for this acquisition. I/we request and authorize my/our Qualified Intermediary/Accommodator to furnish the Trust any information requested regarding my/our 1031 exchange.

The following Qualified Intermediary/Accommodator is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (_____)_____

Cell Phone: (_____)_____

Facsimile: (_____)_____

Email Address: _____

Is escrow closed (check one)? Yes No

6. **Release of Information to Registered Representative and Broker-Dealer.**

Approval of Release:

By signing below, I/we hereby authorize the Trust and its affiliates, as well as any master tenant, property manager or asset manager, to release the following information and related documentation to the registered representative named below and such registered representative's broker-dealer:

- Ongoing information related to the operation and performance of any assets held by the Trust.
- Tax reporting information related to my/our Interests.

The Trust and its affiliates, as well as any master tenant, property manager or asset manager, shall be authorized to release such information and documentation throughout the holding period of the Interests, which shall include the release of information regarding the eventual sale of my/our Interests.

Disapproval of Release:

If I/we have not checked any of the boxes above, the Trust, its affiliates, and any master tenant, property manager or asset manager, shall not be authorized to release any ongoing information to the registered representative named below or such registered representative's broker-dealer. I/we acknowledge that my/our registered representative and/or broker-dealer will receive all information regarding my/our initial purchase of the Interests.

Please note that you may revoke your authorization to release information to the registered representative by providing written notice of such revocation to the Trust.

Notwithstanding anything to the contrary contained herein, I/we acknowledge that all information regarding initial purchase of the Interests will be provided to my/our registered representative.

NOTE: Even if you elect to release financial information regarding your investment to your registered representative and broker-dealer, in no event will the names and contact information for other Holders be shared with any other Holder or with any registered representative or broker-dealer.

The undersigned hereby certifies that all of the information, representations, warranties and certifications set forth herein are true and correct in all respects.

Executed this ____ day of _____, 20__

If a Natural Person or Grantor Trust:

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second investor): _____

Name (Print): _____

If other than a Natural Person (i.e. LLC, Partnership, Corporation):

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

7. **Broker-Dealer Representations and Warranties.**

Purchaser suitability requirements have been established by the Trust and fully disclosed in the Memorandum under “Who May Invest” and in the Purchase Agreement. Before recommending the purchase of an Interest, we have reasonable grounds to believe, on the basis of information supplied by the subscriber concerning his or her investment objectives, other investments, financial situation and needs, and other pertinent information that: (i) the subscriber is an Accredited Investor as defined in Section 501(a) of Regulation D and meets the investor suitability requirements set forth in the Memorandum and the Purchase Agreement, (ii) the subscriber has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity, (iii) the Interests are otherwise a suitable purchase for the subscriber and (iv) we have a pre-existing relationship with the subscriber which was not established through any form of general solicitation or, if the pre-existing relationship was established through general solicitation, such pre-existing relationship complies with Rule 506(b) of Regulation D and was established prior to the contemplation of the Offering as set forth in FINRA Notice to Members 05-18. We will maintain in our files documents disclosing the basis upon which the suitability of this subscriber was determined as well as documents establishing a pre-existing relationship with the subscriber.

We verify that the above subscription either does not involve a discretionary account or, if so, that the subscriber’s prior written approval was obtained relating to the liquidity and marketability of the Interests during the term of the purchase.

We hereby certify that the Registered Representative is not or has not been subject to any disqualified or disclosure events as set forth in Rule 506(d) and Rule 506(e) of Regulation D.

We affirm the Broker-Dealer and Registered Representative are properly licensed in the state of residence of the Purchaser.

Except as otherwise stated, the representations and warranties made herein are made as of the date hereof and shall be continuing representations and warranties. In the event that the Registered Representative or Broker-Dealer becomes aware that any of these representations or warranties becomes untrue or is incorrect, it shall promptly notify the Trust in writing of the fact which makes such representation or warranty untrue or incorrect.

[Signatures on Next Page]

Name of Purchaser: _____

Broker-Dealer Firm Name: _____

Registered Representative (Print): _____

Registered Representative's BRANCH ADDRESS: _____

BRANCH City / State / Zip: _____

BRANCH Phone Number: (_____) _____

BRANCH Fax Number: (_____) _____

Email Address: _____

Signature of Registered Representative

Broker-Dealer Principal Approval Signature

Date

Date

Consent of Spouse

(For individual Purchasers in community property states; namely, Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

I, _____, spouse of _____ have read and approved the foregoing Purchaser Questionnaire. I hereby appoint my spouse as my attorney-in-fact with respect to the exercise of any rights related to a purchase of a Class A Beneficial Interest in Passco Northridge DST and agree to be bound by the provisions of the Purchase Agreement, Trust Agreement, and any other document related to the purchase of such Interest (collectively, the "Purchase Documents") insofar as I may have any rights in said Purchase Documents or any property subject thereto under the community property laws of the State of _____ or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of this Purchaser Questionnaire or the Purchase Documents.

Dated: _____, 20____ SIGNATURE: _____

CONSENT TO ELECTRONIC SIGNATURES AND/OR DELIVERY

Instead of (i) receiving paper copies of the Memorandum, this Agreement and any other exhibits, amendments and supplements thereto (collectively, the "Offering Documents"), as well as any annual reports and other investor communications and reports (collectively, "Investor Communications"), and (ii) providing wet signatures to the documents required for you to acquire Interests in the Trust as set forth in the Offering Documents, you may elect to receive electronic delivery of such materials and to provide your signatures electronically. If you would like to consent to electronic delivery of the Offering Documents and Investor Communications and/or the use of electronic signatures for the Offering Documents, please check the applicable box(es) below and sign where indicated.

By consenting to electronic delivery and/or electronic signatures, you will be responsible for your customary internet service provider charges and may be required to download software in connection with access to Offering Documents and Investor Communications and providing electronic signatures.

By consenting below to electronic delivery you (i) authorize the Trust and/or its agent to deliver the Offering Documents and Investor Communications directly to you electronically, including via email or the Trust's website and (ii) understand and agree that the Offering Documents and Investor Communications are confidential and you cannot send or discuss their contents with any other persons (other than your legal, tax or financial advisors in seeking advice on whether to make the investment). Your consent to electronic delivery will be of an unlimited duration and you will not receive paper copies of these electronic materials unless (a) specifically requested by you, (b) you inform the Trust that you revoke your consent to electronic delivery, (c) the delivery of electronic materials is prohibited or (d) the Company, in its sole discretion, elects to send paper copies of materials.

By consenting to use of electronic signatures, you understand and agree that (i) your electronic signature will constitute an "electronic signature" as defined in the Electronic Signatures in Global and National Commerce Act of 2000 and is the electronic representation of your signature for all purposes when executing documents, including legally binding contracts, just the same as a pen and paper signature or initial, (ii) no certification or other third party verification is necessary to validate your electronic signature and that the lack of such certification or third party verification will not in any way affect the enforceability of your signature and (iii) your electronic signature executed in conjunction with the electronic submission of this Agreement and any other Offering Documents shall be legally binding and such transaction shall be considered authorized by you and you consent to be legally bound by their terms and conditions.

You understand that you are not required to consent to electronic delivery and/or electronic signatures, and you may withdraw your consent at any time. You may request a paper copy of these electronic materials, update your email address and/or withdraw your consent to electronic delivery and/or signatures by written notice to the Trust at 2050 Main Street, Suite 650, Irvine, California 92614.

I consent to electronic delivery

I consent to the use of electronic signatures

Email Address: _____
(If blank, the email provided Contact Information of the Purchaser Questionnaire will be used.)

Date: _____

Signature

Print Name

Wire Instructions:

UMB Bank, N.A.
928 Grand Blvd
Kansas City, MO 64106

**Wiring MUST Include ALL Info Below:
If not properly identified, wires may be rejected:**

ABA Number: 101000695
Account No: 98 0000 6823
Account Name: Trust Clearance
Ref: Passco Northridge DST Escrow 157430 Lara Stevens
FFC: [Investor Name]

Additional Funds via Check Payable to:
UMB, as Escrow Bank for Passco Northridge DST

Mailed Directly to:
Passco Companies, LLC
Attention: Chant Wynne
2050 Main Street, Suite 650
Irvine, CA 92614

Please note should you need to use beneficiary address, please use the below address:

2050 Main Street, Suite 650
Irvine, CA 92614

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
6 City, state, and ZIP code	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number												
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Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.



DIRECT DEPOSIT INSTRUCTION FORM

NAME OF INVESTMENT(S):

PASSCO NORTHRIDGE DST

PLEASE NOTE:

- 1. Direct Deposit is not available for investments made through IRA or qualified accounts.
- 2. Investor Services must be in receipt of this form 20 days prior to declaration of the distribution. This authorization will supersede any previous distribution instructions.

INVESTOR ACCOUNT INFORMATION:

Investor Name(s): _____

Phone Number: _____ E-mail: _____

NEW DISTRIBUTION INSTRUCTIONS:

Name of Financial Institution: _____

Address: _____

City: _____ State: _____ Zip: _____

SELECT ONE: Checking Account Savings Account
*voided check

ROUTING/ABA NUMBER:

Fill in the 9-digit routing number in the spaces provided below.

ACCOUNT NUMBER:

Name	1002
Address	
City, State Zip	
Pay to the order of: _____	
\$ _____	Dollars
Bank Name	
Bank Address	
123 456 789	000123456789 1002
9 Digit Routing/ABA #	Account Number

Passco Companies, LLC or its agent (collectively "Passco Companies, LLC") is authorized to deposit my (our) distribution into the account specified on this form. The authority will remain in force until I (we) have given written notice that I (we) have terminated it, or until Passco Companies, LLC has notified me (us) that this deposit service has been terminated. In the event that Passco Companies, LLC deposits fund erroneously into my (our) account, they are authorized to debit my (our) account for an amount not to exceed the amount of the erroneous deposit.

Client Signature: _____ Date: _____

Client Signature: _____ Date: _____

RETURN FORM TO:

Passco Companies, LLC, Investor Services Department, 2050 Main Street, Suite 650, Irvine, CA 92614
Phone: (949) 442-1000 • Fax: (949) 263-7910 • investorservices@passco.com



PASSCO WENT PAPERLESS!

This will include the following communications:

- Distribution Details
- Annual Budgets
- Quarterly Financial Reports
- Investment Updates

Digital files will be available on the Investor Portal at **PASSCO.COM** for your convenience.

Tax Information will continue to be mailed.

If you wish to continue receiving paper documents of those listed above, please contact our Investor Services Department at **GreenServices@Passco.com**.

Please Note: You will continue to receive hard copies if you do not have an email address on file.

THIS IS FOR YOUR FILES ONLY AND DOES NOT NEED TO BE RETURNED.

EXHIBIT B

PURCHASE AGREEMENT



PASSCO NORTHRIDGE DST PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and effective as of the date the Seller executes this Agreement (the "Effective Date") by and between Passco Northridge DST, a Delaware statutory trust (the "Seller") and

(the "Buyer"), with reference to the facts set forth below. All terms with initial capital letters not otherwise defined herein shall have the meanings set forth in Section 6.22.

RECITALS

A. The Seller owns that certain real property as set forth on Exhibit A attached hereto and incorporated herein and the improvements situated thereon (the "Project").

B. The Project is subject to the Loan Documents and to the Master Lease.

C. The Seller desires to sell and the Buyer desires to buy Class A Beneficial Interests in the Seller (each Class A Beneficial Interest representing 0.0147167% of the outstanding beneficial interests, an "Interest") as evidenced by a Class A Trust Certificate (whether one or more, collectively, a "Certificate") on the terms and conditions set forth in this Agreement. This sale is made pursuant to the Memorandum.

D. The Buyer understands that the Purchase Price (as defined below) received by the Seller will be applied towards the redemption of the Class B Trust Certificates in the Seller owned by the Depositor.

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. Agreement of Purchase and Sale.

1.1 Purchase, Sale and Purchase Price. In consideration of the covenants herein contained, the Seller hereby agrees to sell, and the Buyer hereby agrees to purchase, [REDACTED] Interest(s) (each representing a 0.0147167% beneficial interest in the Seller) (whether one or more, collectively, the "Buyer's Interest"), evidenced by a Certificate, at a purchase price of \$ [REDACTED] (the "Purchase Price"). Each beneficial interest in the Seller also includes an allocation of \$4,850.92 in debt.

1.2 Payment. The Buyer shall pay the Purchase Price as follows:

1.2.1 If the Buyer's subscription is accepted by the Seller, the Buyer shall deposit Cash with the Escrow Bank on or before 5 Business Days before the Closing Date (the first day of such 5 day period being referred to as the "Funding Date") in an amount equal to the Purchase Price. The Seller shall provide the Buyer written notice of the Funding Date at least 2 Business Days prior to the Funding Date. In the event the Buyer fails to deposit the Purchase Price in accordance with this Section 1.2.1, the Seller shall have the right to terminate this Agreement.

1.2.2 Concurrently with the execution and delivery of this Agreement, the Buyer shall execute, acknowledge (where appropriate) and deposit with the Seller (i) the Purchaser Questionnaire, (ii) the signature page for the Trust Agreement in the form attached to the Trust Agreement (and which is attached hereto as Exhibit B) and (iii) such other documents as may be required by the Seller or the Lender.

2. Closing.

2.1 Closing Conditions.

2.1.1 This Agreement and the obligations of the parties hereunder are subject to satisfaction or waiver (by the party in whose favor the condition precedent has been established) of all the conditions precedent set forth below. If any of the following conditions precedent are neither satisfied nor waived by the Closing Date, then the Seller may terminate this Agreement in accordance with Section 2.3.

2.1.2 The Manager and, if required by the Lender, the Lender shall have approved the Buyer's entering into the Trust Agreement with respect to the purchase of the Buyer's Interest.

2.2 Closing. The closing shall occur on the Closing Date.

2.3 Failure to Close without Default. If the Purchase Price as required under Section 1.2.1 is not received by the Seller by 5:00 p.m. Eastern Standard Time on the Funding Date for any reason other than the default of either the Buyer or the Seller under this Agreement, either the Buyer or the Manager, on behalf of the Seller, may terminate this Agreement by written notice to the other party. If this Agreement is so terminated, (i) the Escrow Bank shall return the Buyer's Deposit directly to the Buyer, and (ii) the Buyer and the Seller shall be released from their obligations under this Agreement, other than any obligations of the Buyer that survive the termination of this Agreement.

2.4 Seller's Deliveries After Closing. The Seller shall execute, acknowledge (where appropriate) and deliver to the Buyer, within a reasonable time after the Closing Date, a duly authorized and issued Certificate in substantially the form set forth in Exhibit B-1 to the Trust Agreement. The Certificate shall be registered in such name and in such denomination(s) as the Buyer may request at least 5 Business Days in advance of the Closing Date.

3. Distribution of Funds and Documents.

3.1 Deposit of Funds. After execution of this Agreement by the Buyer, all Cash, if any, received hereunder by the Escrow Bank, shall be kept on deposit by the Escrow Bank until the Seller instructs otherwise in accordance with Section 3.2.

3.2 Disbursements. The Escrow Bank, at the instruction of the Seller, on or before the Closing Date will hold for personal pickup, or if requested, wire transfer to an account designated by the party receiving such funds, (i) to the Seller, or order, the Purchase Price and (ii) to the Buyer, or order, any excess funds theretofore delivered to the Escrow Bank by the Buyer. All other disbursements by the Escrow Bank shall be made by checks of the Escrow Bank.

3.3 Documents. The Seller will, at the Closing Date, deliver by United States mail (or will hold for personal pickup, if requested) each document received hereunder by the Seller to the payee or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

4. Buyer Representations and Warranties.

4.1 PURCHASE AS-IS. AS FURTHER PROVIDED IN THE MEMORANDUM, THE BUYER REPRESENTS AND WARRANTS THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTIONS, INVESTIGATIONS AND ANALYSES OF THE PROJECT IN ENTERING INTO THIS AGREEMENT AND THE BUYER IS NOT RELYING IN ANY WAY UPON ANY REPRESENTATIONS, STATEMENTS, AGREEMENTS, WARRANTIES, STUDIES, REPORTS, DESCRIPTIONS, GUIDELINES OR OTHER

INFORMATION OR MATERIAL FURNISHED BY THE SELLER, THE DEPOSITOR OR THE MANAGER OR ANY OF THEIR REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER REGARDING ANY SUCH MATTERS AND IS PURCHASING THE BUYER'S INTEREST IN AN "AS-IS," "WHERE-IS" CONDITION. THE BUYER IS A SOPHISTICATED, EXPERIENCED INVESTOR AND WILL RELY ENTIRELY ON ITS OWN REVIEW OF THE SELLER AND THE PROJECT. THE BUYER ACKNOWLEDGES THAT, PRIOR TO THE DATE OF THIS AGREEMENT, THE BUYER HAS HAD THE OPPORTUNITY TO CONDUCT ANY AND ALL PHYSICAL INSPECTIONS OF THE PROJECT AS THE BUYER DEEMS NECESSARY, TO REVIEW AND APPROVE EACH OF THE TRANSACTION DOCUMENTS, AND TO REVIEW AND APPROVE ANY OTHER INFORMATION THE BUYER HAS REQUESTED. THE BUYER ACKNOWLEDGES THAT THE SELLER ONLY RECENTLY ACQUIRED THE PROJECT AND THE SELLER AND THE MANAGER HAVE LIMITED KNOWLEDGE REGARDING THE CONDITION OF THE PROJECT.

4.2 FEDERAL INCOME TAX CONSEQUENCES.

4.2.1 AS FURTHER PROVIDED IN THE MEMORANDUM, THE BUYER REPRESENTS AND WARRANTS THAT (i) THE BUYER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN AN INTEREST, ESPECIALLY THE TREATMENT OF THE TRANSACTION UNDER CODE SECTION 1031 AND THE RELATED "1031 EXCHANGE" RULES, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER, (ii) THE BUYER UNDERSTANDS AND IS AWARE THAT THERE ARE SUBSTANTIAL UNCERTAINTIES REGARDING THE TREATMENT OF AN INTEREST AS REAL ESTATE FOR INCOME TAX PURPOSES, (iii) THE BUYER HAS READ THE ENTIRE MEMORANDUM AND FULLY UNDERSTANDS THAT THERE IS A SIGNIFICANT RISK THAT AN INTEREST WILL NOT BE TREATED AS REAL ESTATE FOR INCOME TAX PURPOSES, (iv) THE BUYER 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 AN INTEREST MAY QUALIFY AS PART OF A TAX-DEFERRED EXCHANGE, (v) THE BUYER UNDERSTANDS THAT THE SELLER WILL NOT OBTAIN A RULING FROM THE IRS THAT AN INTEREST WILL BE TREATED AS AN UNDIVIDED INTEREST IN REAL ESTATE FOR FEDERAL INCOME TAX PURPOSES AND (vi) THE BUYER UNDERSTANDS THAT THE OPINION OF COUNSEL ISSUED TO THE SELLER (THE "TAX OPINION") IS ONLY COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THAT THERE IS NO GUARANTY THAT THE IRS WILL AGREE WITH SUCH OPINION.

4.2.2 THE BUYER ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT THE BUYER AND ANY OTHER PERSON WHO HAS ACQUIRED AN INTEREST IN THE SELLER BRINGS ANY CLAIM OR CAUSE OF ACTION AGAINST DLA PIPER LLP (US) WITH RESPECT TO THE MATTERS SET FORTH IN THE TAX OPINION OR OTHERWISE RELATING TO THE OFFERING, THAT DLA PIPER LLP (US) SHALL HAVE THE RIGHT, AT ITS ELECTION, TO CONSOLIDATE SUCH CLAIMS AND/OR CAUSES OF ACTION INTO ONE CLAIM OR CAUSE OF ACTION AND IN SUCH EVENT DLA PIPER LLP (US) SHALL NOT BE OBLIGATED TO SEPARATELY LITIGATE ANY SUCH CLAIMS OR CAUSES OF ACTION WITH THE HOLDERS OF THE INTERESTS IN THE SELLER. THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE BUYER IS RESPONSIBLE FOR ITS INDIVIDUAL TAX CIRCUMSTANCES AND ONLY THE OPINION SET FORTH IN THE TAX OPINION MAY BE RELIED UPON BY THE BUYER.

4.3 Commissions. The parties mutually warrant and covenant that, other than commissions and fees described in the Memorandum, to be paid by the Depositor in accordance with a separate agreement, no brokerage commissions, finder's fees or similar commissions or fees shall be due or payable on account of this transaction. Each party shall indemnify, protect, defend (with legal counsel acceptable to the other) and hold

the other harmless from the claims for such commission or finder's fees or similar commissions or fees arising out of the actions of the indemnifying party, including, without limitation, attorneys' fees incurred in connection therewith or to enforce this indemnity, which indemnities shall survive the Closing Date (or if none the purchase of the Interest).

4.4 Additional Buyer Representations and Warranties. The Buyer hereby represents and warrants to the Seller that all representations and warranties contained in the Purchaser Questionnaire and all of the following representations and warranties contained in this Section 4.4, are true and correct as of the date of this Agreement and as of the Closing Date.

4.4.1 That (i) to the extent applicable, the execution, delivery and performance of this Agreement and the Trust Agreement (a) have been duly authorized by the Buyer, (b) do not require the Buyer to obtain any consent or approval that have not been obtained and (c) do not contravene or result in a default under (1) any provision of any law or regulation applicable to the Buyer, (2) the governing documents of the Buyer or (3) any agreement or instrument to which the Buyer is a party or by which the Buyer is bound and (ii) this Agreement and the Trust Agreement are valid, binding and enforceable against the Buyer in accordance with their terms.

4.4.2 The Buyer acknowledges that it has received, read and fully understands the Memorandum and all attachments and exhibits thereto. The Buyer acknowledges that it is basing its decision to invest in the Buyer's Interest on the Memorandum and any exhibits and attachments thereto and the Buyer has relied only on the information contained in said materials and has not relied upon any representations made by any other person. The Buyer recognizes that an investment in the Buyer's Interest is speculative and involves substantial risk and the Buyer is fully cognizant of and understands all of the risks related to the purchase of the Buyer's Interest, including, but not limited to, those risks set forth in the section of the Memorandum entitled "Risk Factors."

4.4.3 The Buyer's overall commitment to investments that are not readily marketable is not disproportionate to its individual net worth, and its investment in the Buyer's Interest will not cause such overall commitment to become excessive. The Buyer has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. The Buyer can bear and is willing to accept the economic risk of losing its entire investment in the Buyer's Interest.

4.4.4 All information that the Buyer has provided to the Seller concerning the Buyer's suitability to invest in the Buyer's Interest is complete, accurate and correct as of the date of its signature on the last page of this Agreement. The Buyer hereby agrees to notify the Seller immediately of any material change in any such information occurring prior to the Closing Date, including any information about changes concerning its net worth and financial position.

4.4.5 The Buyer has had the opportunity to ask questions of, and receive answers from, the Seller and its officers, directors, members and employees concerning the Project and the terms and conditions of the offering of the Buyer's Interest, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. The Buyer has been provided with all materials and information requested by either the Buyer or others representing the Buyer, including any information requested to verify any information furnished to the Buyer.

4.4.6 The Buyer is purchasing the Buyer's Interest for the Buyer's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Buyer's Interest. The Buyer understands that, due to the restrictions referred to in Section 4.4.9, and the lack of any market existing or to exist for the Buyer's Interest, the Buyer's investment in the Buyer's Interest will be highly illiquid and may have to be held indefinitely.

4.4.7 The Buyer understands that legends will be placed on the Certificate with respect to restrictions on distribution, transfer, resale, assignment or subdivision of the Buyer's Interest imposed by applicable federal and state securities laws. The Buyer is fully aware that the Buyer's Interest has not been registered with the Securities and Exchange Commission in reliance on the exemption specified in Regulation D which reliance is based in part upon the Buyer's representations set forth herein. The Buyer understands that the Buyer's Interest has not been registered under applicable state securities laws and is being offered and sold pursuant to the exemptions specified in said laws, and unless it is registered, it may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. The Buyer further understands that the specific approval of such resales by the state securities administrator may be required in some states.

4.4.8 The Buyer understands that none of the Seller, the Depositor or the Manager, or their respective officers, directors, employees, members or affiliates, nor any of their respective legal counsel or advisors, represents the Buyer in any way in connection with the purchase of the Buyer's Interest and the entering into any of the related agreements associated with the purchase, including, but not limited to, this Agreement and the Trust Agreement. The Buyer also understands that legal counsel to the Seller, the Depositor, the Manager and their affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, the Buyer. The Buyer has been afforded the opportunity to retain the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Seller, the Depositor or the Manager both to the Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on the Buyer's behalf.

4.4.9 THE BUYER'S INTEREST OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CERTAIN STATES AND IS BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE BUYER'S INTEREST IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE BUYER'S INTEREST HAS 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.

4.4.10 The Buyer is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

4.4.11 The Buyer is not and shall not be (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 133224, 66 Fed. Reg. 49079 (September 25, 2001) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable enabling legislation or other Executive Orders in respect thereof (such lists are collectively referred to as "Lists"), (ii) owned or controlled by, nor act for or on behalf of, any person or entity on the Lists or (iii) transfer or permit the transfer of any of the Buyer's Interest to any person who is or whose beneficial owners are listed on the Lists.

4.4.12 The Buyer (i) has such knowledge and experience in financial and business matters that the Buyer is personally capable of evaluating the Project and the merits and risks of an investment in the Buyer's Interest and the Project and has the ability to protect its own interests in connection with such investment, and the Buyer has not relied on an investment advisor in evaluating such risks and merits or (ii) has

employed the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Seller or the Manager both to the Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on the Buyer's behalf.

4.4.13 Within 5 days after receipt of a written request from the Seller, the undersigned 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 regulations to which the Seller is subject.

4.4.14 The Buyer acknowledges that the sale of the Buyer's Interest has not been accompanied by the publication of any advertisement or by any general solicitation as prohibited by Rule 506(b) of Regulation D.

4.4.15 The Buyer is not (i) directly or indirectly affiliated in any way with Maxus, (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus. In the event the Seller determines that the Buyer is in breach of this Section 4.4.15, the Buyer acknowledges that the Seller will have the right to repurchase all Interests held by the Buyer at a price equal to the Purchase Price, less any distributions received by the Buyer and any costs incurred by the Seller in connection with repurchase of the Interests. Any sale, transfer or assignment by the Buyer to Maxus, whether directly or indirectly, shall be null and void.

4.5 Survival. The representations and warranties of the Buyer set forth herein above shall survive the Closing Date or termination of this Agreement.

4.6 Indemnification. The Buyer hereby agrees to indemnify, defend and hold harmless the Seller, the Depositor, the Manager and all of their shareholders, officers, directors, affiliates, members and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of the Buyer's failure to fulfill all of the terms and conditions of this Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Buyer has furnished 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 Seller, the Depositor or the Manager, or any of their shareholders, officers, directors, members, affiliates or advisors, 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 Buyer has furnished to any of the foregoing in connection with this transaction.

5. Seller's Representations and Warranties.

5.1 Status. The Seller is a validly formed and existing statutory trust under the laws of the State of Delaware.

5.2 Issuance. When issued, authenticated and delivered by the Seller and paid for by the Buyer pursuant to the provisions of this Agreement and of the Trust Agreement, the Buyer's Interest 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.

6. General Provisions.

6.1 Interpretation. The use herein of (i) the neuter gender includes the masculine and the feminine, (ii) the singular number includes the plural, whenever the context so requires and (iii) the words “I” and “me” include “we” and “us” if the Buyer is more than one person. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms hereof. All exhibits referred to herein and attached hereto are incorporated by reference. This Agreement together with the other Transaction Documents contain the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

6.2 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

6.3 Cooperation. The Buyer and the Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein to complete the acquisition of the Buyer’s Interest as provided herein. The Buyer and the Seller agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the parties’ intent evidenced in this Agreement.

6.4 Assignment of Agreement. The Buyer shall not assign its rights under this Agreement without first obtaining the Seller’s written consent, which consent may be withheld in the Seller’s sole and absolute discretion. No such assignment shall operate to release the assignor from the obligation to perform all obligations of the Buyer hereunder. The Seller shall have the absolute right to assign its rights and obligations under this Agreement.

6.5 Notices. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be addressed as follows:

If to the Seller:

Passco Northridge DST
c/o Passco Northridge Manager, LLC
2050 Main Street, Suite 650 Irvine,
California 92614

If to the Buyer, to the Buyer’s Address.

Either party may change such address by written notice to the other party. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be deemed to have been duly given and received (i) upon personal delivery, (ii) as of the third Business Day after mailing by United States mail, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding Business Day after deposit with Federal Express or other similar overnight delivery system.

6.6 Eminent Domain. If, prior to the Closing Date, (i) all of the Project is taken or appropriated by any public or quasi-public authority under the power of eminent domain, (ii) there is a partial taking of the Project that materially and adversely affects the ability to operate the Project or (iii) the Seller, the Depositor or the Manager receives actual notice of any pending or threatened condemnation proceedings that will materially and adversely affect the ability to operate the Project, then the Buyer may terminate this Agreement without further liability hereunder and the parties shall proceed in accordance with Section 2.3.

6.7 Loss or Damage. The Buyer shall have the right to terminate this Agreement in the event of any loss or damage to the Project, without further liability hereunder, and the parties shall proceed in accordance with Section 2.3.

6.8 Periods of Time. All time periods referred to in this Agreement include all Saturdays, Sundays and state or United States holidays, unless Business Days are specified, provided that if the date or last date to perform any act or give any notice with respect to this Agreement falls on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding Business Day.

6.9 Counterparts. This Agreement may be executed in counterparts, all of which when taken together shall be deemed fully executed originals.

6.10 Attorneys' Fees. Except with respect to Section 6.19, if either party commences litigation for the judicial interpretation, enforcement, termination, cancellation or rescission hereof, or for damages for the breach hereof against the other party, then, in addition to any or all other relief awarded in such litigation, the prevailing party therein shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The prevailing party shall be determined by either the officiating judge in the matter or by the presiding judge of the Orange County, California Superior Court.

6.11 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

6.12 Choice of Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without regard to conflict of laws principles that would result in the application of any other law, except as otherwise provided herein or as to the type of registration of ownership of the Buyer's Interest, which shall be construed in accordance with the state of principal residence of the Buyer.

6.13 Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Orange County, California.

6.14 Time. Time is of the essence to this Agreement.

6.15 Third Party Beneficiaries. The Buyer and the Seller do not intend to benefit any party that is not a party to this Agreement other than the Depositor and the Manager, each of whom shall be a third-party beneficiary of this Agreement with respect to Section 4, and, except as so provided, no party that is not a party to this Agreement shall be deemed to be a third party beneficiary of this Agreement or any provision hereof.

6.16 Severability. If any term, covenant, condition, provision or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Agreement.

6.17 Election to Effect a Code Section 1031 Exchange. In the event the Buyer so elects, the Seller agrees to accommodate the Buyer in effecting a tax-deferred exchange under Code Section 1031, as amended. The Buyer shall have the right to elect a tax-deferred exchange at any time prior to the Closing Date. If the Buyer elects to effect a tax-deferred exchange, the Seller agrees to execute revised or additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that the Seller shall incur no additional costs, expenses, fees or liabilities, nor shall the closing be delayed, as a result of the exchange. The Buyer may assign this Agreement to an accommodator in order to effect such exchange and thereafter, such assignee will perform the Buyer's obligations under this Agreement.

6.18 Binding Agreement. Subject to any limitation on assignment set forth herein, all terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

6.19 ARBITRATION OF DISPUTES.

6.19.1 ALL CLAIMS SUBJECT TO ARBITRATION. ANY DISPUTE, CONTROVERSY OR OTHER CLAIM ARISING UNDER, OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY AMENDMENT THEREOF, OR THE BREACH OR INTERPRETATION HEREOF OR THEREOF, SHALL BE DETERMINED AND SETTLED BY BINDING ARBITRATION IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, IN ACCORDANCE WITH TITLE 9 OF THE CALIFORNIA CIVIL CODE AND THE CODE OF CIVIL PROCEDURE, INCLUDING SPECIFICALLY CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 1283.05 AND 1283.1, AND THE RULES AND PROCEDURES OF THE AMERICAN ARBITRATION ASSOCIATION. THE PREVAILING PARTY SHALL BE ENTITLED TO AN AWARD OF ITS REASONABLE COSTS AND EXPENSES INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES. ANY AWARD RENDERED THEREIN SHALL BE FINAL AND BINDING ON EACH AND ALL OF THE PARTIES THERETO AND THEIR PERSONAL REPRESENTATIVES, AND JUDGMENT MAY BE ENTERED THEREON IN ANY COURT OF COMPETENT JURISDICTION.

6.19.2 WAIVER OF LEGAL RIGHTS. BY INITIALING IN THE SPACE BELOW, THE PARTIES ACKNOWLEDGE AND AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS ARTICLE DECIDED BY NEUTRAL ARBITRATION AS PROVIDED UNDER CALIFORNIA LAW AND THAT THEY ARE KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVING ANY RIGHTS THEY MAY POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR BY JURY TRIAL. THE PARTIES FURTHER ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING THEIR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL EXCEPT TO THE EXTENT SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION. IF EITHER PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER EXECUTION OF THIS AGREEMENT AND INITIALING BELOW, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. EACH PARTY'S AGREEMENT TO THIS SECTION IS VOLUNTARY. THE PARTIES HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION TO NEUTRAL ARBITRATION.

Seller's Initials

Buyer's Initials

Buyer's Initials

6.20 ACCEPTANCE OR REJECTION OF BUYER'S OFFER. THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER OF ANY KIND BY THE SELLER AND SHALL NOT BIND THE SELLER UNLESS DULY EXECUTED AND DELIVERED BY THE MANAGER ON BEHALF OF THE SELLER. TO SUBMIT AN OFFER, THE BUYER SHALL DELIVER TO THE SELLER AN EXECUTED COPY OF THE PURCHASER QUESTIONNAIRE AND SHALL DELIVER TO THE SELLER 3 COMPLETED AND EXECUTED ORIGINALS OF THIS AGREEMENT. THE SELLER SHALL HAVE 30 DAYS TO EITHER ACCEPT OR REJECT THE BUYER'S OFFER. IF THE SELLER DOES NOT ACCEPT THE BUYER'S OFFER WITHIN SUCH 30-DAY PERIOD, THE OFFER SHALL BE DEEMED REJECTED, AND THIS AGREEMENT SHALL NOT BECOME EFFECTIVE.

6.21 Legal Counsel. The Buyer acknowledges and agrees that counsel representing any of the Seller, the Manager, the Depositor and their respective affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing the Buyer in

any respect. In addition, the Buyer consents to the Manager hiring counsel for the Project who is also counsel to the Seller and its affiliates.

6.22 Definitions.

“Agreement” shall have the meaning set forth in the introductory paragraph.

“Business Day” means any day other than a Saturday or Sunday or legal holiday in the State of California.

“Buyer” shall have the meaning set forth in the introductory paragraph.

“Buyer’s Address” shall be the address set forth on the signature page to this Agreement.

“Buyer’s Interest” shall have the meaning set forth in Section 1.1.

“Cash” shall mean (i) currency of the United States of America, (ii) cashier’s check(s) currently dated and payable to the Seller, as required under this Agreement, drawn and paid through a California banking or savings and loan institution, tendered to the Seller, as required under this Agreement at least 1 additional Business Day before funds are otherwise required to be delivered under this Agreement or (iii) an amount credited by wire transfer to the Seller’s bank account, as required under this Agreement.

“Certificate” shall have the meaning set forth in the Recitals.

“Closing Date” means that certain date selected by the Seller in its sole discretion as the date the purchase of the Interests is final.

“Code” means the Internal Revenue Code of 1986, as amended.

“Depositor” means Passco Northridge Depositor, LLC, a Delaware limited liability company. “Effective Date” shall have the meaning set forth in the introductory paragraph.

“Escrow Bank” means UMB Bank, N.A.

“Funding Date” shall have the meaning set forth in Section 1.2.1.

“Interest” shall have the meaning set forth in the Recitals.

“Lender” means KeyBank National Association, and its successors and assigns.

“Loan Documents” means the Note, the loan agreement, the deed of trust and the other documents related to or securing the Note.

“Manager” means Passco Northridge Manager, LLC, a Delaware limited liability company and the manager of the Seller in accordance with the Trust Agreement. The Manager is acting solely in its capacity as manager of the Seller and not on its own behalf.

“Master Lease” means the master lease agreement with the Master Tenant relating to the Project, together with all amendments, supplements and modifications thereto.

“Master Tenant” means Passco Northridge MT, LLC, a Delaware limited liability company, and its successor or assigns.

“Maxus” means Maxus Properties, Inc. or any of its Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries.

“Memorandum” means that certain Passco Northridge DST Confidential Private Placement Memorandum dated January 21, 2022, as supplemented or amended.

“Note” means that certain promissory note in the original principal amount of approximately \$32,962,000 executed by the Seller in favor of the Lender.

“OFAC” means the Office of Foreign Asset Control, Department of the Treasury.

“Project” shall have the meaning set forth in the Recitals.

“Purchase Price” shall have the meaning set forth in Section 1.1.

“Purchaser Questionnaire” means the Purchaser Questionnaire in the form attached to the Memorandum.

“Seller” means Passco Northridge DST, a Delaware statutory trust.

“Transaction Documents” means this Agreement, the Purchaser Questionnaire, the Loan Documents and the Trust Agreement, as applicable.

“Trust Agreement” means that certain Amended and Restated Trust Agreement of Passco Northridge DST in the form attached to the Memorandum.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

SELLER:

PASSCO NORTHRIDGE DST, a Delaware statutory trust

By: Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager

By: Passco Companies, LLC, a Delaware limited liability company, its sole member

By: _____
Larry K. Sullivan, President

Dated: _____

BUYER:

Executed this ____ day of _____, 20__.

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)
Title: _____

Signature: _____

Name: _____
(Print)
Title: _____

Buyer's Address:

PARTIES MUST ALSO INITIAL SECTION 6.19.2 AND EXECUTE THE SIGNATURE PAGE FOR CLASS A OWNERS OF PASSCO NORTHRIDGE DST ATTACHED AS EXHIBIT B HERETO

EXHIBIT A

THE PROJECT

The Project is located at 120 Parkway Drive, Jackson, Mississippi 39211

LAND – LEGAL DESCRIPTION

COLONIAL HIGHLANDS, PART 1

THE FOLLOWING DESCRIPTION IS BASED ON THE MISSISSIPPI STATE PLANE COORDINATE SYSTEM. WEST ZONE, WAD 83, GRID VALUES. USING A COMBINED FACTOR OF 0.999944015 AND A CONVERGENCE ANGLE OF +00'06'38".

A PARCEL OF LAND CONTAINING 14.38 ACRES, MORE OR LESS, AND BEING SITUATED IN SECTION 7, TOWNSHIP 6 NORTH, RANGE 2 EAST. Cm' OF JACKSON. HINDS COUNTY. MS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A FOUND 1/2" REBAR AT THE SOUTHEAST CORNER OF LOT 2, BLOCK F. CLUB PARK SUBDMSION PART 1, SAID POINT HAVING MISSISSIPPI STATE PLANE COORDINATES OF N:1048060.54. E:2358756.89; THENCE RUN SOUTH 514.74 FEET THENCE EAST 1002.07 FEET TO A SET 1/2' REBAR WITH CAP. SAID POINT HAVING MISSISSIPPI STATE PLANE 000RDINATES OF N:1047545.79, E:2359758.96 AND BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL OF LAND.

FROM SAID POINT OF BEGINNING, THENCE RUN N 4707'54" E FOR A DISTANCE OF 523.85 FEET TO A SET 1/2' REBAR WITH CAP; THENCE RUN S 42'52'06" E FOR A DISTANCE OF 173.26 FEET TO A SET 1/2' REBAR WITH CAP; THENCE RUN N 4707'54" E FOR A DISTANCE OF 150.36 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4752'06" E FOR A DISTANCE OF 560.90 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4707'64" W FOR A DISTANCE OF 150.36 FEET TO A 1/2" REBAR WITH CAP; THENCE RUN S 42'52'06" E FOR A DISTANCE OF 271.09 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN SOUTHEASTERLY ON AND ALONG THE ARC OF A CURVE TO THE RIGHT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 192.00 FEET, AN ARC LENGTH OF 127.80 FEET, A CHORD BEARING OF S 23'48'00" E, A CHORD LENGTH OF 125.45 FEET, AND A DELTA ANGLE OF 38'08'12"; THENCE RUN S 04'43'55" E FOR A DISTANCE OF 39.06 FEET TO A 1/2' REBAR WITH CAP SET ON THE NORTH RIGHT OF WAY LINE OF CLUBVIEW DRIVE; THENCE RUN WESTERLY ON AND ALONG SAID RIGHT OF WAY LINE AND

ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 938.80 FEET, AN ARC LENGTH OF 305.79 FEET, A CHORD BEARING OF S 7815'09" W, A CHORD LENGTH OF 304.44 FEET, AND A DELTA ANGLE OF 18'39'46"; THENCE, CONTINUING ALONG SAID RIGHT OF WAY LINE, RUN SOUTHWESTERLY ON AND ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 626.70 FEET, AN ARC LENGTH OF 205.57 FEET. A CHORD BEARING OF S 59'31'42" W, A CHORD LENGTH OF 204.65 FEET. AND A DELTA ANGLE OF 18'47'38"; THENCE. LEAVING SAID RIGHT OF WAY LINE, RUN NORTHWESTERLY ON AND ALONG NE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 970.00 FEET, AN ARC LENGTH OF 58.40 FEET, A CHORD BEARING OF N 41'08'37" W, A CHORD LENGTH OF 58.39 FEET, AND A DELTA ANGLE OF 03'26'59"; THENCE RUN N

4752'06" W FOR A DISTANCE OF 894.89 FEET BACK TO THE POINT OF BEGINNING
AND CONTAINING 14.38 ACRES, MORE OR LESS.

TOGETHER WITH: The "Access Easement," the "Grading, Drainage and Utility Easements," and the "Drainage Easement," created by that certain Reciprocal Easement Agreement by and between Colonial Jackson, L.L.C., and Arlington Colonial Club, LLC, dated August 12, 2019 and recorded in Book 7238 at Page 144.

EXHIBIT B

**SIGNATURE PAGE FOR
CLASS A OWNERS OF
PASSCO NORTHRIDGE 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 Passco Northridge DST dated January 21, 2022 by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager, and Delaware Trust Company, a Delaware corporation, as Trustee (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 as an Owner. 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 A Interest, the undersigned hereby represents and warrants that the undersigned is:

- (a) (1) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any political subdivision thereof, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (4) a trust, if (i) the administration of the trust is subject to the primary supervision of a U.S. court and the trust has one or more U.S. persons with authority to control all substantial decisions or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; and
- (b) an Accredited Investor.

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)

Title: _____

Signature: _____

Name: _____
(Print)

Title: _____

EXHIBIT C

TRUST AGREEMENT

AMENDED AND RESTATED TRUST AGREEMENT
OF
PASSCO NORTHRIDGE DST
DATED AS OF
DECEMBER 9, 2021
BY AND AMONG
PASSCO NORTHRIDGE DEPOSITOR, LLC
AS THE DEPOSITOR
AND
PASSCO NORTHRIDGE MANAGER, LLC
AS THE MANAGER
AND
DELAWARE TRUST COMPANY
AS THE TRUSTEE

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

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- EXHIBIT G-2 – FORM OF CLASS B CERTIFICATE

AMENDED AND RESTATED TRUST AGREEMENT
OF
PASSCO NORTHRIDGE DST
A DELAWARE STATUTORY TRUST

This Amended and Restated Trust Agreement (this “Agreement”), dated as of December 9, 2021 (the “Effective Date”) (as the same may be amended or supplemented from time to time), is made by and among Passco Northridge Depositor, LLC, a Delaware limited liability company as the depositor hereunder (the “Depositor”), Passco Northridge Manager, LLC, a Delaware limited liability company, as the Manager, and Delaware Trust Company, a Delaware corporation, as Trustee. Except as otherwise provided in this Agreement, defined terms shall have the meanings set forth in Section 1.

RECITALS

A. On November 18, 2021, Depositor and Trustee formed a statutory trust in accordance with the Act.

B. The Depositor and the Trustee entered into a Trust Agreement dated as of November 18, 2021 (the “Original Agreement”).

C. The Depositor has agreed to acquire the Project from the Seller.

D. The Depositor intends to (i) assign the Real Estate Agreement, (ii) contribute \$27,103,992 in cash for the purchase of the Project, (iii) contribute \$68,980 for cash operating reserves and (iv) contribute a promissory note in the amount of \$2,343,666 to the Trust in exchange for 100% of the Class B Interests.

E. To enable the Trust following such assignment to complete the purchase of the Project, the Loan will be obtained from the Lender and the Lease will be entered into with the Tenant.

F. It is anticipated that Investors will acquire Class A Interests in the Trust in exchange for the payment of cash to the Trust and become Class A Owners in accordance with the provisions of this Agreement, which cash will be used by the Trust to redeem the Depositor’s Class B Interests on a proportionate basis. Upon the sale of all of the remaining Class A Interests, the Depositor will no longer have any interest in the Trust and no Class B Interests will remain outstanding.

G. The Project will be acquired by the Trust on the Project Acquisition Date and afterwards will be owned solely by the Trust.

H. The Trust has appointed the Trustee to undertake certain actions and perform certain duties pursuant to this Agreement.

I. The Trust has appointed the Manager to undertake certain actions and perform certain duties pursuant to this Agreement.

J. The parties now desire to amend and restate in its entirety the Original Agreement.

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 agree as follows:

1. Definitions. Capitalized terms used in this Agreement that are not defined elsewhere in this Agreement have the following meanings:

“Act” means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801 et seq., as the same may be amended from time to time.

“Accredited Investor” has the meaning ascribed to it in Rule 501 of Regulation D promulgated by the U.S. Securities and Exchange Commission under its authority pursuant to the Securities Act.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, “control,” when used with respect to any 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.

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Beneficial Interest” means a beneficial interest in the Trust, as such term is used in the Act, which interests shall be Class A Interests and/or Class B Interests.

“Business Day” is any day other than a Saturday, Sunday or legal holiday in the State of Delaware.

“Certificate” means a Class A Certificate or Class B Certificate.

“Certificate of Trust” means the certificate of trust of the Trust, filed with the Delaware Secretary of State on November 18, 2021.

“Class A Certificates” means certificates, in substantially the form set forth on Exhibit G-1, representing the Class A Interests.

“Class A Interests” means the Beneficial Interests held by the Investors.

“Class A Owners” means the registered holders of the Class A Interests.

“Class B Certificates” means certificates, in substantially the form set forth on Exhibit G-2, representing Class B Interests.

“Class B Interests” means the Beneficial Interests initially held by the Depositor.

“Class B Owners” means the registered holders of the Class B Interests.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Conversion Date” means the date of the Conversion Notice.

“Conversion Notice” means the notice, in substantially the form of Exhibit F, issued by the Depositor to the Trustee and the Manager.

“Depositor” has the meaning given to such term in the introductory paragraph hereof.

“Designated Trustee” has the meaning given to such term in Section 4.5.

“Effective Date” means the effective date of this Agreement as specified in the introductory paragraph hereof.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Investors” mean the purchasers of the Class A Interests.

“Lease” means the Lease entered into between the Tenant and the Trust.

“Lender” means KeyBank National Association, and its successors and assigns.

“Lender’s Termination Notice” has the meaning given to such term in Section 9.2.1(b).

“LLC Agreement” has the meaning set forth in Section 9.2.1(b).

“Loan” means that certain loan from Lender to the Trust in the principal amount of approximately \$32,962,000, as evidenced and secured by the Loan Documents.

“Loan Agreement” means the Multifamily Loan And Security Agreement (Non-Recourse) by and between the Trust and Lender in connection with the Loan.

“Loan Documents” means that certain (i) Multifamily Note, (ii) Multifamily Loan and Security Agreement (Nonrecourse), (iii) Multifamily Deed of Trust to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Mississippi), (iv) Environmental Indemnity Agreement, (v) Assignment of Management Agreement, (vi) Tenant/Landlord Subordination and Assignment Agreement and (vii) any other documents necessary to enter into the Loan executed and delivered in connection with the Loan and any other documents at any time executed by the Trust or any other Person to evidence or secure, or otherwise to provide support for, the Loan, as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Manager” means Passco Northridge Manager, LLC, a Delaware limited liability company, or any successor Manager appointed pursuant to the terms of this Agreement.

“Manager Expenses” has the meaning set forth in Section 5.4.

“Manager Indemnified Persons” has the meaning set forth in Section 5.4.

“Master Lease Event of Default” shall mean (i) a default by the Tenant with respect to any of the Operating Covenants that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Tenant under the Lease.

“Master Lease Termination Event” shall mean any event in which (i) a Master Lease Event of Default has occurred and is continuing, (ii) the Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an Event of Default (as such term is used in the Loan Documents) caused by the Tenant which Event of Default has not been waived within any applicable cure period.

“Maxus” means Maxus Properties, Inc. or any of its direct or indirect Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or

subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries.

“Offer Period” has the meaning set forth in Section 6.14.

“Operating Covenants” shall mean all terms, conditions, provisions, requirements, representations, and affirmative and negative covenants of the Loan Documents relating to the use and operation of the Project.

“Option Period” has the meaning set forth in Section 6.14.

“Original Agreement” has the meaning given to such term in the Recitals hereof.

“Owner” means each Person who, at the time of determination, holds a Beneficial Interest as reflected on the most recent Ownership Records.

“Ownership Records” means the records maintained by the Manager, substantially in the form as set forth on Exhibit B, indicating from time to time the name, mailing address and Percentage Share of each Owner, which records shall be revised by the Manager contemporaneously to reflect the issuance of Beneficial Interests and Certificates in accordance with this Agreement, changes in mailing addresses or other changes.

“Percentage Share” means, for each Owner, the percentage of the aggregate Beneficial Interest in the Trust held by such Owner as reflected on the most recent Ownership Records and evidenced by the Certificate held by such Owner. For the avoidance of doubt, the sum of (a) the Percentage Share of the Class A Interests and (b) the Percentage Share of the Class B Interests at all times shall be 100%.

“Permitted Investment” means 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. All such obligations must mature prior to the next distribution date, and be held to maturity.

“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.

“Project” means that certain real property and improvements commonly known as Tapestry Northridge in Jackson, Mississippi, and more particularly described on Exhibit A to this Agreement.

“Project Acquisition Date” means the date on which the Trust acquires the Project.

“Purchase Agreement” means the agreement to be entered into by the Trust and each Investor with respect to the acquisition of the Class A Interests.

“Real Estate Agreement” means the agreement to purchase the Project between Depositor and Seller, and all amendments and supplements thereto, and all other documents and agreements executed in connection therewith or contemplated thereby.

“Reserves” has the meaning given to such term in Section 7.1.

“ROFR Notice” has the meaning set forth in Section 6.14.

“Secretary of State” means the Delaware Secretary of State.

“Securities Act” means the Securities Act of 1933, as amended.

“Seller” shall mean Arlington Colonial Club, LLC, an Alabama limited liability company.

“Selling Owner” has the meaning set forth in Section 6.14.

“Signature Page” has the meaning set forth in Section 6.7.

“Single Asset Entity” has the meaning set forth in Section 3.3.2.

“Springing LLC” has the meaning set forth in Section 9.2.1 or Section 9.2.2, as applicable.

“Tenant” means Passco Northridge MT, LLC, a Delaware limited liability company.

“Termination Date” means January 31, 2031.

“Transaction Documents” mean this Agreement, the Purchase Agreements, the Real Estate Agreement, the Lease and the Loan Documents, 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 9.2.1(b).

“Treasury Regulations” means the Treasury Regulations promulgated by the U.S. Department of Treasury pursuant to its authority under the Code.

“Trust” means Passco Northridge DST, a Delaware statutory trust continued by and in accordance with, and governed by, this Agreement.

“Trust Estate” means all of the Trust’s right, title and interest in and to the Lease, the Project, 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.

“Trustee” means Delaware Trust Company, a Delaware corporation, not in its individual capacity but solely as a trustee, or any successor trustee appointed as “Trustee” pursuant to this Agreement.

“Trustee Expenses” has the meaning set forth in Section 4.2.

“Trustee Indemnified Persons” has the meaning set forth in Section 4.2.

2. General Matters.

2.1 Organizational Matters.

2.1.1 Delaware Trust Company is hereby appointed as the Trustee, and Delaware Trust Company hereby accepts such appointment.

2.1.2 The Trustee has executed and filed the Certificate of Trust in the office of the Secretary of State on November 18, 2021. The Trustee is authorized to execute and file in the office of the

Secretary of State such additional certificates as may from time to time be required under the Act or any other Delaware law and to execute, in such forms as may be furnished to the Trustee from time to time, and deliver to the Manager such additional certificates and documents, including an additional original Certificate of Trust, as the Manager determines are required by the state and local laws of the jurisdictions in which the Project is located, so that the Manager may have such additional certificates and documents filed with the appropriate governmental entities.

2.1.3 The name of the Trust is “Passco Northridge DST.” Any reference to the Trust shall be a reference to the statutory trust formed pursuant to the Certificate of Trust and this 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.

2.1.4 The principal office of the Trust, and such additional offices as the Manager may 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 c/o the Manager at 2050 Main Street, Suite 650, Irvine, California 92614.

2.1.5 Legal title to the Trust Estate shall be vested in the Trust as a separate legal entity.

2.2 Declaration of Trust and Statement of Intent.

2.2.1 The Trustee hereby declares that it shall hold the Trust Estate in trust for the benefit of the Owners upon the terms set forth in this Agreement.

2.2.2 It is the intention of the parties that the Trust constitute a “statutory trust,” each Trustee (or Designated Trustee) is a “trustee,” the Manager is an “agent” of the Trust, the Owners are “beneficial owners,” and this Agreement is the “governing instrument” of the Trust, each within the respective meaning provided in the Act.

2.3 Purposes. The purposes of the Trust are to engage in the following activities: (i) to acquire the Project subject to the Lease and enter into the Loan Documents, (ii) to hold the Project for investment and to sell, transfer or exchange the Project as required or permitted under Section 9, (iii) to make monthly distributions to the Owners from cash generated by ownership of the Project and (iv) to take such other actions as the Manager deems necessary to carry out the foregoing as are permitted in this Agreement.

3. Provisions Relating to Tax Treatment and the Loan.

3.1 Section 3 Controls Over All Other Provisions of this Agreement. This Section 3 contains certain provisions required by the Lender or intended to achieve the desired treatment of the Trust and Beneficial Interests for federal income tax purposes. To the extent of any inconsistency between this Section 3 and any other provision of this Agreement, this Section 3 shall be controlling; provided, however, that nothing in this Section 3 shall limit or impair the Trust’s power and authority to execute and deliver, and to perform its obligations under, the Transaction Documents, and further provided that the requirements of this Section 3 shall be enforceable to the maximum extent permissible under the Act.

3.2 Provisions Relating to Tax Treatment.

3.2.1 Prior to the effective date of the Conversion Notice, the sole Owner of the Trust will be the Depositor. The rights of the Depositor (as the Class B Owner) with respect to the assets and property held by the Trust are such that the Trust will be characterized as a “business entity” within the meaning of Treasury Regulations Section 301.7701-2. Because the Depositor will be the sole Owner, the Trust will be characterized prior to the effective date of the Conversion Notice as a disregarded entity, and

all assets and property of the Trust will be treated for federal income tax purposes as assets and property of the Depositor.

3.2.2 On the effective date of the Conversion Notice, all prior special rights of the Depositor (as the Class B Owner), as set forth in Section 5.8 will terminate and the Depositor will have the same rights as a Class A Owner. At such time the Depositor will be deemed for federal income tax purposes to have transferred all assets and liabilities in the Trust to a separate entity (the Trust), which will be classified for federal income tax purposes as specified in Section 3.2.3. The Depositor shall assume the obligation to pay all offering and organizational expenses, acquisition and closing costs and expenses, loan and lender costs and expenses, selling commissions and expenses and carrying costs related to the acquisition of the Project by the Trust and the offering of Class A Interests to Investors.

3.2.3 It is the intention of the parties hereto that upon and at all times after the effective date of the Conversion Notice that the Trust constitute an investment trust pursuant to Treasury Regulations Section 301.7701-4(c) and each Owner be treated as a “grantor” within the meaning of Code Section 671. The parties further intend that each Owner be treated for federal income tax purposes as if it held a direct ownership interest in the assets comprising the Trust Estate. Each Owner agrees to report its interest in the Trust in a manner consistent with the foregoing and not to take any action that would be inconsistent with the foregoing. Upon and after the effective date of the Conversion Notice, none of the Trustee, the Manager, the Owners and/or the Trust shall have any power or authority to take, and each of them is hereby expressly prohibited from taking, and none of them shall take, any of the following actions:

- (a) sell, transfer or exchange the Project except as required or permitted under Section 9;
- (b) invest or reinvest any cash held by the Trust (including Reserves) in anything other than Permitted Investments;
- (c) reinvest any monies of the Trust, except to make minor nonstructural modifications or repairs to the Project as permitted under this Agreement;
- (d) reinvest the proceeds from the sale of the Project;
- (e) renegotiate or refinance the Loan, except in the case of the Tenant’s bankruptcy or insolvency;
- (f) renegotiate, alter or extend the Lease or enter into new leases, except in the case of the Tenant’s bankruptcy or insolvency;
- (g) make any modifications to the Project other than minor nonstructural modifications or as required by law;
- (h) accept any capital contributions from an Owner or other Person (other than capital from an Investor that will be distributed to the Depositor and reduce the Depositor’s Percentage Share pursuant to this Agreement); or
- (i) take 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, if the effect of the action would be to create a power under the Agreement to “vary the investment of the certificate holders” under Treasury Regulations Section 301.7701-4(c)(1) and Rev. Rul. 2004-86, 2004-2 C.B. 191.

3.2.4 The Trust shall hold the Trust Estate for investment purposes and shall lease the Project only to the Tenant except as set forth in Section 3.2.3(f). Except as set forth in Sections 3.2.3(e), (f) or (to the extent required by law) (g), the activities of the Trust with respect to the Trust Estate after the effective date of the Conversion Notice shall be limited to activities that are customary services in connection with the maintenance and repair of the Project, and none of the Trustee, the Owners, the Manager and their respective 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 Section 2.3 and this Section 3.2. Without limiting the generality of the foregoing, (i) none of the Trustee, the Manager, the 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 Treasury Regulations Section 301.7701-4 and not treated as a “business entity” within the meaning of Treasury Regulations Section 301.7701-2 and (ii) this Agreement shall be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191. For federal income tax purposes upon and after the effective date of the Conversion Notice, the Trust is intended to be and shall constitute an investment trust pursuant to Treasury Regulations Section 301.7701-4(c) and shall not constitute a “business entity.”

3.3 Provisions Relating to the Loan.

3.3.1 This Section 3.3 is intended to qualify the Trust as a “Single Asset Entity” for purposes of the Loan. So long as any portion of the Loan is outstanding the provisions of this Section 3.3 shall be in full force and effect and the Trust shall comply with the requirements set forth below for a “Single Asset Entity;” provided, however, that the provisions of this Section 3.3 shall cease to be of force or effect upon the repayment or defeasance of the Loan in full, in accordance with the Loan Documents.

3.3.2 “Single Asset Entity” shall mean a Delaware statutory trust that at all times on and after the date hereof:

(a) shall not acquire or lease any real property, personal property or assets other than the Project and assets related to the Project (the “Mortgaged Property”, as defined in the Loan Documents);

(b) shall not acquire, own, operate, or participate in any business other than the leasing, ownership, management, operation and maintenance of the Mortgaged Property;

(c) 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;

(d) shall accurately maintain its financial statements, accounting records and other trust documents separate from those of any other Person (unless the Trust’s assets are included in a consolidated financial statement prepared in accordance with generally accepted accounting principles);

(e) shall have no 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 Trust is a party, or by which the Trust is otherwise bound, or to which the Mortgaged Property is subject or by which it is otherwise encumbered, other than:

(i) unsecured trade payables incurred in the ordinary course of the operation of the Mortgage Property;

(ii) if the Loan Documents grant a lien on a leasehold estate, the Trust's obligations as lessee under the ground lease creating such leasehold estate; and

(iii) obligations under the Loan Documents and obligations secured by the Mortgaged Property to the extent permitted by the Loan Documents.

(f) shall not assume, guaranty or pledge its assets to secure the liabilities 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) or hold out its credit as being available to satisfy the obligations of any other Person;

(g) shall not make loans or advances to any other Person; or

(h) shall not enter into, and shall not become a party to, any transaction with any Affiliate of the Trust, except in the ordinary course of business and on terms which are no less favorable to the Trust 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 Mortgaged Property, nor the Trust's entry into the Lease or any other agreement entered into with Lender's prior written consent, shall be deemed to violate this provision).

Failure to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Trust as a separate legal entity or the limited liability of the Owners.

3.4 No Division. The Trust shall not file a certificate of division, adopt a plan of division, amend this Agreement to divide, or take, permit or consent to any other actions in order to divide the Trust into two or more trusts pursuant to a plan of division.

4. Concerning the Trustee.

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 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 Agreement as may be directed in a writing delivered to the Trustee by the Manager. Except as expressly provided herein, the Trustee shall not be entitled to exercise any powers. The Trustee shall not have any of the duties or responsibilities of the Manager described in this Agreement and no such duties shall be implied. Subject to the preceding sentences of this Section 4.1, the Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Act. The Trustee shall also maintain its authority and power to act as the Trustee in the State of Delaware. In particular, but not by way of limitation:

4.1.1 Under no circumstances shall the Trustee be personally liable for any representation, warranty, covenant, agreement or indebtedness of the Trust;

4.1.2 Except as expressly provided in this Section, in accepting and performing for the Trust hereby created, the Trustee 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 Agreement shall look only to the Trust's property for payment or satisfaction thereof; and

4.1.3 Under no circumstances shall the Trustee be liable for any punitive, exemplary, consequential, special or other damages for a breach of this Agreement.

4.2 Indemnification. The Manager shall cause the Trust, to the full extent of the Trust Estate, (i) to reimburse the Trustee and the Designated Trustee, in its individual capacity and as Trustee or Designated 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 Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Trustee, in its individual capacity and as Trustee, and the officers, directors, employees, agents, managers and owners of the Trustee, in its individual capacity and as Trustee (collectively, the “Trustee Indemnified Persons”), from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including reasonable fees and expenses of counsel and other professionals), taxes and penalties, of any kind and nature whatsoever, arising out of or imposed upon or asserted at any time against such Trustee Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Trustee Indemnified Person, with respect to or in connection with this Agreement, the Trust, or any transaction or document contemplated hereby (collectively, “Trustee Expenses”); provided, however, that the Trust shall not be required to indemnify a Trustee Indemnified Person for Trustee Expenses to the extent such Trustee Expenses result from the fraud, gross negligence or willful misconduct of any Trustee Indemnified Person and (iii) to the fullest extent permitted by law, advance to each such Trustee Indemnified Person the Trustee Expenses incurred by such Trustee Indemnified Person in defending any claim, demand, action, suit or proceeding in connection with this 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 the Trust 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, nonappealable judgment that includes a specific finding of fact that such Trustee Indemnified Person is not entitled to be indemnified therefor under this Section 4.2. The obligations of the Trust under this Section 4.2 shall survive the resignation or removal of the Trustee and the amendment, supplement and/or restatement of this Agreement.

4.3 Removal; Resignation; Succession. The Trustee may resign at any time by giving at least 60 days’ prior written notice to the Manager and the Lender. The Manager may at any time remove the Trustee for cause by written notice to the Trustee. For purposes of this Section 4.3, “cause” shall only result from the willful misconduct, bad faith, fraud or 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 the Trustee, the Manager may appoint a successor trustee by written instrument. In case of the resignation or removal of the Trustee, if a successor trustee is not appointed within 60 days after the Trustee gives notice of its resignation or is removed, the Trustee, or any of the Owners, may apply to any court of competent jurisdiction in the United States to appoint an interim successor trustee to act until such time, if any, as a successor trustee is appointed as provided above and provided the consent of the Lender, if required, is obtained if the Loan is outstanding. Any successor trustee so appointed by such court shall immediately and without further act be superseded by any successor trustee appointed as provided above within one year from the date of the appointment by such court. Any successor trustee, however appointed, shall execute and deliver to its predecessor trustee an instrument accepting such appointment, and thereupon such successor trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts under this Agreement with like effect as if originally named the Trustee herein. Upon the written request of such successor trustee, such predecessor trustee shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor trustee, and such predecessor trustee shall duly assign, transfer, deliver and pay over to such successor trustee all monies or other property then held by such predecessor trustee upon the trusts herein expressed. Any rights of the Owners against a predecessor trustee in its individual capacity shall survive the resignation or removal of such predecessor trustee, shall survive the dissolution and termination of the Trust and shall survive the termination, amendment, supplement and/or restatement of this Agreement. Any successor trustee, however appointed, shall be a bank or trust company, with trustee

powers, satisfying the requirements of Section 3807(a) of the 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 the 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 Agreement without further act.

4.4 Fees and Expenses. The Trustee shall receive as compensation for its services hereunder the amount set forth on Exhibit E. The Manager shall cause the Trust to pay to the Trustee the fees as set forth on Exhibit E. The Trustee shall not have any obligation by virtue of this Agreement to spend any of its own funds or to take any action that could result in it incurring any cost or expense.

4.5 Designated Trustee. The Manager may appoint in its sole discretion, from time to time, a co-trustee to serve with the Trustee for the limited purpose of executing any documentation that may require the signature of more than one trustee of the Trust (the “Designated Trustee”). The Trust hereby grants the Designated Trustee the power to act and sign documents on behalf of the Trust pursuant to the terms of this Section 4.5. The Manager may appoint an additional Designated Trustee, replace any Designated Trustee and/or eliminate this position in its entirety in its sole discretion. The Designated Trustee shall not receive any compensation for its services. The initial Designated Trustee shall be Larry K. Sullivan.

5. Concerning the Manager.

5.1 Power and Authority. The activities and affairs of the Trust shall be managed exclusively by or under the direction of the Manager. Except as otherwise provided in this Agreement, the Manager shall have full power and authority, and is hereby authorized and empowered, to manage the Trust Estate and the activities and affairs of the Trust, subject to and in accordance with the terms and provisions of this Agreement; provided, however, 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. 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 B Owner, at any time prior to the effective date of the Conversion Notice, may confirm such authorization, empowerment and direction and otherwise direct the Manager in connection with the management of the activities and affairs of the Trust. The Manager may, in its sole discretion, employ such Persons (on its own behalf or on behalf of the Trust), including Affiliates of the Manager, as it deems necessary for the efficient operation of the Trust.

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 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 Agreement to the contrary, the Manager shall not have any liability to any Person except for its own fraud, gross negligence or willful misconduct, and shall have no other duties or obligations, fiduciary or otherwise, except as set forth in this Agreement.

5.3 Duties.

5.3.1 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 Transfer Distribution and a potential sale of the Trust Estate as set forth in Section 9. The Manager shall not have any duty or obligation under or in connection with this Agreement or the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Agreement, and no implied duties or obligations shall be read into this 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 law, including without limitation Section 3806 of the Act, the Manager's duties (including fiduciary duties) and liabilities relating thereto to the Trust and the Owners shall be restricted to those duties (including fiduciary duties) expressly set forth in this Agreement and liabilities relating thereto. The Manager expressly reserves the right to invest in, pursue, develop, own, manage, operate or otherwise participate in all business opportunities of any nature for its own account, including opportunities that may directly or indirectly compete with the Trust or the Project.

5.3.2 Without limiting the generality of Section 5.3.1, upon and after the effective date of the Conversion Notice, the Manager is hereby authorized and directed, as agent of the Trust, to take each of the following actions as necessary to conserve and protect the Trust Estate:

- (a) comply with the terms of the Lease;
- (b) comply with the terms of the Loan Documents;
- (c) make, or cause to be made, any repairs necessary to maintain the Project;
- (d) collect rents and make distributions in accordance with Section 7;
- (e) enter into any agreement for purposes of enabling an Owner to complete a like-kind exchange;
- (f) notify the relevant parties of any default by them under the Transaction Documents;
- (g) solely to the extent necessitated by the bankruptcy or insolvency of the Tenant or any other tenant at the Project, if the Trust has not terminated under Section 9.2, enter into a new lease with respect to the Project or renegotiate or refinance any debt secured by the Project (including, without limitation, the Loan); and
- (h) any action that, in the opinion of tax counsel to the Trust, would not have an adverse effect on either the treatment of the Trust as an "investment trust" within the meaning of Treasury Regulations Section 301.7701-4(c) or of each Owner as a "grantor" within the meaning of Code Section 671.

The foregoing notwithstanding, on and after the effective date of the Conversion Notice, under no circumstances shall the power or authority of the Manager include the ability to take any action that would cause the Trust to cease to constitute an "investment trust" within the meaning of Treasury Regulations Section 301.7701-4(c). On and after the effective date 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.

5.3.3 The Manager shall keep customary and appropriate books and records relating to the Trust and the Trust Estate and shall certify such reports to the Lender if required by the Loan Documents. The Manager will obtain annual audited financial reports for the Trust which will be provided to the Owners upon the written request of the Owner. The Manager shall keep customary and appropriate books and records of account for the Trust at the Manager's principal place of business; provided, however, any inspection, examination and copying of the Trust's books and records (i) shall only be for any purpose reasonably related to the Owner's interest as an Owner of the Trust as determined by the Manager in the Manager's sole and absolute discretion and (ii) shall be limited to information regarding the business and financial condition of the Trust and shall specifically exclude any and all personal information with respect to the Owners, including, but not limited to, the names, addresses, email addresses and phone numbers of

the Owners. The Owners may inspect, examine and copy the Trust's books and records other than any information related to any other Owner at any time during normal business hours. The Manager shall maintain appropriate books and records in order to provide reports of income and expenses with respect to the Trust Estate to each Owner as necessary for such Owner to prepare such Owner's income tax returns. Notwithstanding the foregoing, no Owner shall have the right to information regarding the other Owners and the Manager shall not disclose such information to any Owner and no personal information concerning any of the Owners, such as names and addresses, shall be disclosed by the Manager. Other than with respect to the limitations on the dissemination of Owner information provided herein, nothing in this Section 5.3.3 shall constitute a waiver or modification of any of the rights of the Manager provided in Section 3819 of the Act.

5.3.4 The Manager shall promptly furnish (i) to the Owners copies of all notices and other items required to be distributed to them pursuant to the Transaction Documents (unless the Manager believes them to have been sent directly to the Owners) and (ii) to the Lender all documents required by the Loan Documents.

5.3.5 The Manager shall not be required to act or refrain from acting under this Agreement or the Loan Documents if the Manager determines, or has been advised by counsel, that such action or lack of action may result in personal liability, unless the Manager is indemnified by the Trust against any liability and costs (including reasonable legal fees and expenses) in a manner and form reasonably satisfactory to the Manager.

5.3.6 The Manager shall not, on its own behalf (as opposed to actions that the Manager is required to perform on behalf of the Trust), have any duty to (i) (A) file, record or deposit any document, (B) maintain any filing, recording or deposit of any document or (C) refile, rerecord or redeposit any such document, (ii) obtain or maintain any insurance on the Project, (iii) maintain the Project, (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 Loan Documents to provide such reports or financial statements, (vi) inspect the Project at any time or (vii) ascertain or inquire as to the performance or observance of any of the covenants of any Person under the Loan Documents.

5.3.7 Subject to the other provisions of this Agreement, the Manager shall manage, control, dispose of or otherwise deal with the Trust Estate consistent with its duties to conserve and protect the Trust Estate.

5.3.8 The Manager shall provide to each Person who becomes an Owner a copy of this Agreement.

5.3.9 Upon written request by the Trustee, the Manager shall provide to the Trustee a copy of the Ownership Records.

5.3.10 All payments to be made by the Manager under this Agreement shall be made from the Trust Estate.

5.3.11 All prior acts of the Manager relating to any filings or documents to permit the Trust to transact business in the state in which the Project is located, or otherwise relating to the organization of the Trust, are hereby ratified and approved.

5.4 Indemnification. The Trust, to the full extent of the Trust Estate, shall (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 Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Manager, and the officers, directors, employees, agents, managers and owners of the Manager (collectively, 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, arising out of or 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 Person, with respect to or in connection with this Agreement, the Trust, or any transaction or document contemplated hereby (the “Manager Expenses”); provided, however, that the Trust shall not be required to indemnify a Manager Indemnified Person for any Manager Expenses to the extent such Manager Expenses result from the fraud, gross negligence or willful misconduct of any Manager Indemnified Person and (iii) to the fullest extent permitted by law, advance to each such Manager Indemnified Person the Manager Expenses incurred by such Manager Indemnified Person in defending any claim, demand, action, suit or proceeding, in connection with this 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 the Trust 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, nonappealable 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 Trust under this Section 5.4 shall survive the resignation or removal of the Manager and the termination, amendment, supplement and/or restatement of this Agreement.

5.5 Fees and Expenses. The Manager shall receive as compensation for its services hereunder the fees set forth on Exhibit E. The Manager shall not have any obligation by virtue of this Agreement to spend any of its own funds, or to take any action that could result in its incurring any cost or expense.

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 pursuant to the terms of this Agreement shall bind the Trust and the Owners and be effective to transfer or convey all rights, title and interest of the Trust and the Owners in and to the Trust Estate.

5.7 Removal; Resignation; Succession. The Manager may resign at any time by giving at least 60 days’ prior written notice to the Trustee. The Trustee may at any time remove the Manager for cause by written notice to the Manager. For purposes of this Section 5.7, “cause” shall result only from the fraud, gross negligence or willful misconduct of the Manager; provided that under no circumstances shall “cause” result from any action or omission of the Manager intended to preserve the rights of Owners to effect like-kind exchanges in respect of their respective Beneficial Interests. 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, if required, may appoint a successor manager by written instrument. Notwithstanding anything to the contrary herein, if upon the resignation of the Manager it designates a successor Manager within 10 days of its notice of resignation, such designated Manager shall become the successor Manager without further action by the Trustee. If a successor manager shall not have been appointed within 60 days after the Manager gives notice of its resignation or is removed, the Trustee, or any of the 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 manager shall have been appointed as provided above and provided that, if required, the consent of the Lender is obtained if the Loan is outstanding. Any successor manager so appointed by such court shall immediately and without further act be superseded by a successor manager appointed as provided above within one year from the date of the appointment by such court. Any successor manager, 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. Upon the written request of such successor manager, such predecessor Manager shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the rights, powers and duties of such predecessor Manager. Any right of the Owners against a predecessor Manager in its individual capacity shall survive the resignation or removal of such predecessor Manager, the dissolution and termination of the Trust and the termination, amendment, supplement and/or restatement of this Agreement.

5.8 Rights and Powers of Class B Owner Prior to Conversion Notice. Prior to the effective date of the Conversion Notice, the Class B Owner shall have the right and power, in its sole discretion (but subject to the restrictions in Section 3), to:

5.8.1 Contribute additional assets to the Trust;

5.8.2 Cause the Trust to negotiate or renegotiate loans or leases; and

5.8.3 Cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

It is expressly understood by the Class B Owner that these powers are inconsistent with the ability to classify the Trust as an “investment trust” under Treasury Regulations Section 301.7701-4(c), and the Trust shall not be so classified prior to the effective date of the Conversion Notice.

5.9 Issuance of Conversion Notice. The Class B Owner may, at any time in its sole discretion as long as any Class B Interests are outstanding, issue the Conversion Notice to the Manager, with a copy to the Trustee; provided, however, that the Conversion Notice must be issued no earlier than the Project Acquisition Date which Conversion Notice will cause the Trust to constitute an investment trust beginning on the effective date of the Conversion Notice. On the effective date of the Conversion Notice, the Class B Owner shall no longer have any of the rights or powers set forth in Section 5.8. Instead, the Class B Owner shall have the same rights and powers as apply to a Class A Owner (as set forth in Section 6.2). In no event may any Class A Interests be issued to Investors until at least the next Business Day after the Conversion Date.

5.10 Reports by Manager. The Manager shall furnish annual reports to each of the Owners as to the amounts of rent received from the Tenant, the expenses incurred by the Trust, the amount of any Reserves and other amounts applied to meet requirements under the Loan Documents, and the amount of cash distributed by the Trust to the Owners.

6. Beneficial Interests.

6.1 Issuance of Class A and Class B Certificates.

6.1.1 On the Effective Date, a Class B Certificate representing 100% of the Class B Interests shall be issued in registered form and delivered to, and registered in the name of, the Depositor in exchange for its contribution. The Percentage Share of the Class B Owner prior to the issuance of any Class A Interests shall be 100%. The Class B Certificate shall be in substantially the form set forth on Exhibit G-2. The Class B Certificate shall be printed and dated the date of its execution.

6.1.2 No earlier than the next Business Day after the Conversion Date, a Class A Certificate shall be issued in registered form and delivered to, and registered in the name of, each Investor who has executed a Purchase Agreement, been accepted as an Investor by the Trust and contributed all cash required by it to be contributed to the Trust. No portion of the cash contributed by the Investors to the Trust will be placed into any Reserves with respect to the Project. 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 for each Investor. Each Class A Certificate shall be in substantially the form set forth on Exhibit G-1, with such insertions, omissions, substitutions and other variations as are required by this Agreement, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as approved by the Manager. Each Class A Certificate shall be printed and dated the date of its execution. Any portion of any Class A Certificate may be set forth on the reverse or subsequent pages thereof. The Class A Certificate shall be printed or otherwise produced in any other manner as may be determined by the Manager. In no event shall the Trust accept any Investor who is (i) directly or indirectly affiliated in any way with Maxus, (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus.

6.1.3 The Manager is hereby authorized to execute each Certificate on behalf of the Trust by the manual signature of any duly authorized officer of the Manager signing on behalf of the Trust, such execution to constitute the authentication thereof. Each Certificate bearing the manual signature of any individual who, at the time such 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 of the Manager or to be a duly authorized officer prior to the delivery of such Certificate or at any time thereafter. No 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 Certificate shall be conclusive evidence that such Certificate has been duly executed and authenticated under this Agreement.

6.2 Rights and Powers of Class A Owners. The sole right of the Class A Owners shall be to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Class A Owners shall not have the right or power to direct in any manner the actions of the Trust, the Trustee, the Tenant, the Depositor or the Manager in connection with the management or operation of the Trust or the Project. The Class A Owners shall have no voting rights, including as to whether or not the Project is sold pursuant to this Agreement. In addition, the Class A Owners shall not have the right or power to:

6.2.1 Contribute additional assets to the Trust;

6.2.2 Cause the Trust to negotiate or renegotiate loans or leases; or

6.2.3 Cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

6.3 Contributions by the Class A Owners: Issuance of Class A Certificates and Reduction in Class B Interest. All cash contributed by Investors in exchange for Class A Interests shall be used by the Trust to repurchase a corresponding portion of the Class B Interest then held by the Depositor. With respect to each contribution by a Class A Owner and related repurchase of a portion of the Class B Interest then held by the Depositor, the reduction of the Percentage Share of the Depositor shall be equal to the Percentage Share granted by the Trust to the contributing Class A Owner, and the Depositor shall surrender its Class B Certificate for cancellation and issuance of a new Class B Certificate reflecting the Depositor's remaining Percentage Share, if any. All funds received by the Trust from the Investors shall be used to repurchase a corresponding portion of the Class B Interest then held by the Depositor, so that in no event may such repurchase result in a net increase or decrease in the corpus of the Trust.

The Manager agrees to use its best efforts to cause the Trust to sell all Class A Interests within 365 days from the Conversion Date. Any Class B Interests held by the Class B Owner on the one-year anniversary of the Conversion Date will convert to Class A Interests and the Class B Owner shall transfer such Class A Interests to a newly formed, separate taxpayer.

6.4 Agreement to be Bound. Any Owner shall be deemed, by virtue of executing the Signature Page to be bound by the provisions of this Agreement.

6.5 Ownership Records. The Manager shall at all times be the Person at whose office a 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 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 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 permitted under the terms of this Agreement, (i) the transferring Owner shall surrender its Certificate for cancellation, (ii) the Manager shall issue a new Certificate setting forth the current Percentage Share in the Trust held by such new Owner and (iii) if applicable, the Manager shall issue a new Certificate setting forth the Beneficial Interest retained by any transferring Owner. The Certificates shall be non-transferable and may not be negotiated, endorsed or otherwise transferred.

6.6 Restrictions on Transfer. Subject to compliance with applicable federal and state securities laws, the terms of this Agreement and any requirements in the Loan Documents, all or any portion of the Beneficial Interest of any Owner may be assigned or transferred without the prior consent of any of the Trust, the Trustee, the Depositor, the Manager and the other Owners. All expenses of any such transfer shall be paid by the assigning or transferring Owner. Any transfer that results in a violation of this Section 6.6 shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

6.7 Conditions to Admission of New Owners. An assignee or transferee of the Beneficial Interest of an Owner shall only become an Owner upon (i) such assignee's or transferee's written acceptance and adoption of this Agreement, as manifested by its execution and delivery to the Manager of a counterpart signature page substantially in the form of Exhibit C (the "Signature Page") and (ii) the issuance of a new Certificate to such assignee or transferee. The Manager shall provide copies of such documents to the Trustee upon request.

6.8 Limit on Number of Owners. Notwithstanding anything to the contrary in this Agreement, (i) at no time shall the number of Owners exceed 480 Persons and (ii) at no time shall the Trust permit any of the Beneficial Interests to be acquired by retirement and other plans subject to ERISA. Any transfer that results in a violation of this Section 6.8 shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

6.9 Representations, Warranties, Acknowledgements and Agreements of Owners.

6.9.1 Each Owner hereby accepts and reconfirms the representations and warranties contained in that certain Purchase Agreement, including but not limited to, Section 5 in the Purchase Agreement.

6.9.2 Each Owner hereby represents and warrants that (i) to the extent applicable, the execution, delivery and performance of this Agreement (A) has been duly authorized by such Owner, (B) does not require such Owner to obtain any consent or approval that has not been obtained and (C) does not contravene or result in a default under (1) any provision of any law or regulation applicable to such Owner, (2) the governing documents of such Owner or (3) any agreement or instrument to which such Owner is a party or by which such Owner is bound and (ii) this Agreement is valid, binding and enforceable against such Owner in accordance with its terms.

6.9.3 Each Owner hereby represents and warrants that it is (i) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (ii) a corporation (or other entity

taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (iv) a trust, if (A) the administration of the trust is subject to the primary supervision of a U.S. court and the trust has one or more U.S. persons with authority to control all substantial decisions or (B) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

6.9.4 Each Class A Owner hereby represents and warrants that it shall, for federal income tax purposes, report the purchase of its Class A Interest as a purchase by it of a direct ownership interest in the Project.

6.9.5 Each Owner hereby (i) acknowledges and agrees that it has no ability to (A) seek partition of the Trust Estate or petition for a portion of the assets of the Trust or (B) file, or consent to the filing of, a petition in bankruptcy on behalf of the Trust and (ii) consents that it shall not take any action that consents to, aids, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

6.10 Status of Relationship. This Agreement shall not be interpreted to impose a partnership or joint venture relationship on the Owners either at law or in equity. Accordingly, no Owner shall have any liability for the debts or obligations incurred by any other Owner, with respect to the Trust Estate or otherwise, and no Owner shall have any authority, other than as specifically provided herein, to act on behalf of any other Owner or to impose any obligation with respect to the Trust Estate. Neither the power to provide direction to the Trustee, the Manager or any other Person, nor the exercise thereof by any Owner, shall cause such Owner to have duties (including fiduciary duties) or liabilities relating thereto to the Trust or to any Owner.

6.11 Owners and the Trust. The Owners shall not have legal title to the Trust Estate. The death, incapacity, dissolution, termination or bankruptcy of any Owner shall not result in the termination or dissolution of the Trust. No Owner has (i) an interest in specific Trust property or (ii) except as expressly provided herein, any right to demand and receive from the Trust an in-kind distribution of the Trust Estate or any portion thereof. Each Owner expressly waives any right, if any, under the 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.

6.12 Mutilated, Destroyed, Lost or Stolen Certificates. If any Certificate becomes mutilated, destroyed, lost or stolen, the Trust shall, upon the (i) written request of the holder of such Certificate, (ii) presentation of the Certificate or satisfactory evidence of destruction, loss or theft thereof to the Manager and (iii) in the case of destruction, loss or theft of a Certificate, presentation of a written indemnity by such Owner to the Trust and the Manager which provides for such Person to indemnify, defend and hold harmless, to the fullest extent permitted by applicable law, the Trust and the Manager, issue and deliver, in exchange therefor or in replacement thereof, a new Certificate in the name of such Owner evidencing the same Beneficial Interest and dated the date of its execution. The applicable Owner shall pay any tax imposed in connection therewith.

6.13 Certificate Legend. Each Owner hereby acknowledges that a legend will be placed on each Certificate with respect to restrictions on distribution, transfer, resale or assignment of such Beneficial Interest imposed by applicable federal and state securities laws and that the Beneficial Interest is subject to the terms of this Agreement, in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OF ANY STATE OF

THE UNITED STATES. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF THE TRUST AGREEMENT, AS AMENDED. ANY 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, AS AMENDED, AND ONLY UPON AND BY VIRTUE OF THE ENTRY OF SUCH TRANSFER IN THE OWNERSHIP RECORDS OF THE TRUST. THIS CERTIFICATE IS NON-TRANSFERABLE AND MAY NOT BE NEGOTIATED, ENDORSED OR OTHERWISE TRANSFERRED.

6.14 Right of First Refusal. If any Owner desires to transfer all or any portion of their Interests to Maxus, such Owner (the “Selling Owner”) shall give the Manager written notice of such proposed transfer (the “ROFR Notice”) and shall offer to sell such Interests to the Manager or its Affiliates, or any assignee of the Manager or its Affiliates, at the price at which such Interests are intended to be transferred by the Selling Owner to Maxus. The ROFR Notice shall set forth the intended terms, conditions, price and the name and address of the Maxus purchaser. The Manager or its Affiliates or any assignee shall have the option for a period of 15 business days from the date of receipt of such written offer (the “Offer Period”) to accept such offer, and 2 months from the date of the receipt of such written offer to purchase the Interests (the “Option Period”) on the terms and conditions set forth in the ROFR Notice. If the offer has not been accepted in writing prior to the expiration of the Offer Period, or, if so accepted in writing, the closing of the purchase of the Interests has not occurred within the Option Period, the Selling Owner shall have the right for a period of 90 days following the end of the Offer Period (where no acceptance has been delivered by the Manager or its Affiliates or any assignee) or the Option Period (where acceptance of the offer has been delivered but the applicable Interests have not been purchased on or prior to the expiration of the Option Period), as applicable, to sell its Interests to Maxus on the terms set forth in the ROFR Notice. If the sale to Maxus is not completed within such 90-day period, the Selling Owner must again provide the Manager with a ROFR Notice as set forth in this Section 6.14 if the Selling Owner wishes to sell its Interests to Maxus.

7. Distributions.

7.1 Distributions in General. The Manager shall distribute the Trust’s net cash flow to the Owners in accordance with their Percentage Shares on a monthly basis (beginning with the month after acquiring the Project), after (i) paying or reimbursing the Manager for any fees or expenses incurred by the Manager on behalf of the Trust (including fees of the Trustee and the Manager), (ii) retaining such additional amounts as the Manager determines are necessary to pay anticipated ordinary current and future Trust expenses and taxes (“Reserves”) and (iii) satisfying debt service and related expenses on the Loan and any other requirements imposed under the Loan Documents. Reserves and any other cash retained pursuant to this Section 7.1 shall be invested by the Manager only in Permitted Investments. All amounts distributable to the Owners pursuant to this 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 Owner, as instructed from time to time by such Owner on or before the last Business Day of each calendar month.

7.2 Distributions upon Dissolution. In the event of the Trust’s dissolution in accordance with Section 9, all of the Trust Estate as may then exist after the winding up of its affairs in accordance with the Act (including, without limitation, subsections (d) and (e) of Section 3808 of the 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 be distributed to those Persons (or on behalf of the Owners as set forth in Section 9.2) who are then Owners in proportion to their respective Percentage Shares. Upon winding up the affairs of the Trust, the Manager shall provide the Trustee written confirmation of the dissolution and the completion of winding up of the Trust and shall authorize and direct the Trustee to

execute and file in the office of the Secretary of State a certificate of cancellation in accordance with the Act.

7.3 Cash and Other Accounts. Subject to the Loan Documents, the Manager shall be responsible for receiving all cash from the Tenant and placing such cash into one or more accounts as required under the distribution and investment obligations of the Trust under Section 7.1.

8. Reliance; Representations; Covenants.

8.1 Good Faith Reliance. Neither any 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 Trustee or the Manager 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/or the Manager for any action taken or omitted to be taken by them in good faith in reliance thereon. 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 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 and other experts, and shall be entitled to rely upon the advice of counsel 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 Agreement shall be deemed to impose any duty on any 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 Agreement, the Trustee shall be fully protected in relying upon the most recent Ownership Records delivered to the Trustee by the Manager.

8.2 No Representations or Warranties as to Certain Matters.

8.2.1 NEITHER THE TRUSTEE NOR THE MANAGER, EITHER WHEN ACTING HEREUNDER IN ITS CAPACITY AS A TRUSTEE OR MANAGER OR IN ITS INDIVIDUAL CAPACITY, MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH REGARD TO THE TRUST ESTATE OR ANY PART THEREOF, AS TO (i) TITLE, LOCATION, VALUE, CONDITION, WORKMANSHIP, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE, (ii) ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, (iii) ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, (iv) ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR (v) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED.

8.2.2 NEITHER THE TRUSTEE NOR THE MANAGER, EITHER WHEN ACTING HEREUNDER AS A TRUSTEE OR MANAGER OR IN ITS INDIVIDUAL CAPACITY, MAKES ANY REPRESENTATION, WARRANTY OR COVENANT AS TO THE VALIDITY OR ENFORCEABILITY OF TRANSACTION DOCUMENTS OR AS TO THE CORRECTNESS OF ANY STATEMENT CONTAINED THEREIN, EXCEPT AS EXPRESSLY MADE BY SUCH TRUSTEE OR THE MANAGER IN ITS INDIVIDUAL CAPACITY. EACH OF THE TRUSTEE AND THE MANAGER REPRESENTS AND WARRANTS TO THE OWNERS THAT IT HAS AUTHORIZED, EXECUTED AND DELIVERED THIS AGREEMENT.

9. Termination.

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 Act after the effective date of the Conversion Notice, upon the first to occur of (i) the Termination Date, (ii) a Transfer Distribution or (iii) the sale of the Project pursuant to Section 9.3, at which time each Owner's Percentage Share of the Trust Estate shall be distributed to such Owner in accordance with Section 7.2 in full and complete satisfaction and redemption of its Beneficial Interests.

9.2 Transfer Distribution.

9.2.1 Subject to the terms and conditions of the Loan Documents and, if applicable, Section 3.3, and upon

(a) (i) a determination by the Manager, in writing, that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Owners because (A) the Tenant has failed to timely pay rent due under the Lease after the expiration of any applicable notice and cure provisions in the Lease, if any, (B) the Trust Estate is in jeopardy of being lost due to a default on the Loan (and in the case of either foregoing clause (A) and/or (B), the Manager is prohibited pursuant to Section 3.2 from taking action that it believes necessary or appropriate to address such situation), (C) the 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 Trust Estate or any portion thereof is subject to a casualty, condemnation or similar event or (E) the Manager determines that it is necessary to take one of the actions enumerated in Section 3.2.3 to avoid the loss or potential loss of all or a portion of the Trust Estate or its value, or (ii) the occurrence of a Master Lease Termination Event, then

(b) if the Loan, or any portion thereof, is outstanding, and written notice to Lender is sent by the Manager via overnight courier or hand delivery in accordance with Section 10.6 at least 5 Business Days before the date of the intended action ("Lender's Termination Notice"), the Trust shall dissolve and wind up in accordance with Section 3808 of the Act, and each Owner's Percentage Share of the Trust Estate shall be distributed to such Owner in accordance with this Section 9.2 in full and complete satisfaction of their Beneficial Interests. Subject to the requirements of Section 3808 of the Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Owners under this Section 9.2, the Owners hereby irrevocably direct the Manager to transfer title to the assets comprising the Trust Estate, and subject to all Trust liabilities, on behalf of each Owner to a newly formed Delaware limited liability company (the "Springing LLC") that has a limited liability company agreement substantially similar to that set forth on Exhibit D (the "LLC Agreement") in complete satisfaction of their Beneficial Interests in order to consummate the dissolution of the Trust (such distribution, or, if applicable, a conversion pursuant to Section 9.2.2, a "Transfer Distribution"). The Springing LLC shall have the Owners as its members and the Manager as its manager. The limited liability company interests in the Springing LLC shall be issued to the Owners in proportion to their respective Percentage Shares of the Trust Estate. Within 30 days of any Transfer Distribution, each Owner shall provide information regarding such Owner's tax basis in the applicable Interests in such form as reasonably requested by the Manager.

9.2.2 It is the express intent of this Agreement that the Trust will not terminate pursuant to a Transfer Distribution except in the circumstances enumerated above in Section 9.2.1, which the parties hereto agree constitute rare and unexpected situations in which such transfer and distribution will be necessary to prevent the loss of the Trust Estate due to such circumstances. If a determination has been made to terminate the Trust under Section 9.2.1, then, provided that (i) the Manager determines (with the advice of tax counsel which may include the receipt of an opinion in form and substance, and from tax counsel, satisfactory to the Manager, in its discretion) that a conversion of the Trust into a limited liability

company would not adversely affect the status of the Trust prior to the conversion as an “investment trust” for income tax purposes, (ii) such alternative form of transaction is entered into to preserve and protect the Trust Estate and (iii) such conversion is permitted under the terms and conditions of the Loan Documents (or is otherwise consented to by the Lender), the Manager may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into a limited liability company having a limited liability company agreement substantially similar to that set forth on Exhibit D (and the resulting limited liability company shall, for purposes of this Agreement, constitute the “Springing LLC”). In the case of such a conversion, the Springing LLC shall have the Owners as its members and the Manager as its manager, and the limited liability company interests in the Springing LLC shall be issued to the Owners in proportion to their respective Percentage Shares of the Trust Estate.

9.3 Sale of the Project.

9.3.1 The Trust may sell the Project (which for purposes of this Section 9.3 shall mean all of the underlying properties that comprise the Project) the earlier of (i) 2 years following the last sale of Class A Interests or (ii) 3 years in the sole discretion of the Manager; provided, however, the Trust may sell the Project at any time after the Effective Date in the event the Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Manager shall sell the Trust Estate, and is hereby authorized and directed to sell the Trust Estate, at any time after the third anniversary of the Conversion Date upon a determination by the Manager (in its sole discretion) that a sale of the Trust Estate is appropriate. In connection with any sale of the Project under this Section 9.3, the Manager shall be responsible for (i) providing notice to the Trustee that a sale of the Trust Estate is appropriate, (ii) conducting the sale of the Project and (iii) subject to Section 3808 of the Act, after paying all amounts due to the Trustee and Manager hereunder, and the Lender, if any, distributing the balance of the Trust Estate (net of any closing costs and fees due to the Manager) to the Owners in full and complete satisfaction of their Beneficial Interests. The Manager is expressly instructed to take all reasonable action that would enable the sale to qualify with respect to each Owner as a like-kind exchange within the meaning of Section 1031 of the Code. Any sale of the Project shall be on an “as is, where is” basis and without any representations or warranties by the Trust, any Trustee or the Manager (other than as to ownership of the Project and authority to enter into the sale). The Trust may engage third-party real estate brokers to assist in the sale of the Project and pay customary fees in addition to any fees paid pursuant to Section 9.5.

9.3.2 If the Manager is considering a sale of the Project, the Manager may provide written notice to the Class A Owners and solicit suggestions from the Class A Owners regarding the disposition of the Project. The failure to give any such notice to all or any of the Class A Owners will not be a default under this Agreement and will not in any way affect the authority of the Manager or the Trustee. The Manager will review and consider any responses from the Class A Owners. However, the Manager will have no obligation whatsoever to proceed in accordance with any suggestions of the Class A Owners and will retain the authority to determine in its sole discretion whether or not to sell the Project and the terms of any such sale.

9.3.3 The Trust may not sell the Project to an Affiliate of the Manager at a price below the value of the Project as determined by an independent third-party appraiser.

9.4 Liability of Manager. To the fullest extent permitted by law, the Manager shall be fully protected in any determination made in good faith pursuant to Sections 9.2 and 9.3 and shall have no liability to any Person, including without limitation the Owners, Trust or the Trustee, with respect thereto.

9.5 Manager’s Fee on Sale. The Manager shall receive the fees set forth on Exhibit E upon any sale of the Project under Section 9.3 (not including a sale in foreclosure). The Manager may also

engage third-party real estate brokers to assist in the sale of the Project and the Manager will be required to pay such third-party real estate broker.

9.6 Certificate of Cancellation. Upon the completion of the dissolution and winding up of the Trust and upon receipt of a signed direction from the Manager, the Trustee shall, as appropriate, cancel the Certificate of Trust or reflect the conversion contemplated by Section 9.2.2 by executing and causing a certificate of cancellation or certificate of conversion to be filed in the office of the Secretary of State (as well as undertaking any other means then required under applicable law).

10. Miscellaneous.

10.1 Limitations on Rights of Other Persons. Nothing in this Agreement, whether express or implied, shall provide to any Person, other than the Depositor, the Trustee, the Manager, the Owners and the Trust, any legal or equitable right, remedy or claim hereunder.

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 Owners, and the Trust and their respective 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.

10.3 Usage of Terms. With respect to all terms in this Agreement: (i) the singular includes the plural and the plural includes the singular, (ii) 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, (iii) references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein, (iv) references to Persons include their successors and permitted assigns and (v) the term “including” means “including without limitation.”

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.

10.5 Amendments. To the fullest extent permitted by applicable law, neither this Agreement nor any term or provision hereof may be amended, supplemented, waived, discharged or terminated orally, but, subject to Section 3.3, only by a signed writing executed by and among the Manager and the parties adversely affected, if any.

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:

Passco Northridge Depositor, LLC
c/o Passco Companies, LLC
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

with a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, CA 92121-2133
Attention: Darryl Steinhouse, Esq.

If to the Manager:

Passco Northridge Manager, LLC
c/o Passco Companies, LLC
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

with a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, CA 92121-2133
Attention: Darryl Steinhouse, Esq.

If to the Trust:

Passco Northridge DST
c/o Passco Northridge Manager, LLC
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

If to the Trustee:

Delaware Trust Company
251 Little Falls Drive
Wilmington, DE 19808
Attention: Alan Halpern

If to the Lender:

KeyBank National Association
c/o KeyBank Real Estate Capital – Servicing Dept.
11501 Outlook Street, Suite #300
Overland Park, KS 66211
Mailcode: KS-01-11-0501
Attention: Servicing Department

with a copy to:

Sameer Upadhya, Esq.
Krooth & Altman LLP
1850 M Street, N.W., Suite 400
Washington, D.C. 20036

If to an Owner, at such Person's address as specified in the most recent Ownership Records.

From time to time the Depositor, the Trustee, the Trust or the Manager may designate a new address for purposes of notice hereunder by notice to the others and any Owner may designate a new address for purposes of notice hereunder by notice to the Manager.

10.7 Governing Law. This 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 Act) shall not apply to this Agreement.

10.8 Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Orange County, California.

10.9 Counterparts. This 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.

10.10 Severability. Any provision of this 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.

10.11 Signature of Class A Owners. Each Investor will execute the Signature Page for Owners of the Trust in substantially the form set forth on Exhibit C in connection with its acquisition of Class A Interests. By executing this Agreement or the Signature Page, as applicable, each Owner hereby (x) acknowledges and agrees to be bound by the terms of this Agreement and the LLC Agreement when and if the Springing LLC is formed and (y) in furtherance of the foregoing, hereby grants to the Manager (including any successor to the initial Manager named herein), a special and limited power of attorney, as the attorney-in-fact for such Investor, with full power and authority, in the name and on behalf of such Owner: (i) to execute and acknowledge, and to swear to the execution and acknowledgment of, the LLC Agreement, (ii) to execute and acknowledge, and to swear to the execution and acknowledgement of, any documents required to be signed by a Selling Owner with respect to the right of first refusal set forth in Section 6.14 and (iii) to execute and deliver such other documents, and to take such other acts, as are not inconsistent with the provisions of this Agreement and the Manager deems necessary or desirable for the purpose of effecting a Transfer Distribution and the formation and organization of the Springing LLC in connection therewith. The foregoing power of attorney may be exercised by the Manager, as manager of the Springing LLC, for such Owner by the signature of the Manager acting as attorney-in-fact for such Owner 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. In light of such Owner's agreement to be bound by the LLC Agreement pursuant to this Section 10.11, each Owner hereby acknowledges and agrees that (i) such Owner shall be deemed to have executed the LLC Agreement when executed by its attorney-in-fact named herein and (ii) the LLC Agreement shall be fully enforceable against such Owner, notwithstanding the lack of such Owner's actual signature thereon.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed as of the day and year first above written.

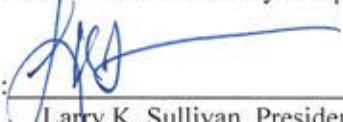
THE TRUSTEE:

Delaware Trust Company, a Delaware corporation

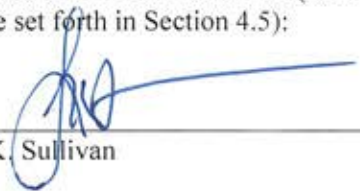
By: _____
Name: _____
Title: _____

THE DEPOSITOR:

Passco Northridge Depositor, LLC,
a Delaware limited liability company

By:  _____
Larry K. Sullivan, President


THE DESIGNATED TRUSTEE (for the limited
purpose set forth in Section 4.5):



Larry K. Sullivan

THE MANAGER:

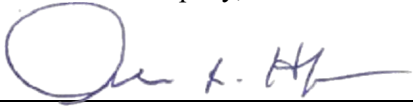
Passco Northridge Manager, LLC,
a Delaware limited liability company

By:  _____
Larry K. Sullivan, President

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed as of the day and year first above written.

THE TRUSTEE:

Delaware Trust Company, a Delaware corporation

By: 
Name: Alan R. Halpern
Title: Vice President

THE DEPOSITOR:

Passco Northridge Depositor, LLC, a Delaware limited liability company

By: _____
Larry K. Sullivan, President

THE DESIGNATED TRUSTEE (for the limited purpose set forth in Section 4.5):

Larry K. Sullivan

THE MANAGER:

Passco Northridge Manager, LLC, a Delaware limited liability company

By: _____
Larry K. Sullivan, President

EXHIBIT A

REAL ESTATE

COLONIAL HIGHLANDS, PART 1

THE FOLLOWING DESCRIPTION IS BASED ON THE MISSISSIPPI STATE PLANE COORDINATE SYSTEM. WEST ZONE, WAD 83, GRID VALUES. USING A COMBINED FACTOR OF 0.999944015 AND A CONVERGENCE ANGLE OF +00'06'38".

A PARCEL OF LAND CONTAINING 14.38 ACRES, MORE OR LESS, AND BEING SITUATED IN SECTION 7, TOWNSHIP 6 NORTH, RANGE 2 EAST. Cm' OF JACKSON. HINDS COUNTY. MS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A FOUND 1/2" REBAR AT THE SOUTHEAST CORNER OF LOT 2, BLOCK F. CLUB PARK SUBDMSION PART 1, SAID POINT HAVING MISSISSIPPI STATE PLANE COORDINATES OF N:1048060.54. E:2358756.89; THENCE RUN SOUTH 514.74 FEET THENCE EAST 1002.07 FEET TO A SET 1/2' REBAR WITH CAP. SAID POINT HAVING MISSISSIPPI STATE PLANE 000RDINATES OF N:1047545.79, E:2359758.96 AND BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL OF LAND.

FROM SAID POINT OF BEGINNING, THENCE RUN N 4707'54" E FOR A DISTANCE OF 523.85 FEET TO A SET 1/2' REBAR WITH CAP: THENCE RUN S 42'52'06" E FOR A DISTANCE OF 173.26 FEET TO A SET 1/2' REBAR WITH CAP; THENCE RUN N 4707'54" E FOR A DISTANCE OF 150.36 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4752'06" E FOR A DISTANCE OF 560.90 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4707'64" W FOR A DISTANCE OF 150.36 FEET TO A 1/2" REBAR WITH CAP; THENCE RUN S 42'52'06" E FOR A DISTANCE OF 271,09 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN SOUTHEASTERLY ON AND ALONG THE ARC OF A CURVE TO THE RIGHT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 192.00 FEET, AN ARC LENGTH OF 127.80 FEET, A CHORD BEARING OF S 23'48'00" E, A CHORD LENGTH OF 125.45 FEET, AND A DELTA ANGLE OF 38'08'12"; THENCE RUN S 04'43'55" E FOR A DISTANCE OF 39.06 FEET TO A 1/2' REBAR WITH CAP SET ON THE NORTH RIGHT OF WAY LINE OF CLUBVIEW DRIVE; THENCE RUN WESTERLY ON AND ALONG SAID RIGHT OF WAY LINE AND ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE FLAVING A RADIUS OF 938.80 FEET, AN ARC LENGTH OF 305.79 FEET, A CHORD BEARING OF S 78'15'09" W, A CHORD LENGTH OF 304.44 FEET, AND A DELTA ANGLE OF 18'39'46"; THENCE, CONTINUING ALONG SAID RIGHT OF WAY LINE, RUN SOUTHWESTERLY ON AND ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 626.70 FEET, AN ARC LENGTH OF 205.57 FEET. A CHORD BEARING OF S 59'31'42" W, A CHORD LENGTH OF 204.65 FEET. AND A DELTA ANGLE OF 18'47'38"; THENCE. LEAVING SAID RIGHT OF WAY LINE, RUN NORTHWESTERLY ON AND ALONG NE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 970.00 FEET, AN ARC LENGTH OF 58.40 FEET, A CHORD BEARING OF N 41'08'37" W, A CHORD LENGTH OF 58.39 FEET, AND A DELTA ANGLE OF 03'26'59"; THENCE RUN N

4752'06" W FOR A DISTANCE OF 894.89 FEET BACK TO THE POINT OF BEGINNING
AND CONTAINING 14.38 ACRES, MORE OR LESS.

TOGETHER WITH: The "Access Easement," the "Grading, Drainage and Utility Easements," and the "Drainage Easement," created by that certain Reciprocal Easement Agreement by and between Colonial Jackson, L.L.C., and Arlington Colonial Club, LLC, dated August 12, 2019 and recorded in Book 7238 at Page 144.

EXHIBIT B

**OWNERSHIP RECORDS
FOR
PASSCO NORTHRIDGE DST**

Last Revised _____, 20__.

<u>Name</u>	<u>Mailing Address</u>	<u>Phone Number</u>	<u>Class of Beneficial Interests</u>	<u>Number of Beneficial Interests</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

The undersigned hereby certifies that the foregoing Ownership Records are complete and accurate as of the date set forth above.

Passco Northridge Manager, LLC, not in its individual capacity, but solely as Manager

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF SIGNATURE PAGE FOR CLASS A OWNERS OF PASSCO NORTHRIDGE 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 Passco Northridge DST dated December 9, 2021 by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager, and Delaware Trust Company, a Delaware corporation, as Trustee (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 as an Owner. 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 A Interest, the undersigned hereby represents and warrants that the undersigned is:

(a) (1) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any political subdivision thereof, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (4) a trust, if (i) the administration of the trust is subject to the primary supervision of a U.S. court and the trust has one or more U.S. persons with authority to control all substantial decisions or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; and

(b) an Accredited Investor, unless the undersigned is not required to be an Accredited Investor pursuant to the applicable state and federal securities laws (to be determined in the sole discretion of the Manager).

[Signature Page Follows]

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)

Title: _____

Signature: _____

Name: _____
(Print)

Title: _____

EXHIBIT D

FORM OF LIMITED LIABILITY COMPANY AGREEMENT

LIMITED LIABILITY COMPANY AGREEMENT
OF
PASSCO NORTHRIDGE SPRINGING, LLC

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

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EXHIBIT A – DEFINITIONS

EXHIBIT B – MEMBERS

LIMITED LIABILITY COMPANY AGREEMENT
OF
PASSCO NORTHRIDGE SPRINGING, LLC

This Limited Liability Company Agreement, effective this [___] day of [_____], 20[___], is entered into by and among Passco Northridge Manager, LLC, a Delaware limited liability company, as the Manager, and the parties set forth on Exhibit B hereto, as the Members, pursuant to the Act on the following terms and conditions.

WHEREAS, the Project and related assets were held by Passco Northridge DST, a Delaware statutory trust (the “Trust”);

WHEREAS, pursuant to the Trust Agreement, the Trust was liquidated and the assets and liabilities, including but not limited to the Loan, were assigned to the Company by the Trust on behalf of each Beneficial Owner of the Trust; and

WHEREAS, each Beneficial Owner will receive in exchange for their share of the Trust Estate, and subject to the liabilities of the Trust, Units in proportion to their Percentage Share of the Trust Estate.

1. Organization.

1.1 Formation. On [_____], a Certificate of Formation was filed in the office of the Secretary of State of the state of Delaware in accordance with and pursuant to the Act.

1.2 Name and Place of Business. The name of the Company shall be “Passco Northridge Springing, LLC”, and its principal place of business shall be 2050 Main Street, Suite 650, Irvine, California 92614. 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 Company’s business and purpose is to engage in the following activities:

1.3.1 To acquire, own, hold, lease, operate, manage, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with, the Project to the extent permitted under the Loan Documents, and such activities as are necessary or incidental in connection therewith;

1.3.2 To enter into and perform its obligations under the Loan Documents;

1.3.3 To refinance the Project in connection with a permitted repayment or defeasance of the Loan; and

1.3.4 To engage in any lawful act or activity and to exercise any powers permitted to limited liability companies organized under the laws of the state of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above-mentioned purposes.

1.4 Term. The term of the Company shall commence on the effective date of this Agreement and shall terminate on December 31, 2060, unless the Company is sooner dissolved and terminated as provided in this Agreement.

1.5 Required Filings. The Manager shall execute, acknowledge, file, record, amend 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 Manager, Owner or any Affiliate thereof, or any shareholder, officer, director, employee, partner, member, manager 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 Project and no Manager, Owner or any Affiliate, or other person or entity 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 A and are incorporated herein.

3. Capitalization and Financing.

3.1 Manager's Capital Contribution. The Manager shall not be required to make a Capital Contribution to the Company.

3.2 Members' Capital Contributions.

3.2.1 Members. Each Member shall contribute to the Company their respective interest in the assets of the Trust, which were distributed to such Member pursuant to the liquidation of the Trust, including but not limited to their undivided interest in the Project. As part of the liquidation of the Trust, the Trust has transferred the Trust Estate, subject to liabilities of the Trust, to the Company on behalf of each Beneficial Owner of the Trust. The Company will assume each Member's share of all liabilities and obligations attributable to their interest in the Trust, including but not limited to the Loan. The Members shall receive Units in the Company in exchange for such transfer or upon a conversion of the Trust into this limited liability company.

3.2.2 Units. The Company is hereby authorized to issue 1,000 Units and to admit the persons who acquire such Units as Members. The Company shall issue 10 Units for each 1% of Beneficial Interest received by the Members and contributed to the Company by the Trust on behalf of the Members, with such ratio to be revised proportionally for partial percentages contributed to the Company. For example, if a Member held a 1.235% Beneficial Interest in the Trust and contributed 1.235% of the Trust assets subject to applicable liabilities, the Member will receive 12.35 Units.

3.2.3 Manager or its Affiliates as Member. The Manager and/or its Affiliates may acquire Units upon the same terms and conditions as all other Members. As a result, the Manager or its Affiliates may be admitted to the Company as Members with respect to such Units and would be entitled to all rights as Members appurtenant thereto, including but not limited to the right to vote on certain Company matters as provided for in this Agreement and to receive Distributions and allocations attributable to such Units.

3.2.4 Admission of a Member. To the extent required by law, the Manager shall amend this Agreement and take such other action as the Manager deems necessary or appropriate promptly after

receipt of the Members' Capital Contributions to the Company to reflect the admission of those persons to the Company as Members.

3.2.5 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, by reason of being a Member or Manager of the Company, nor shall the Manager or the Members be required to lend any funds to the Company or to repay to the Company, the Manager or any Member, or any creditor of the Company any portion or all of any deficit balance in a Member's Capital Account.

3.3 Manager Loans. The Manager and its Affiliates may, but will have no obligation to, make loans to the Company. 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 the dissolution of the Company.

3.4 Company Loans. The Company may obtain or assume, in the sole discretion of the Manager, loans for the benefit of the Company.

4. Allocation of Tax Items.

4.1 Allocation of Net Income and Net Loss. For each fiscal year, the Net Income and Net Loss of the Company shall be allocated as follows:

4.1.1 Net Income. After giving effect to the special allocations set forth in Sections 4.2 and 4.3, Net Income for any fiscal year shall be allocated as follows:

(a) First, to the Members in proportion to and to the extent of Net Loss previously allocated to the Members pursuant to Section 4.1.2(b) until the aggregate Net Income allocated to the Members pursuant to this Section 4.1.1(a) for such fiscal year and all previous fiscal years is equal to the aggregate Net Loss allocated to the Members pursuant to Section 4.1.2(b) for all previous fiscal years;

(b) Second, to the Members in proportion to their Units.

4.1.2 Net Loss. After giving effect to the special allocations set forth in Sections 4.2 and 4.3, Net Loss for any fiscal year shall be allocated as follows:

(a) First, to the Members in proportion to and to the extent of Net Income allocated to the Members under Section 4.1.1(b) until the aggregate Net Loss allocated pursuant to this Section 4.1.2(a) for such fiscal year and all previous fiscal years equals the aggregate Net Income allocated to the Members pursuant to Section 4.1.1(b) for all previous fiscal years; provided that Net Loss shall not be allocated to any Member to the extent such allocation would cause such Member to have an Adjusted Capital Account Deficit at the end of a fiscal year;

(b) Second, to the Members in proportion to their Units.

4.2 Special Allocations.

4.2.1 Qualified Income Offset. Except as provided in Section 4.2.3, in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to

eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

4.2.2 Gross Income Allocation. Net Loss shall not be allocated to any Member to the extent such allocation would cause such Member to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Member has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Member shall be specially allocated items of Company gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

4.2.3 Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section 4.2.3 is intended to comply with the partnership minimum gain chargeback requirement in the Treasury Regulations and shall be interpreted consistently therewith. This provision shall not apply to the extent the Member's share of net decrease in Company Minimum Gain is caused by a guaranty, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Member contributes cash to the capital of the Company that is used to repay the Nonrecourse Debt, and the Member's share of the net decrease in Company Minimum Gain results from the repayment.

4.2.4 Member Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2.3, if there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Treasury Regulations Section 704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

4.2.5 Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in proportion to their Units. A Member's "interest in partnership profits" for purposes of determining its share of the excess nonrecourse liabilities of the Company within the meaning of Treasury Regulations Section 1.752-3(a)(3) shall be such Member's percentage interest in the Company; provided, however, with respect to the Units issued for Property, excess nonrecourse liability shall first be allocated to the Members who contributed the applicable Property to the extent of any built-in gain with respect to such Property that is attributable to such Member pursuant to Code Section 704(c) to the extent debt attributable to such gain has not previously been allocated to such Member pursuant to Treasury Regulations Section 1.752-3(a)(2).

4.2.6 Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated to the Member who bears the economic risk of loss as set forth in Treasury Regulations Section 1.752-2 with respect to the Member Nonrecourse Debt. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

4.2.7 Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

4.4 Contributed Property. Notwithstanding any other provision of this Agreement, the Manager shall cause depreciation and/or cost recovery deductions and gain or loss attributable to Property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Code Section 704(c) and the Treasury Regulations promulgated thereunder.

4.5 Recapture Income. The portion of each Member's distributive share of Net Income that is characterized as ordinary income pursuant to Code Sections 1245 or 1250 shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Member as compared with the amount of depreciation deductions allocated to all Members.

4.6 Allocation Among Units. Except as otherwise provided in this Agreement, all Distributions and allocations made to the Members 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. Members who acquire Units at different times during the Company tax year shall be allocated Net Income and Net Loss using the monthly convention set forth in Section 4.8. For purposes of this Section 4 and Section 5, an Economic Interest Owner shall be treated as a Member.

4.7 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of Net Income or Net Loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such Net Income or Net Loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such Net Income or Net Loss was realized shall be allocated to the Member in the same proportion.

4.8 Assignment. In the event of the assignment of a Unit, the Net Income and Net Loss shall be allocated as between the Member and his 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 who receives Units during the first 15 days of a month will receive any allocations relative to such month. An assignee who acquires Units on or after the sixteenth day of a month will be treated as acquiring his Units on the first day of the following month.

4.9 Power of Manager to Vary Allocations. It is the intent of the Members that each Member's share of Net Income and Net Loss be determined and allocated in accordance with Code Section 704(b) and the provisions of this Agreement shall be so interpreted. Therefore, if the Company is advised by the Company's legal counsel that the allocations provided in this Section 4 are unlikely to be respected for federal

income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement to the minimum extent necessary to comply with Code Section 704(b) and effect the plan of allocations and Distributions provided for in this Agreement.

4.10 Consent of Members. The allocation methods of Net Income and Net Loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.11 Withholding Obligations.

4.11.1 If the Company is required (as determined by the Manager) to make a payment (“Tax Payment”) with respect to any Member to discharge any legal obligation 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.

4.11.2 If and to the extent the Company is required to make any Tax Payment with respect to any Member, or elects to make payment on any loan described in Section 4.11.1 by offset to a 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 offset or (ii) such Member shall pay to the Company prior to such Distribution an amount of cash equal to such Tax Payment or offset. 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 Tax Payment an amount of cash equal to such Tax Payment.

4.11.3 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 otherwise provided in Section 13, Cash From Operations 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 and (ii) all Distributions are subject to the payment, and the maintenance of reasonable reserves for payment, of Company obligations.

6. Compensation to the Manager and its Affiliates.

6.1 Manager’s and Affiliates’ Compensation. The Manager and its Affiliates shall receive as compensation from the Company for services rendered or to be rendered only as specified in this Agreement. Neither the Manager nor its Affiliates shall have any obligation by virtue of this Agreement to spend any of

its own funds, or to take any action that could result in its incurring any cost or expense. The Manager, on behalf of the Company, can enter into contracts with the Manager or its Affiliates or any other party to property manage, lease or refinance the Project at market rates.

6.1.1 The Manager or an Affiliate shall be entitled to receive an annual management fee of \$3,000, payable monthly.

6.1.2 The Manager or an Affiliate will enter into a property and asset management agreement with the Company with respect to the Project and shall be entitled to receive market compensation for its services in managing, leasing, financing, overseeing construction and disposing of the Project.

6.1.3 The Manager or an Affiliate shall be entitled to receive a disposition fee up to 3.5% of the gross proceeds of any sale of the Project (not including a sale in foreclosure), payable at the closing of the transaction. The Manager or its Affiliate may engage third-party real estate brokers to assist in the sale of the Project and the Manager or its Affiliate will be required to up to pay such third-party fees.

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, formation and termination. The Company shall pay any fees owed to third-party real estate brokers in addition to any fees paid pursuant to Section 6.1.

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.

7. Authority and Responsibilities of the Manager.

7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, 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 Passco Northridge Manager, LLC, a Delaware limited liability company. The Manager shall hold office until such Manager is removed or withdraws or resigns as set forth in this Agreement.

7.3 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject to Section 7.4 and Section 8.2, if required) and those required or appropriate to the management of the Company's business, 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 Enter into any limited liability company agreement, partnership agreement or other operating agreement with a joint venture partner;

7.3.2 Acquire, hold, develop, lease, rent, operate, sell, exchange, subdivide and otherwise dispose of Property including the Project;

7.3.3 Borrow money, and, if security is required therefor, to pledge or mortgage or subject Property to any security device, to obtain replacements of any mortgage or other security device and to

prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other 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;

7.3.4 Place record title to, or the right to use, Property in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Company;

7.3.5 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 asset management, property management, leasing, refinancing, or sale (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;

7.3.6 Employ Persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.3.7 Prepare or cause to be prepared reports, statements, and other relevant information for distribution to the Members;

7.3.8 Open accounts and deposit 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;

7.3.9 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);

7.3.10 Select as the Company's 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);

7.3.11 Determine the appropriate accounting method or methods to be used by the Company;

7.3.12 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:

(a) To add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

(b) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to 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) To amend this Agreement to reflect the addition or substitution of the Members or the reduction of the Capital Accounts upon the return of capital to the Members;

(d) To 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) To reconstitute the Company under the laws of another state if beneficial;

(f) To 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; and

(g) To make any changes to this Agreement as requested or required by any lender or potential lender which may be required to obtain financing, including, but not limited to, complying with any special purpose entity requirements.

7.3.13 Require in any Company contract that the Manager shall not have any personal liability, but that the Person contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.3.14 Lease personal property for use by the Company;

7.3.15 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.3.16 Make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

7.3.17 Represent the Company and the Members as the “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 to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.3.18 Hold an election for a successor Manager before the resignation, expulsion or dissolution of the Manager;

7.3.19 Initiate legal actions, settle legal actions and defend legal actions on behalf of the Company;

7.3.20 Admit itself as a Member;

7.3.21 Enter into any transaction with any partnership or venture;

7.3.22 Merge or combine the Company or “roll-up” the Company into a partnership, limited liability company or other entity with a Majority Vote;

7.3.23 Place all or a portion of the Project in a single purpose or bankruptcy remote entity, or otherwise structure or restructure the Company to accommodate any financing for all or a portion of the Project;

7.3.24 Appoint officers of the Company as set forth in Section 7.10 of this Agreement;

7.3.25 Perform any and all other acts which the Manager is obligated to perform hereunder; and

7.3.26 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. Any and all documents or instruments may be executed on behalf and in the name of the Company by the Manager.

7.4 Restrictions on Manager's Authority. Neither the Manager nor any of its Affiliates shall have authority, without a Majority Vote, to:

7.4.1 Enter into contracts with the Company that would bind the Company after the expulsion, 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 Receive from the Company a rebate or give-up or participate in any reciprocal business arrangements which would enable it or any Affiliate to do so;

7.4.5 Sell or lease to the Company any real property in which the Manager or any Affiliate has any interest without a Majority Vote; and

7.4.6 Admit another Person as the Manager, except with the consent of the Members as provided in this Agreement.

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 and assets of the Company;

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;

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;

7.5.5 At all times use its best efforts to meet applicable requirements for the Company to be taxed as a partnership and not as an association taxable as a corporation; and

7.5.6 Amend this Agreement to reflect the admission of the Members not later than 90 days after the date of admission or substitution.

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, including decisions regarding

refinancing and sale or other disposition of the Project, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of its 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. The Manager shall have no other fiduciary or other duties or obligations to the Company or the Members except as set forth in this Agreement.

7.7 Indemnification of the Manager and Officers.

7.7.1 The Manager, its shareholders, Affiliates, officers, directors, partners, manager, members, employees, agents and assigns and any officers of the Company, 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 performed or omitted in good faith, which shall not constitute fraud, gross negligence or willful misconduct, pursuant to the authority granted, to promote the interests of the Company. Moreover, neither the Manager nor any officer of the Company shall be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company's income tax returns.

7.7.2 Notwithstanding Section 7.7.1, the Company shall not indemnify any Manager, or shareholder, director, officer or other employee thereof, for liability imposed or expenses incurred in connection with any claim arising out of a violation of the Securities Act of 1933, or any other federal or state securities law, with respect to the offer and sale of the Units. Indemnification will be allowed for settlements and related expenses in lawsuits alleging securities law violations, and for expenses incurred in successfully defending such lawsuits, provided that (i) the Manager is successful in defending the action, (ii) the indemnification is specifically approved by the court of law which shall have been advised as to the current position of the Securities and Exchange Commission (as to any claim involving allegations that the Securities Act of 1933 was violated) or the applicable state authority (as to any claim involving allegations that the applicable state's securities laws were violated) or (iii) in the opinion of counsel for the Company, the right to indemnification has been settled by controlling precedent.

7.7.3 The Members acknowledge that the Manager may own Units and it shall not be a breach of any fiduciary duty or fiduciary obligation or any other duty or obligation if the Manager votes its Units in its own best interest with respect to any Majority Vote.

7.7.4 Neither the Manager nor any of its Affiliates shall have any obligation to cause the Company to take any action that would result in personal liability to the Manager, its principals or any of its Affiliates in their capacity as obligator or guarantor of any loan that is obtained or assumed by the Company, notwithstanding that the failure to take any such action might result in the total or partial loss of the Company's interest in some or all of the Company's Property. Such action may include transferring the Project to a lender pursuant to a deed in lieu of foreclosure. Any action or inaction by the Manager or any of its Affiliates that is intended to avoid personal liability under any obligation or guaranty related to a loan that is obtained or assumed by the Company will not constitute a breach of any fiduciary or other duty that the Manager or its Affiliates may owe the Company or the Members.

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.

7.9.1 No third party dealing with the Company shall be required to investigate the authority of the Manager or officers of the Company or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company's business. No purchaser of any Property 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. Any officer appointed by resolution of the Manager pursuant to Section 7.10 shall have full authority to execute on behalf of the Company any agreements, contract, conveyances, deeds, mortgages and other instruments, to the extent such authority is delegated by the Manager to such officer, and the execution thereof by such officer, 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.

7.10 Officers of the Company.

7.10.1 The Manager, in its sole discretion, may appoint officers of the Company at any time. The officers of the Company, if appointed by resolution of the Manager, may include a president, vice president, secretary, and treasurer. The officers shall serve at the pleasure of the Manager. Any individual may hold any number of offices. The Manager's officers may serve as officers of the Company if appointed by resolution of the Manager. The officers shall exercise such powers and perform such duties as determined and authorized by the Manager.

7.10.2 Any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

7.11 [Special Purpose Entity Provisions.

7.11.1 This Section 7.11 contains certain provisions required by the Lender. To the extent of any inconsistency between this Section 7.11 and any other provision of this Agreement, this Section 7.11 shall be controlling; provided, however, that nothing in this Section 7.11 shall limit or impair the Company's power and authority to execute and deliver, and to perform its obligations under, the Transaction Documents, and further provided that the requirements of this Section 7.11 shall be enforceable to the maximum extent permissible under the Act. So long as any portion of the Loan is outstanding the provisions of this Section 7.11 shall be in full force and effect and the Company shall comply with the requirements set forth below for a "Special Purpose Entity"; provided, however, that the provisions of this Section 7.11 shall cease to be of force or effect upon the repayment or defeasance of the Loan in full, in accordance with the Loan Documents.

7.11.2 “Special Purpose Entity” shall mean a Delaware limited liability company that at all times on and after the date hereof:

(a) shall not acquire any real property, personal property or assets other than the Project and assets related to the Project (the “Purpose”);

(b) shall not own, operate or participate in any business other than the ownership, leasing and operation of the Project;

(c) shall not commingle its assets or funds with those of any other person;

(d) shall accurately maintain its financial statements, accounting records and other trust documents separate from those of any other person;

(e) shall not assume, guarantee or become obligated for the liabilities of any other person (except in connection with the Loan or the endorsement of negotiable instruments in the ordinary course of business) or held out its credit as being available to satisfy the obligations of any other person; and

(f) shall not enter into, and shall not become a party to, any transaction with any Affiliate of the Company, except in the ordinary course of business and on terms which are no less favorable to the Company than would be obtained in a comparable arm’s length transaction with an unrelated third party (provided that neither the Company’s acquisition of the Project, nor the Company’s entry into any other agreement entered into with Lender’s prior written consent, shall be deemed to violate this provision.

Failure to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Company as a separate legal entity or the limited liability of the Owners.]

[If LLC forms wholly-owned subsidiary, the foregoing will appear in subsidiary LLC agreement and be deleted from this Section 7.]

8. Rights, Authority and Voting of the Members.

8.1 Members Are Not Agents. Pursuant to Section 7, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind nor execute any instrument on behalf of the Company.

8.2 Voting by the Members. Members shall be entitled to cast one vote for each Unit they own. Except as otherwise specifically provided in this Agreement, Members (but not Economic Interest Owners) shall have the right to vote only upon the following matters:

8.2.1 Removal of the Manager as provided in this Agreement;

8.2.2 Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;

8.2.3 Amendment of this Agreement (unless otherwise provided for herein);

8.2.4 Any merger or combination of the Company or roll-up of the Company;

8.2.5 Dissolution and winding up of the Company as set forth in Section 13.1; and

8.2.6 Election to continue the business of the Company as set forth in Section 13.1.2.

8.3 Member Vote; Consent of Manager. Except for the Majority Votes required pursuant to Sections 8.2.1, 8.2.2, 8.2.6, 8.4.3, 9.1, 9.2, 9.3, 9.4, 10.1, 10.1.3, 10.1.4 and 13.3 or as specifically provided in this Agreement which provisions shall only require a Majority Vote, matters upon which the Members may vote shall require a Majority Vote and the consent of the Manager to pass and become effective.

8.4 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 10 percent of the Units entitled to vote as of the record date. Within 20 days after receipt of such request, the Manager shall notify all Members of record on the record date of the Company meeting.

8.4.1 Notice. 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 prepaid, addressed to such Member at its address appearing on the books of the Company or given by it 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 10, nor more than 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.

8.4.2 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 subsequent meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the subsequent meeting, a notice of the subsequent meeting shall be given to each Member of record entitled to vote at the meeting.

8.4.3 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 notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a Majority Vote or such greater vote as may be required by this Agreement or by law. In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Units represented either in person or by proxy, but no other business may be transacted, except as provided above.

8.4.4 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.

8.4.5 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 the Manager and 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, the Manager and each Member shall be given not less than 10, nor more than 60,

days' notice. In the event the Manager or Members representing more than 10% of the Units, request a meeting for the purpose of discussing or voting on the matter, the notice of a meeting shall be given in the same manner as required by Section 8.4.1 and no action shall be taken until the meeting is held. Unless delayed as a result of the preceding sentence, any action taken without a meeting will be effective 5 days after the required minimum number of voters have signed the consent; however, the action will be effective immediately if the Manager and Members representing at least 90% of the Units have signed the consent.

8.4.6 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 (or Members representing more than 10% of the Units if the meeting is being called at their request) may fix in advance a record date, which is not more than 60 nor less than 10 days prior to the date of the meeting nor more than 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 60th day prior to 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, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

8.4.7 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 11 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 which states that it is irrevocable is irrevocable for the period specified therein.

8.4.8 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. 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.

8.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for the 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.

8.4.10 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.

8.5 Rights of Members. No Owner 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 or (iii) demand or receive property other than cash in return for his Capital Contribution. Except as provided in this Agreement, no Owner shall have priority over any other Owner either as to the return of Capital Contributions or as to allocations of the Net Income, Net 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 Owner is to be returned.

8.6 Restrictions on the Owner. No Owner shall:

8.6.1 Disclose to any non-Owner 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, including the identity of suppliers utilized by the Company;

8.6.2 Do any other act or deed with the intention of harming the business operations of the Company; or

8.6.3 Do any act contrary to this Agreement.

8.7 Return of Capital of Member. In accordance with the Act, an Owner may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Owner. If any court of competent jurisdiction holds that any Owner is obligated to make any such payment, such obligation shall be the obligation of such Owner and not of the Company, the Manager or any other Owner.

8.8 Indemnification of Members. The Company shall indemnify, protect, defend and hold harmless the Members, in their capacity as Members (as opposed to the Manager which is indemnified pursuant to Section 7.7 in its capacity as a Manager), and their agents, employees, general partners and Affiliates and its and their respective successors and assigns, from and against any loss, liability, damage, cost or expense (including legal fees and expenses incurred in defense of any demands, claims or lawsuits) arising from actions or omissions concerning business or activities undertaken by or on behalf of the Company from any source. The Company shall advance to any Person entitled to indemnification pursuant to this Section such funds as shall be required to pay legal fees and expenses incurred in defense of any demands, claims or lawsuits as they become due. Notwithstanding the foregoing, if the claim for indemnification is in connection with an action against the Company, or against another Indemnified Party by the person requesting the indemnification, the Company shall have no such obligation to advance any funds for the payment of legal

fees and expenses. The obligations contained herein shall survive the termination or expiration of the Agreement until such time as an action against the Members is absolutely barred by the statute of limitations.

8.9 Deemed Approval. Whenever a Majority Vote is required in this Agreement, the Company shall provide the Members with notice of such required vote, and the Members shall have 15 days after the date such notice is sent by the Company to approve or disapprove of the matter. If a Member does not disapprove of such matter within the 15 day specified response period described above, the Member shall be deemed to have voted in accordance with the vote recommended by the Manager.

9. Resignation, Withdrawal or Removal of the Manager.

9.1 Resignation or Withdrawal of Manager. Subject to Section 10, 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.

9.2 Removal. The Manager may be removed by a Majority Vote only for (i) fraud, gross negligence or willful misconduct of the Manager, determined pursuant to Section 17.12 or (ii) upon the occurrence of an Event of Insolvency of the Manager.

9.3 Purchase of Manager's Interest. Upon the removal of the Manager pursuant to Section 9.2 or its termination 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. These amounts shall be paid by the Company to the Manager in cash at or before the withdrawal of the Manager.

9.4 Purchase Price of the Manager's Interest. The amount of the accrued but unpaid fees shall be reduced by any damages caused by the Manager prior to such removal that occur as a result of the Manager's gross negligence, willful misconduct, or fraud.

10. Assignment of the Manager's Interest.

10.1 Permitted Assignments. Except as otherwise provided in this Agreement, the Manager may not sell or otherwise transfer any part or all of its interest in the Company except with a Majority Vote, which consent may be withheld by such Members in their sole discretion. If the Members consent to the transfer, the interest may only be sold to the proposed transferee within the time period approved by the Members, or within 90 days of such consent on the proposed terms and price, if later. All costs of the transfer, including reasonable attorneys' fees (if any), shall be borne by the transferring Manager. The Manager may encumber its interest without the consent of the Members.

10.1.1 Any assignment or transfer of the Manager's interest provided for by this Agreement can be an assignment or transfer of all of its interest or any portion or part of its interest.

10.1.2 Any transfer of all or a part of the Manager's interest may be made only pursuant to the terms and conditions contained in this Section 10.

10.1.3 Any such assignment 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 assignee of the Manager's interest and accepted by the Members pursuant to a Majority Vote.

10.1.4 The assignor and assignee shall have executed, acknowledged, and delivered such other instruments as the Members pursuant to a Majority Vote, may deem necessary or desirable to effect

such substitution of any such proposed transfer, and which shall include the written acceptance and adoption by the assignee of the provisions of this Agreement.

10.2 Substitute Manager. Upon acceptance by the Members of an assignment by the Manager, any assignee of such Manager's interest in compliance with this Section 10 shall be substituted as the Manager.

10.3 Transfer in Violation Not Recognized. Any assignment, sale, exchange or other transfer in contravention of the provisions of this Section 10 shall be void and ineffectual and shall not bind or be recognized by the Company.

10.4 Transfers to Affiliates. Notwithstanding the above, the Manager may assign its interest to an Affiliate without the consent of the Members.

11. Assignment of Units.

11.1 Permitted Assignments. A Member may only sell, assign, hypothecate, encumber or otherwise transfer any part (but not less than the lesser of (i) one Unit or (ii) the Member's entire interest in the Company) or all of his or her Units if the following requirements are satisfied:

11.1.1 The Manager consents in writing to the transfer;

11.1.2 No Member shall sell, 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;

11.1.3 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 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;

11.1.4 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;

11.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Units will qualify for one of the safe harbors described in the Treasury Regulations related to the publicly traded partnership rules and will not cause the Company's Units to be deemed to be "traded on an established securities market" or "readily tradable on a secondary market (or the substantial equivalent thereof)" under the provisions applicable to publicly traded partnership status. In making this determination, the Manager shall be entitled to limit any transfers so that the transfers comply with one of the safe harbors in the Treasury Regulations; provided, however that the Manager may, in its sole discretion and upon receipt of an opinion from counsel that the Company will not be treated as a publicly traded partnership for federal income tax purposes, permit transfers that do not qualify for one of the safe harbors;

11.1.6 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. Upon such acceptance by the Manager, such an assignee shall take subject to all terms of this Agreement and shall become an Economic Interest Owner;

11.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager to cover all reasonable expenses, including attorneys' fees and lender's fees, connected with such assignment;

11.1.8 The transfer will not result in Employee Benefit Plans owning 25% or more of the Units;

11.1.9 The transfer will not result in more than 480 Owners; and

11.1.10 The transfer will not cause a default with respect to any financing obtained by the Company.

11.2 Substituted Member.

11.2.1 Conditions to be Satisfied. No Economic Interest Owner shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 11.2.2 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 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.

11.2.2 Consent of Manager. The consent of the Manager shall be required to admit an Economic Interest Owner as a Substituted Member. The granting or withholding of such consent shall be within the sole discretion of the Manager.

11.2.3 Consent of Members. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members, and to any Economic Interest Owner becoming a Substituted Member upon consent of the Manager and in compliance with this Agreement.

11.3 Rights of Economic Interest Owner. An Economic Interest Owner shall be entitled to receive Distributions from the Company attributable to the Units acquired by reason of such assignment from and after the effective date of the assignment; provided, however, that notwithstanding anything herein to the contrary, the Company shall be entitled to treat the assignor of such Units as the absolute owner thereof in all respects, and shall incur no liability for allocations of Net Income and Net Loss or Distributions, or for the transmittal of reports or other information until the written instrument of assignment has been received by the Company and recorded on its books. The effective date of such assignment shall be the date on which all of the requirements of this Section have been complied with, subject to Section 4.8.

11.4 Right to Inspect Books. Economic Interest Owners shall have no right to inspect the Company's books or records, to vote on Company matters, or to exercise any other right or privilege as Members, until they are admitted to the Company as Substituted Members except as required by the Act.

11.5 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.

11.6 Transfer in Violation Not Recognized. Any assignment, sale, transfer, exchange or other disposition in contravention of the provisions of this Section 11 shall be void and ineffectual and shall not bind or be recognized by the Company.

11.7 Conversion to Economic Interest. Upon the transfer of a Unit in violation of this Agreement, the Membership Interest of a Member shall be converted into an Economic Interest.

11.8 Right of First Refusal. If any Owner desires to transfer all or any portion of their Units to Maxus, such Owner (the "Selling Owner") shall give the Company written notice of such proposed transfer (the "ROFR Notice") and shall offer to sell such Units to the Company or its Affiliates, or any assignee of the Company or its Affiliates, at the price at which such Units are intended to be transferred by the Selling Owner to Maxus. The ROFR Notice shall set forth the intended terms, conditions, price and the name and address of the Maxus purchaser. The Company or its Affiliates or any assignee shall have the option for a period of 15 business days from the date of receipt of such written offer (the "Offer Period") to accept such offer, and 2 months from the date of the receipt of such written offer to purchase the Units (the "Option Period") on the terms and conditions set forth in the ROFR Notice. If the offer has not been accepted in writing prior to the expiration of the Offer Period, or, if so accepted in writing, the closing of the purchase of the Units has not occurred within the Option Period, the Selling Owner shall have the right for a period of 90 days following the end of the Offer Period (where no acceptance has been delivered by the Company or its Affiliates or any assignee) or the Option Period (where acceptance of the offer has been delivered but the applicable Units have not been purchased on or prior to the expiration of the Option Period), as applicable, to sell its Units to Maxus on the terms set forth in the ROFR Notice. If the sale to Maxus is not completed within such 90-day period, the Selling Owner must again provide the Company with a ROFR Notice as set forth in this Section 11.9 if the Selling Owner wishes to sell its Units to Maxus.

12. Books, Records, Accounting and Reports.

12.1 Records. 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:

12.1.1 A current list of the name and last known business, residence or mailing address of each Owner and the Manager;

12.1.2 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;

12.1.3 Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent fiscal years;

12.1.4 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;

12.1.5 Copies of any financial statements of the Company, if any, for the six most recent years; and

12.1.6 The Company's books and records (but not Member information) as they relate to the internal affairs of the Company for at least the current and past four fiscal years.

12.2 Delivery to Members and Inspection. Subject to limitations set forth in this Section 12.2 and Section 12.6, each Member, or its representative designated in writing, has the right, upon reasonable written request for purposes reasonably related to the interest of that person as a Member, which purposes are set forth in the written request, to receive from the Company:

12.2.1 True and full information regarding the status of the business and financial condition of the Company;

12.2.2 Promptly after becoming available, a copy of the Company's federal, state and local income tax returns for each year;

12.2.3 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 the Certificate of Formation and all amendments thereto have been executed; and

12.2.4 True and full information regarding the amount of cash and a description and statement of the agreed value of any property or services contributed by each Owner and which each Owner has agreed to contribute in the future, and the date on which each became an Owner.

12.3 Reports. The Manager will cause the Company, at the Company's expense, to prepare an annual report containing a statement of changes in financial position, a year-end balance sheet and income statement. Copies of such statements shall be distributed to each Member within 120 days after the close of each fiscal year of the Company.

12.4 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 Owners' individual income tax returns to be distributed to the Owners not later than 90 days after the end of the Company's fiscal year. The Manager shall also distribute a copy of the Company's tax return to a Member, if requested by such Member.

12.5 Confidentiality. The Manager shall have the right to keep confidential from the Owners, for such period of time as the Manager deems reasonable, any information which the Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Manager in good faith believes is not in the best interest of the Company or could damage the Company or its business or which the Company is required by law or by agreement with a third party to keep confidential.

12.6 Limitations. Notwithstanding Section 12.5, any inspection, examination and copying of the Company's books of account (i) will only be for the purposes reasonably related to the requesting Member's interest as a Member as determined by the Manager in the Manager's sole discretion and (ii) will be limited to information regarding the business and financial condition of the Company. Notwithstanding the foregoing, no Member will have the right to information regarding the other Members, including, but not limited to, names, addresses, phone numbers, e-mail addresses, numbers of Units owned and Capital Contributions, and the Manager will not disclose such information to any Member.

12.7 Partnership Audit Rules.

12.7.1 The Manager shall be the “partnership representative” for purposes of Code Sections 6223 and 6231, as amended by Section 1101 of the Bipartisan Budget Act of 2015, and shall, at the Company’s expense, cause to be prepared and timely filed after the end of each taxable year of the Company all federal and state income tax returns required of the Company for such taxable year. If any state or local tax law provides for a partnership representative or Person having similar rights, powers, authority or obligations, the Manager shall also serve in such capacity. The Company shall make such elections pursuant to the provisions of the Code as the Manager, in its sole discretion, deems appropriate (including, in the Manager’s sole discretion, an election under Code Section 754 or an election to have the Company treated as an “electing investment partnership” for purposes of Code Section 743).

12.7.2 If any audit adjustment results in an underpayment of tax that is imputed to the Company and would be assessed and collected at the Company level in the period that the adjustment becomes final, the Company may, in the sole discretion of the Manager, elect:

(a) to pay an imputed underpayment as calculated under Code Section 6225(b) with respect to such adjustment, including interest, penalties and related tax (“Imputed Underpayment”) in the Adjustment Year or otherwise take the Internal Revenue Service adjustment into account in the Adjustment Year. The Manager shall use commercially reasonable efforts to reduce the amount of such Imputed Underpayment on account of the tax-exempt status (as defined in Code Section 168(h)(2)) of any Members as provided in Code Section 6225(c)(3). Each Member agrees to indemnify and hold harmless the Company and the Manager from and against any liability with respect to the Member’s proportionate share of any Imputed Underpayment, regardless of whether such Member is a Member in the Adjustment Year, and to promptly pay its proportionate share of any Imputed Underpayment to the Company within 15 days following the Manager’s request for payment and any amount that is not funded shall be treated as a Tax Payment under Section 4.11.1. Each Member’s (or former Member’s) proportionate share shall be determined by the Manager in good faith taking into account each Member’s (or former Member’s) particular status, including its tax-exempt or non-United States status, its interest in the Company in the Reviewed Year, and its timely provision of information necessary to reduce the amount of Imputed Underpayment set forth in Code Section 6225(c); or

(b) under Code Section 6226(a), as amended by the Bipartisan Act of 2015, to cause the Company to issue adjusted Schedule K-1s or any other similar statement prescribed by the Code, Treasury Regulations or other administrative guidance published by the Internal Revenue Service or other taxing authority to each applicable Member for the Reviewed Year, who will then be required to pay its allocable share of tax otherwise attributable to the Company. Each Member hereby agrees and consents to such election and agrees to take any action, and furnish the Manager with any information necessary to give effect to such election, as required by such Code Section and applicable Treasury Regulations or other administrative guidance published by the Internal Revenue Service or other taxing authority.

13. Termination and Dissolution of the Company.

13.1 Termination of the Company. 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:

13.1.1 Upon the happening of any event of dissolution specified in the Certificate of Formation;

13.1.2 The occurrence of a Dissolution Event unless the business of the Company is continued by the consent of the remaining Members within 90 days following the occurrence of the Dissolution Event;

13.1.3 A determination by the Manager to terminate the Company;

13.1.4 Upon the entry of a decree of judicial dissolution;

13.1.5 Upon the sale of the Project; or

13.1.6 The expiration of the term of the Company.

13.2 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 13.1, the Manager who has not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Cancellation in such form as shall be required by the Act.

13.3 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:

13.3.1 To the payment of creditors of the Company but excluding secured creditors whose obligations will be assumed or otherwise transferred on liquidation of Company assets;

13.3.2 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 at 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 remaining provisions of this Section 13.3; and

13.3.3 To the Owners as set forth in Section 5.1 which is intended to be in proportion to their positive Capital Account balances as of the date of such Distribution, after giving effect to all Capital Contributions, Distributions and allocations for all periods, including the period during which such Distribution occurs.

13.4 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and its Capital Contributions, and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member. No Member shall be required to restore any deficit in the Member's Capital Account.

13.5 Liquidation of Member's Interest. If there is a Liquidation of a Member's or Manager's interest in the Company, any liquidating Distribution pursuant to such Liquidation shall be made only to the extent of the positive Capital Account balance, if any, of such Member or Manager for the taxable year during which such Liquidation occurs after proper adjustments for allocations and Distributions for such taxable year up to the time of Liquidation. Such Distributions shall be made by the end of the taxable year of the Company during which such Liquidation occurs, or if later, within 90 days after such Liquidation.

14. Special and Limited Power of Attorney.

14.1 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 which are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by limitation, the following:

14.1.1 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;

14.1.2 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;

14.1.3 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);

14.1.4 Any contract for purchase or sale of real estate, and any deed, deed of trust, mortgage, or other instrument of conveyance or encumbrance, with respect to Property;

14.1.5 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 Section 16; and

14.1.6 Any documents required to be signed by a Selling Owner with respect to the right of first refusal set forth in Section 11.9.

14.2 Provision of Power of Attorney. The special and limited power of attorney of the Manager:

14.2.1 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;

14.2.2 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 all of 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

14.2.3 Shall survive an assignment by a Member of all or any portion of his 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.

14.3 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.

15. 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 is not intended to be a limited liability company agreement provision 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.

16. Amendment of Agreement.

16.1 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, require the consent of any Member.

16.2 Amendments with Consent of Member. In addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote.

16.3 Amendments Without Consent of the Members. In addition to the Amendments authorized pursuant to Section 4.9 and Section 7.3.12 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 16.3 unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members and (B) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes.

16.4 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 14. 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.

17. Miscellaneous.

17.1 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.

17.2 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.

17.3 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.

17.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member or Economic Interest Owner 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 may specify in writing.

17.5 Manager's Address. The name and address of the Manager is as follows:

Passco Northridge Manager, LLC
2050 Main Street, Suite 650
Irvine, California 92614

17.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

17.7 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.

17.8 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.

17.9 Time. Time is of the essence with respect to this Agreement.

17.10 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents which 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.

17.11 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.

17.12 Binding Arbitration. Any controversy arising out of or related to this Agreement or the breach thereof or an investment in the Units shall be settled by arbitration in Irvine, California, in accordance with the rules of The American Arbitration Association, and judgment entered upon the award rendered may be enforced by appropriate judicial action. The arbitration panel shall consist of one member, which shall be the mediator if mediation has occurred or shall be a person agreed to by each party to the dispute within 30 days following notice by one party that he desires that a matter be arbitrated. If there was no mediation and the parties are unable within such 30 day period to agree upon an arbitrator, then the panel shall be one arbitrator selected by the Los Angeles, California regional office of The American Arbitration Association, which arbitrator shall be experienced in the area of real estate and limited liability companies and who shall be knowledgeable with respect to the subject matter area of the dispute. The losing party shall bear any fees and expenses of the arbitrator, other tribunal fees and expenses, reasonable attorney's fees of both parties, any costs of producing witnesses and any other reasonable costs or expenses incurred by him or the prevailing party or such costs shall be allocated by the arbitrator. The arbitration panel shall render a decision within 30 days following the close of presentation by the parties of their cases and any rebuttal. The parties shall agree within 30 days following selection of the arbitrator to any prehearing procedures or further procedures necessary for the arbitration to proceed, including interrogatories or other discovery; provided, in any event each Member shall be entitled to discovery.

17.13 Venue. Any Action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Orange County, California.

17.14 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.

17.15 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. This Agreement may be amended only as provided in this Agreement.

17.16 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 which is also counsel to one or more of the Manager.

17.17 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 membership interest shall be personal property for all purposes.

IN WITNESS WHEREOF, this Agreement is effective as of the date first set forth in the preamble.

MANAGER:

Passco Northridge Manager, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

MEMBERS:

[_____]

EXHIBIT A

DEFINITIONS

“Act” shall mean the Delaware Limited Liability Company Act, as the same may be amended from time to time.

“Adjusted Capital Account Deficit” shall mean, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member’s share of Member Minimum Gain and Company Minimum Gain and;

(ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

“Adjustment Year” shall have the meaning set forth in Code Section 6225(d)(2), effective for partnership tax years beginning after December 31, 2017.

“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 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.

“Agreement” shall mean this Limited Liability Company Agreement, as amended from time to time.

“Beneficial Interest” shall have the meaning set forth in the Trust Agreement.

“Beneficial Owner” shall mean an “Owner” as set forth in the Trust Agreement.

“Book Gain” shall mean the excess, if any, of the fair market value of the Property over its adjusted basis for federal income tax purposes at the time a valuation of the Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“Book Loss” shall mean the excess, if any, of the adjusted basis of Property for federal income tax purposes over its fair market value at the time a valuation of the Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

“Book Value” shall mean the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

“Built-In Gain (or Loss)” shall mean the amount, if any, by which the agreed value of contributed Property exceeds (or is lesser than) the adjusted basis of Property contributed to the Company by a Member immediately after its contribution by the Member to the capital of the Company.

“Capital Account” with respect to any Member (or such Member’s assignee) shall mean such Member’s initial Capital Contribution adjusted as follows:

- (i) A Member's Capital Account shall be increased by:
 - (a) such Member's share of Net Income;
 - (b) any item of income or gain specially allocated to a Member and not included in Net Income or Net Loss;
 - (c) any additional cash Capital Contribution made by such Member to the Company; and
 - (d) the fair market value of any additional Capital Contribution, as determined by the Manager consisting of property contributed by such Member to the capital of the Company reduced by any liabilities assumed by the Company in connection with such contribution or to which the Property is subject.
- (ii) A Member's Capital Account shall be reduced by:
 - (a) such Member's share of Net Loss;
 - (b) any loss or deduction specially allocated to a Member and not included in Net Income or Net Loss;
 - (c) any cash Distribution made to such Member; and
 - (d) the fair market value, as determined by the Manager, of any Property (reduced by any liabilities assumed by the Member in connection with the Distribution or to which the distributed Property is subject) distributed to such Member; provided that, upon liquidation and winding up of the Company, unsold Property will be valued for Distribution at its fair market value and the Capital Account of each Member before such Distribution shall be adjusted to reflect the allocation of gain or loss that would have been realized had the Company then sold the Property for its fair market value. Such fair market value shall not be less than the amount of any nonrecourse indebtedness that is secured by the Property.

Property other than money may not be contributed to the Company except as specifically provided in this Agreement. Property of the Company may not be revalued for purposes of calculating Capital Accounts unless the Manager determines the fair market value of the Property and the Company complies with the requirements of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such Property), the fair market value of Property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property.

The Capital Account of a Substituted Member shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b). For purposes of this Agreement, any references to the Treasury Regulations shall include corresponding subsequent provisions.

"Capital Contribution" shall mean the gross amount contributed in the Company by a Member and shall be equal to the fair market value by such Member (as determined by the Manager) for the Units issued to him by the Company. In the plural, "Capital Contributions" shall mean the aggregate amount contributed by all of the Members in the Company.

“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, exchange or transfer of the Project, after payment of all cash expenditures of the Company, including, but not limited to, all operating expenses such as fees payable to the Manager or Affiliates, all payments of principal and interest on indebtedness, expenses for repairs and maintenance, capital improvements and replacements, 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 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 refer to Passco Northridge Springing, LLC.

“Company Minimum Gain” shall have the same meaning as “partnership minimum gain” as set forth in Treasury Regulations Section 1.704-2(d).

“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 8.2.6.

“Distribution” shall refer to any money or other property transferred without consideration (other than repurchased Units) to Members or Owners 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 Net Income, Net Loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

“Economic Interest Owner” shall mean the owner of an Economic Interest who is not a Member.

“Employee Benefit Plan” shall have the meaning set forth in Section 3(3) of the Employee Retirement Income Security Act of 1974.

“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 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 60 days after the expiration of any such stay, the appointment is not vacated).

“Imputed Underpayment” shall have the meaning set forth in Section 12.7.2(a).

“Interest” shall mean a Membership Interest or an Economic Interest.

“Lender” means KeyBank National Association, and its successors and assigns.

“Liquidation” shall mean in respect to the Company 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 shall mean 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 year) to the Member by the Company.

“Loan” means that certain loan from Lender in the principal amount of approximately \$32,962,000 as evidenced and secured by the Loan Documents.

“Loan Documents” means that certain Multifamily Note; Multifamily Loan and Security Agreement (Non-Recourse), Multifamily Deed of Trust to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Mississippi), Environmental Indemnity Agreement; Assignment of Management Agreement, Guaranty of Non-Recourse Obligations; and Tenant/Landlord Subordination and Assignment Agreement, and any other document executed and delivered in connection with the Loan.

“Majority Vote” shall mean the vote of more than 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.

“Manager” shall refer to Passco Northridge 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.

“Maxus” means Maxus Properties, Inc. or any of its direct or indirect Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries.

“Member” shall mean any holder of a Unit who is admitted to the Company as a Member, including the Manager to the extent it has acquired Units.

“Member Minimum Gain” shall mean “partner nonrecourse debt minimum gain” as determined under Treasury Regulations Section 1.704-2(i)(3).

“Member Nonrecourse Debt” shall mean “partner nonrecourse debt” as set forth in Treasury Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Deductions” shall mean “partner nonrecourse deductions,” and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(i).

“Membership 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.

“Net Income” or “Net Loss” shall mean, respectively, for each taxable year of the Company the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Company as determined for federal income tax purposes in accordance with Code Section 703(a) (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(a)(1)) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(i) The amount determined above shall be increased by any income exempt from federal income tax;

(ii) The amount determined above shall be reduced by any expenditures described in Code Section 705(a)(2)(B) or expenditures treated as such pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i);

(iii) Depreciation, amortization and other cost recovery deductions shall be computed based on Book Value instead of on the amount determined in computing taxable income or loss. Any item of deduction, amortization or cost recovery specially allocated to a Member and not included in Net Income or Net Loss shall be determined for Capital Account purposes in a similar manner; and

(iv) For purposes of this Agreement, Book Gain and Book Loss attributable to a revaluation of Property attributable to unrealized gain or loss in such Property shall be treated as Net Income and Net Loss.

“Nonrecourse Debt” shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

“Nonrecourse Deductions” shall have the meaning, and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(c).

“Offer Period” shall have the meaning set forth in Section 11.9.

“Option Period” shall have the meaning set forth in Section 11.9.

“Owner” shall mean a Member or the holder of an Economic Interest.

“Percentage Share” shall have the meaning set forth in the Trust Agreement.

“Person” shall mean 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.

“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.

“Project” shall refer to the real property and improvements commonly known as Tapestry Northridge, located in Jackson, Mississippi, subject to the Master Lease, as more particularly set forth in the Trust Agreement.

“Property” shall refer to any or all of such real and tangible or intangible personal property or properties as may be acquired by the Company, including the Project.

“Regulatory Allocations” shall mean the allocations set forth in Sections 4.2.1 through 4.2.7.

“Reviewed Year” shall have the meaning set forth in Code Section 6225(d)(1).

“ROFR Notice” shall have the meaning set forth in Section 11.9.

“Selling Owner” shall have the meaning set forth in Section 11.9.

“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 4.11.1.

“Transaction Documents” means this Agreement, the Master Lease and the Loan Documents, together with any other documents to be executed in furtherance of the investment activities of the Trust.

“Trust” shall mean Passco Northridge DST, a Delaware statutory trust.

“Trust Agreement” shall mean that certain Amended and Restated Trust Agreement of the Trust by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager, and Delaware Trust Company, a Delaware corporation, as Trustee, as may be further amended or supplemented from time to time.

“Trust Estate” shall have the meaning set forth in the Trust Agreement.

“Unit” shall represent an interest in the Company entitling the owner of the Unit if admitted as a Member to the respective voting and other rights afforded to a Member, and affording to such Member a share in Net Income, Net Loss and Distributions as provided for in this Agreement.

EXHIBIT B

MEMBERS

Members

Units

EXHIBIT E

TRUSTEE AND MANAGER FEES

Pursuant to Section 4.4, the Trustee shall receive an initial set up fee of \$500 and an annual fee of \$1,500.

Pursuant to Section 5.5, the Manager shall receive an annual fee of \$3,000, payable monthly.

Pursuant to Section 9.5, the Manager shall receive a fee in an amount equal to 3% of the gross proceeds of the sale of the Project, payable at the closing of the transaction. The Trust will be responsible for paying any third party real estate broker; provided, however, that the disposition fee to the Trust Manager will be reduced to the extent to the outside third party fee exceeds 0.5%.

EXHIBIT F

CONVERSION NOTICE

Passco Northridge Depositor, LLC, a Delaware limited liability company, as the Class B Owner and holder of 100% of the Class B Interests in Passco Northridge DST hereby provides the Conversion Notice pursuant to Section 5.9 of the Amended and Restated Trust Agreement of Passco Northridge DST dated December 9, 2021. This Conversion Notice shall be effective as the beginning of the day on January 25, 2022.

Date: January 25, 2022

PASSCO NORTHRIDGE DEPOSITOR, LLC, a
Delaware limited liability company

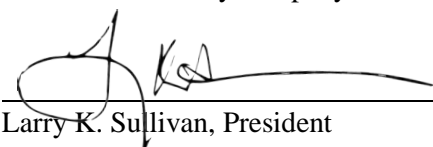
By: 
Larry K. Sullivan, President

EXHIBIT G-1

FORM OF CLASS A CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CLASS A CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR DISPOSED OF AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE MANAGER OF THE TRUST OF AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGER OF THE TRUST THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER AND/OR THE SUBMISSION TO THE MANAGER OF THE TRUST OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE MANAGER OF THE TRUST TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE SECURITIES ACT AND/OR APPLICABLE STATE SECURITIES LAWS AND/OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. THE SECURITIES REPRESENTED BY THIS CLASS A CERTIFICATE ARE SUBJECT TO THE TERMS OF THE TRUST AGREEMENT, AS AMENDED. ANY 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 AGREEMENT AND ONLY UPON AND BY VIRTUE OF THE ENTRY OF SUCH TRANSFER IN THE OWNERSHIP RECORDS OF THE TRUST. THIS CLASS A CERTIFICATE IS NON-TRANSFERABLE AND MAY NOT BE NEGOTIATED, ENDORSED OR OTHERWISE TRANSFERRED.

PASSCO NORTHRIDGE DST

CLASS A CERTIFICATE

No. _____

Passco Northridge DST, a statutory trust organized under the laws of the State of Delaware (the “Trust”), certifies that _____ is the owner of a Class A Beneficial Interest equal to ___% (_____ percent) of the interest in the Trust, issued pursuant to the Amended and Restated Trust Agreement of Passco Northridge DST dated December 9, 2021 by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager, and Delaware Trust Company, a Delaware corporation, as Trustee (the “Trust Agreement”), as may be further amended or supplemented from time to time. All capitalized terms used in this Class A 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 of the Depositor, the Manager, the Trustee and the Owners. This Class A Certificate is subject to all terms of the Trust Agreement. This Class A Certificate shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware (without regard to conflict of law principles).

By accepting this Class A Certificate, the holder hereof hereby acknowledges and agrees to be bound by the terms of the Trust Agreement.

IN WITNESS WHEREOF, the Trust has caused this Class A Certificate to be signed manually by the Manager in accordance with the terms of the Trust Agreement.

Date: _____

PASSCO NORTHRIDGE DST, a Delaware statutory trust

By: Passco Northridge Manager, LLC, not in its individual capacity, but solely as Manager

By: _____
Larry K. Sullivan, President

EXHIBIT G-2

FORM OF CLASS B CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CLASS B CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR DISPOSED OF AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE MANAGER OF THE TRUST OF AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGER OF THE TRUST THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER AND/OR THE SUBMISSION TO THE MANAGER OF THE TRUST OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE MANAGER OF THE TRUST TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE SECURITIES ACT AND/OR APPLICABLE STATE SECURITIES LAWS AND/OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. THE SECURITIES REPRESENTED BY THIS CLASS B CERTIFICATE ARE SUBJECT TO THE TERMS OF THE TRUST AGREEMENT, AS AMENDED. ANY 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, AS AMENDED, AND ONLY UPON AND BY VIRTUE OF THE ENTRY OF SUCH TRANSFER IN THE OWNERSHIP RECORDS OF THE TRUST. THIS CLASS B CERTIFICATE IS NON-TRANSFERABLE AND MAY NOT BE NEGOTIATED, ENDORSED OR OTHERWISE TRANSFERRED.

PASSCO NORTHRIDGE DST

CLASS B CERTIFICATE

No. _____

Passco Northridge DST, a statutory trust organized under the laws of the State of Delaware (the “Trust”), certifies that _____ is the owner of a Class B Beneficial Interest equal to ___% (_____ percent) of the interest in the Trust, issued pursuant to the Amended and Restated Trust Agreement of Passco Northridge DST dated December 9, 2021 by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Northridge Manager, LLC, a Delaware limited liability company, as Manager, and Delaware Trust Company, a Delaware corporation, as Trustee (the “Trust Agreement”), as may be further amended or supplemented from time to time. All capitalized terms used in this Class B 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 of the Depositor, the Manager, the Trustee and the Owners. This Class B Certificate is subject to all terms of the Trust Agreement. This Class B Certificate shall in all respects be governed by, and construed in accordance with, the laws of the State of Delaware (without regard to conflict of law principles).

By accepting this Class B Certificate, the holder hereof hereby acknowledges and agrees to be bound by the terms of the Trust Agreement.

IN WITNESS WHEREOF, the Trust has caused this Class B Certificate to be signed manually by the Manager in accordance with the terms of the Trust Agreement.

Date: _____

PASSCO NORTHRIDGE DST, a Delaware statutory trust

By: Passco Northridge Manager, LLC, not in its individual capacity, but solely as Manager

By: _____
Larry K. Sullivan, President

EXHIBIT D

MASTER LEASE AGREEMENT

MASTER LEASE AGREEMENT

BETWEEN

PASSCO NORTHRIDGE DST, a Delaware statutory trust

AS LANDLORD

AND

PASSCO NORTHRIDGE MT, LLC, a Delaware limited liability company

AS MASTER TENANT

DATED AS OF DECEMBER 9, 2021

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EXHIBITS

EXHIBIT A – BASE RENT

EXHIBIT B – LAND – LEGAL DESCRIPTION

EXHIBIT C – LANDLORD OBLIGATIONS

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MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT, made as of December 9, 2021 (“Agreement”), by and between Passco Northridge DST, a Delaware statutory trust (the “Landlord”), and Passco Northridge MT, LLC, a Delaware limited liability company (the “Master Tenant”).

1. Definitions.

“Additional Rent” shall mean all sums, other than Base Rent, payable by the Master Tenant to the Landlord (or to third parties on behalf of the Landlord) pursuant to the terms of this Agreement, including, but not limited to, the Master Tenant Impositions and Percentage Rent.

“Agreement” shall mean this Master Lease Agreement, as amended.

“Bankruptcy Code” shall have the meaning set forth in Section 19.10.

“Base Rent” shall mean the amounts set forth and described as Base Rent on Exhibit A.

“Base Term” shall mean a term beginning on the Commencement Date and ending on the Expiration Date (exclusive of any Renewal Term), unless earlier terminated pursuant to the terms of this Agreement.

“Baseline Amount” shall have the meaning set forth on Exhibit A.

“Capital Expenditures” shall mean 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.

“Commencement Date” shall mean December 9, 2021.

“Condemnation Proceeding” shall mean any action or proceeding brought by a competent authority for the purpose of any taking of the fee of the Project or 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.

“Control” shall mean, as applied to the Master Tenant, the possession, directly or indirectly, of the power to direct or cause the direction of the management and operations of the Master Tenant, whether through the ownership of voting securities or other ownership interests, by contract or otherwise.

“DST” shall mean a Delaware statutory trust which has converted to an investment trust as set forth in its trust agreement.

“Default” shall have the meaning set forth in Section 20.1, after giving effect to all applicable notice and cure periods.

“Default Rate” shall mean the lesser of (i) 10% per annum, 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.

“Existing Obligations” shall have the meaning set forth in Section 3.3.

“Expiration Date” shall mean December 31, 2034 (or, if extended pursuant to any renewal option set forth in Section 3.1, the last date of the applicable Renewal Term), unless earlier terminated pursuant to the terms of this Agreement.

“Gross Rent” shall mean all rent and other revenues received by the Master Tenant from the operation of the Project, from any Person other than the Landlord.

“Hazardous Substance Costs” shall have the meaning set forth in Section 21.4.

“Hazardous Substances” shall have the meaning set forth in Section 21.1.

“Imposition Payment” shall have the meaning set forth in Section 5.3.

“Impositions” shall mean all (i) ancillary fees and costs related to a Permitted Mortgage, (ii) charges for utilities not paid for by Subtenants, (iii) taxes, assessments, 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) and (iv) items specified as being included in the term “Imposition” as set forth in Section 5.4.

“Improvements” shall mean 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, personal property 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 Subtenant.

“Initial Lender” shall mean KeyBank National Association, and its successors and assigns.

“Initial Loan” shall mean the \$32,962,000 loan made to the Landlord by the Initial Lender.

“Initial Loan Documents” shall mean that certain mortgage or deed of trust and other documents executed by the Landlord, the Master Tenant and Initial Lender evidencing the Loan.

“Intangible Property” shall have the meaning set forth in Section 3.3.

“Land” shall mean all of the tracts or parcels of land described in Exhibit B, together with all rights, ways and easements appurtenant thereto.

“Landlord” shall mean Passco Northridge DST, a Delaware statutory trust and its successors or assigns.

“Landlord Capital Expenditures” shall mean the Capital Expenditures set forth on Exhibit C.

“Landlord Costs” shall mean Landlord Impositions, Landlord Operating Expenses, Landlord Hazardous Substance Costs, Landlord Insurance Obligations, the Tenant Improvement Allowance, the Unidentified Tenant Improvement Allowance and Landlord Capital Expenditures.

“Landlord Hazardous Substance Costs” shall have the meaning set forth in Section 21.4.

“Landlord Impositions” shall mean the Impositions set forth on Exhibit C.

“Landlord Insurance Obligations” shall mean all insurance obligations of the Landlord as set forth in Section 8.1.

“Landlord Operating Expenses” shall mean the Operating Expenses set forth on Exhibit C.

“Landlord Reserve Account” shall have the meaning set forth in Section 6.2.

“Lease Year” shall mean (i) for the first year, a term beginning on the Commencement Date and ending on December 31, 2021, and (ii) for all other years, a term beginning on January 1 and ending on December 31.

“Lender” shall mean the Initial Lender or any lender under a Permitted Mortgage and their successors and assigns.

“Loan” shall mean the Initial Loan or any subsequent loan obtained by the Landlord in compliance with the terms of this Agreement.

“Loan Documents” shall mean the Initial Loan Documents or any documents comprising a Permitted Mortgage.

“Management Agreement” shall mean an agreement for the management of the Project.

“Master Lease Event of Default” shall mean (i) a default by the Master Tenant with respect to any of the Operating Covenants that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Initial Loan Documents) based on a default, breach or failure by the Master Tenant under this Agreement.

“Master Lease Termination Event” shall mean any event in which (i) a Master Lease Event of Default has occurred and is continuing, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an Event of Default (as such term is used in the Initial Loan Documents) caused by the Master Tenant which Event of Default has not been waived within any applicable cure period.

“Master Tenant” shall mean Passco Northridge MT, LLC, a Delaware limited liability company, and its successor or assigns.

“Master Tenant Capital Expenditures” shall mean all Capital Expenditures other than the Landlord Capital Expenditures.

“Master Tenant Costs” shall mean all Master Tenant Capital Expenditures, Master Tenant Impositions, Master Tenant Operating Expenses and Master Tenant Insurance Obligations.

“Master Tenant Impositions” shall mean all Impositions other than Landlord Impositions.

“Master Tenant Insurance Obligations” shall mean all insurance obligations of the Master Tenant as set forth in Section 8.2.

“Master Tenant Operating Expenses” shall mean all Operating Expenses other than Landlord Operating Expenses.

“Master Tenant Reserve Account” shall have the meaning set forth in Section 6.3.

“Operating Covenants” shall mean all terms, conditions, provisions, requirements, representations, and affirmative and negative covenants of the Initial Loan Documents relating to the use and operation of the Project.

“Operating Expenses” shall mean all ordinary and necessary costs and expenses related to the Project other than Capital Expenditures, Impositions, Hazardous Substance Costs and reserves or impounds.

“PCB” shall have the meaning set forth in Section 21.2.

“Percentage Rent” shall have the meaning set forth in Section 4.2.

“Permitted Mortgage” shall mean the mortgage, deed of trust or other similar document securing the Initial Loan or any subsequent mortgage or deed of trust placed on the Project by the Landlord in compliance with the terms of this Agreement.

“Premium Payment” shall have the meaning set forth in Section 8.11.

“Project” shall mean the Land and the Improvements.

“Remedial Work” shall have the meaning set forth in Section 21.5.

“Renewal Term” shall mean any extension of the Term of this Agreement pursuant to the exercise of the renewal options provided to the Master Tenant as set forth in Section 3.1.

“Requirements” shall mean 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, use or manner of use of the Project or any portion thereof.

“Restoration” shall mean 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.

“Springing LLC” shall have the meaning set forth in the Landlord’s trust agreement.

“Sublease” shall mean any sublease of any or all of the Project permitted pursuant to the terms of this Agreement.

“Subtenant” shall mean any subtenant party to a Sublease.

“Successor Landlord” shall have the meaning set forth in Section 19.11.

“Taking” shall mean 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.

“Tenant Improvement Allowance” shall mean, individually or collectively, as the context requires, any one or more of the amounts set forth on Exhibit D.

“Term” shall mean the Base Term plus any Renewal Term.

“Unidentified Tenant Improvement Allowance” shall mean an amount of up to \$300,000, in the aggregate, to be paid by the Landlord to the Master Tenant over the term of this Agreement, to pay for unidentified capital replacements and expenditures.

“Use” shall mean the use as an apartment complex.

“Vesting Date” shall mean the date of any Taking.

2. Lease. The Landlord hereby leases to the Master Tenant, and the Master Tenant hereby leases from the 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. The Landlord shall deliver possession of the Project to the 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 plus any Renewal Term unless sooner terminated pursuant to the terms of this Agreement. The Master Tenant shall have the right to renew this Agreement for 2 additional 5-year terms (for a total Term, if the right to renew is exercised both at the end of the Base Term and at the end of the first Renewal Term, of up to 23 Lease Years) upon the terms and conditions set forth herein. The Master Tenant shall provide written notice to the Landlord of each such renewal at least 60 days prior to the end of the applicable Base Term or Renewal Term.

3.2 The Master Tenant hereby accepts the Project without any representation or warranty by the Landlord, express or implied in fact or by law, and expressly without recourse to the Landlord as to title to the Project or the nature, physical condition, suitability or usability thereof. The 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 and (ii) service contracts, which relate to the Project (collectively, (i) and (ii), the “Existing Obligations”). The Landlord hereby assigns and transfers to the Master Tenant, to the extent transferable, as of the Commencement Date and for the Term of this Agreement, all of the Landlord’s rights, duties and obligations under the Existing Obligations, 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 all of the 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”). The 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 Intangible Property, the possession of the Project or the title thereto which the Landlord might otherwise have incurred during the Term of this Agreement by reason of the Existing Obligations, the Intangible Property or the ownership of the Project by the Landlord except for Landlord Costs. Subject to the express terms, provisions and limitations set forth in this Agreement, the Master Tenant shall indemnify, protect, defend and hold the 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 the Landlord in direct connection with any or all of the Existing Obligations, 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 any liability, damage, loss, cost or expense suffered or incurred by the Landlord as a result of, or due to, any (i) negligent or willful act or omission of the Landlord or its owners, agents, employees, officers, directors, managers, members and partners or (ii) the Landlord's failure to pay any Landlord Cost. The 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 the Landlord is required by the purchase agreement applicable to the acquisition of the Project to remit any rent to the seller, then the Master Tenant shall remit such rents to the seller.

3.4 The 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 the Master Tenant. To the extent assignable, and to the extent that they survived the closing of the purchase of the Project by the Landlord, the Landlord hereby assigns to the Master Tenant during the Term of this Agreement, except to the extent that they relate to Landlord Costs, (i) all representations and warranties obtained by the Landlord upon acquisition of the Project and (ii) any indemnities, warranties, guaranties (environmental or otherwise) or rights to receive payment in favor of the Landlord, or transferred to the Landlord regarding the Project obtained by the Landlord upon acquisition of the Project. To the extent the same survive the closing, but are not assignable by the Landlord, the Landlord hereby agrees, at the Master Tenant's request and at the Master Tenant's sole cost and expense, to promptly raise and diligently pursue (in a manner and pursuant to a strategy directed by the Master Tenant) claims against the seller of the Project or any other applicable party regarding such representations, warranties, indemnities, guaranties and rights to receive payment. In the event that the Landlord fails to pursue or enforce any right or remedy available to the Landlord under the purchase agreement, the Master Tenant may, following written notice to the Landlord, pursue any such claims at its own expense. The Master Tenant, at the Landlord's request, and at the Landlord's sole cost and expense, shall cooperate with the Landlord's pursuit of claims against the seller of the Project or any other applicable party regarding representations, warranties, indemnities, guaranties and rights to receive payment with respect to Landlord Costs.

3.5 The Landlord shall not be expected or required to make any payment of any kind or be under any obligation or liability except as expressly set forth herein with respect to Landlord Costs. Notwithstanding any law to the contrary, except as expressly set forth herein: (i) this Agreement shall not be terminable by the Master Tenant, and the Master Tenant waives all rights, if any, conferred upon the Master Tenant by any statute, decree, order or otherwise to terminate or surrender this Agreement, (ii) the Master Tenant shall not be entitled to accept, and waives, all rights, if any, conferred upon the Master Tenant by any statute, decree, order or otherwise to any abatement, deferral, reduction, set-off, counterclaim, defense or deduction with respect to any Base Rent or Additional Rent and (iii) the Master Tenant's obligations under this Agreement, including, but not limited to, the Master Tenant's obligation to pay the full Base Rent and Additional 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 a Condemnation Proceeding or otherwise except as set forth in Section 18 and (C) any other cause whether similar or dissimilar to the foregoing; except that to the extent of any amount payable by the Landlord to or for the benefit of the Master Tenant for Landlord Costs paid by the Master Tenant, the Master Tenant may deduct an amount equal to the amount so owed to, or paid by, the Master Tenant, together (in the case of Landlord Costs) with interest thereon from the date so paid by the Master Tenant, from any Base Rent or Additional Rent due under this Agreement, to the extent that, on any date when such Base Rent or Additional Rent becomes due, the amount deducted would not reduce the aggregate net amount paid by the Master Tenant below the aggregate amount then due and payable under any Permitted Mortgage. The Master Tenant shall not be required to pay or incur any cost for a Landlord Cost for which sufficient funds are not available in any reserve established to pay such Landlord Cost unless the

Master Tenant has been provided with reasonable assurances that funds will be made available as needed to pay such Landlord Cost, but may do so, in its sole discretion. The Master Tenant shall be required to pay for each Master Tenant Cost whether or not the Tenant Improvement Allowance allocable thereto is sufficient to pay for the related work in full. The Landlord shall have the obligation to pay up to the total amount of the Unidentified Tenant Improvement Allowance. The Master Tenant shall request disbursement from the Unidentified Tenant Improvement Allowance to pay for unidentified capital replacements and expenditures, not more frequently than once per month and the Landlord shall be required to advance funds for the payment of such items from the Unidentified Tenant Improvement Allowance within 15 days of its receipt of the request. Any payments made from the Unidentified Tenant Improvement Allowance will reduce the balance of the Unidentified Tenant Improvement Allowance. The Unidentified Tenant Improvement Allowance may only be used by the Master Tenant for Master Tenant Capital Expenditures and may not be used by the Master Tenant to make anything other than minor non-structural modifications to the Project.

3.6 The Landlord shall transfer all tenant security deposits to the Master Tenant. The Master Tenant will indemnify the Landlord from and against any and all losses, damages, costs and liabilities suffered or injured by the Landlord in connection with the tenant security deposits.

3.7 Upon the termination of this Agreement, (i) the Master Tenant's rights and obligations in and under all current Subleases shall automatically vest in the Landlord and the Landlord shall be deemed, without further action required, to have assumed all of the Master Tenant's obligations under the Subleases from and after the effective date of the termination, and the Master Tenant shall transfer all security deposits to the Landlord and (ii) the Landlord also shall indemnify and hold the 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 to the extent that they relate to facts occurring from or after the effective date of the termination of this Agreement.

3.8 This Agreement shall terminate in the event that all or substantially all of the Project is sold or transferred by the Landlord in one transaction. Such termination shall become effective simultaneously with the sale. The transfer of the Project to the Springing LLC from the Landlord shall not cause a termination. Upon the sale of the Project by the Landlord (other than because of a foreclosure or deed in lieu of foreclosure), the Landlord shall pay \$50,000 to the Master Tenant which the Master Tenant will be required to use to pay for stay bonuses for the property management staff and other closing costs.

4. Base Rent and Additional Rent

4.1 The Master Tenant covenants to pay to the 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 set forth herein) (i) the Base Rent in arrears on the 10th day of each calendar month (with respect to the calendar month then most recently ended) during the Term of this Agreement (or, in the case of the last payment, 10 days after the end of the Term) and (ii) Additional Rent when due. Prorated monthly payments of Base 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. As an administrative convenience to the Landlord, the Landlord hereby irrevocably directs the Master Tenant to pay directly to the holder of any Permitted Mortgage, or otherwise in accordance with any Permitted Mortgage, on or before the due date thereunder, (i) that portion of the Base Rent and Percentage Rent that equals the sum of the regularly scheduled installments of principal and interest, and all amounts to be deposited into the Landlord Reserve Account related to Landlord Costs, required under the terms of the loan secured by any Permitted Mortgage or (ii) if required pursuant to any Permitted Mortgage, all Base Rent and Percentage

Rent. The Landlord will, for purposes of this Section, keep the Master Tenant informed of any changes to such obligations. In addition, the Master Tenant shall be required to fund such other reserves as are required to be funded under a Permitted Mortgage with respect to the Master Tenant Costs, and such funds shall belong to the Master Tenant. In the event that the Landlord pays any amounts related to Master Tenant Costs, the Master Tenant shall reimburse the Landlord for such amounts.

4.2 The Master Tenant shall also pay the Landlord, during the Base Term only, rent equal to 80% of the Gross Rent, including any reimbursements from any Subtenant, received by the Master Tenant from tenants in the Project in excess of the Baseline Amount ("Percentage Rent"). The Percentage Rent for any calendar month during the Base Term shall be due and payable on the 10th day of the immediately following calendar month (or, in the case of the last payment where the Term is ended before the scheduled end of the Base Term, 10 days after the end of the Term). Such monthly payment amounts shall be based on the Master Tenant's good faith estimates. The Master Tenant and the Landlord shall reconcile Percentage Rent within 90 days after the end of each Lease Year. All other Additional Rent shall be due at a time that is sufficient to pay the underlying cost or expense without penalty or default.

4.3 Any Base Rent or Additional Rent not paid when due shall bear interest from the due date at the Default Rate until paid in full.

4.4 The Master Tenant shall be entitled to reduce Base Rent or Additional Rent, if required, to comply with any income tax withholding law; provided, however, that the Master Tenant shall not reduce Base Rent below the amount that equals the sum of the regularly scheduled installments of principal and interest, and all Landlord reserves and impounds for Landlord Costs, required under the terms of the loan secured by any Permitted Mortgage.

5. Impositions.

5.1 The Landlord shall pay (except as provided in Section 5.6), 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 Landlord 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 (i) the Project or any part thereof or (ii) any use or occupation of the Project. If the Master Tenant receives any bills for such Landlord Impositions, the Master Tenant shall promptly deliver such bills to the Landlord. The Landlord may, in its discretion, direct the Master Tenant to make any payment of Landlord Impositions, on behalf of the Landlord and at the Landlord's sole costs and expense and the Master Tenant shall make such payment on behalf of the Landlord in conformance with the timing requirements set forth herein.

5.2 The Master Tenant shall pay (except as provided in Section 5.6), 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 Master Tenant 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 (i) the Project or any part thereof or (ii) any use or occupation of the Project. If the Landlord receives any bills for such Master Tenant Impositions, the Landlord shall promptly deliver such bills to the Master Tenant.

5.3 To the extent that the amount of any Imposition or anticipated Imposition has been paid into any reserve or impound account established by the holder of a Permitted Mortgage (an "Imposition Payment"), then, the 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) (either on behalf of the Landlord with respect to any Landlord Imposition or on its own

behalf with respect to any Master Tenant Imposition), in each case, subject to the provisions of the Permitted Mortgage. Upon the funding of any Imposition Payment, the 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 Payment related to a Landlord Imposition to be paid into an impound or reserve, the Master Tenant shall, at the direction of the Landlord (which may be in the form of a standing instruction), pay such amount on behalf of the Landlord out of the Base Rent or Additional Rent.

5.4 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 the 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. If such amounts described in this Section 5.4 relate to a Landlord Imposition, then such amounts shall be paid as set forth in Section 5.1. If the amounts described in this Section 5.4 relate to a Master Tenant Imposition, then such amounts shall be paid as set forth in Section 5.3 and such amounts will be deemed to be an item of Additional Rent.

5.5 In the case of assessment for local improvements or betterments which may by law be payable in installments and such amount is related to a Master Tenant Imposition, the Master Tenant (subject to Section 5.6) 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 the Master Tenant shall take such steps as may be prescribed by law to convert the payment of the assessment into installment payments, and the Landlord hereby agrees to cooperate with the 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. In addition, any Impositions that would have been a Master Tenant Imposition had it occurred during the Term of this Agreement related 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 the Landlord and the Master Tenant so that the Landlord shall be responsible in respect to that portion of such Imposition which bear the same ratio to the full Imposition that are part of the fiscal period which falls outside the Term of this Agreement bears to the entire fiscal period. Any such Imposition will be considered to be a Master Tenant Imposition if such Imposition is applicable to the Term of this Agreement. The Master Tenant shall be responsible for the portion of such Imposition that falls within the Term of this Agreement.

5.6 The Master Tenant shall have the right, after prior written notice to the Landlord, to contest or review by appropriate legal proceedings or in such manner as the Master Tenant in the Master Tenant's opinion shall deem advisable (which proceedings or other steps taken by the Master Tenant if instituted shall be conducted diligently and solely at the Master Tenant's own expense) any and all Master Tenant Impositions levied, assessed or imposed against the Project or taxes in lieu thereof required to be paid by the Master Tenant, provided that such contest shall not operate to prevent or in any way impair or delay a sale of the Project by the Landlord, result in a tax sale of the Project or any portion thereof or otherwise put the Project at risk. The Landlord, at the request of the Master Tenant, will join in any such contest or proceeding and will execute any agreement in form and substance satisfactory to the 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 the Master Tenant in those circumstances

must defend and hold the 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 the Landlord in connection therewith. In any event, no such contest shall defer or suspend the Master Tenant's obligations to pay the Master Tenant Impositions as herein provided, but if by law it is necessary that such payment be suspended to preserve or perfect the Master Tenant's contest, then the contest shall not be undertaken without there being first furnished to the Landlord security in form reasonably satisfactory to the Landlord, and in an amount sufficient to pay such Master Tenant Impositions, together with all interest and penalties thereon upon conclusion of the contest and all costs thereof that may be imposed upon the Landlord or the Project, and the Master Tenant shall defend and hold the Landlord harmless from and against any and all liability, loss, cost and expense suffered or incurred by the Landlord in connection therewith. Nothing in this Section 5.6 shall be in derogation of the Landlord's right to contest or review any Master Tenant Impositions by legal proceedings or in such other manner as may be available to the Landlord upon 10 days prior written notice to the Master Tenant. In the event that the Landlord receives a refund of any Master Tenant Imposition that was contested and paid by the Master Tenant, the Landlord shall pay such amounts to the Master Tenant within 30 days of the receipt of such amount.

5.7 The Landlord shall have the right to contest or review by appropriate legal proceedings or in such manner as the Landlord, in the Landlord's opinion shall deem advisable (which proceedings or other steps taken by the Landlord if instituted shall be conducted diligently and solely at the Landlord's own expense) any and all Landlord Impositions levied, assessed or imposed against the Project or taxes in lieu thereof required to be paid by the Landlord. The Master Tenant, at the request of the Landlord, shall join in, or cooperate with, any such contest or proceeding.

5.8 At the Landlord's written request, the Master Tenant shall deliver to the Landlord copies of all paid bills or other evidence of payment for Master Tenant Impositions prior to the date any fine, interest or cost may be imposed for the nonpayment thereof. At the Master Tenant's written request, the Landlord shall deliver to the Master Tenant copies of all paid bills or other evidence of payment for the Landlord Impositions prior to the date any fine, interest or cost may be imposed for the nonpayment thereof.

6. Repairs and Maintenance of the Project.

6.1 Throughout the Term of this Agreement, the Master Tenant, at the Master Tenant's sole cost and expense (except for Landlord Costs), 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 (in compliance with Revenue Ruling 2004-86) 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 Section 17 or Section 18, following a Taking or a casualty. The Master Tenant is requiring the Landlord to make the capital replacements listed on Exhibit C as "Initial Capital Expenditures" in order to place the Project in a position to be rented by the Master Tenant. Other than the Landlord's responsibility for all Landlord Costs as set forth herein, and subject to any contrary provisions of Section 17 and Section 18, the Master Tenant (and not the Landlord) shall have full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Project. In addition to the foregoing, during the existence of a Permitted Mortgage, the Master Tenant shall further maintain and repair the Project in accordance with the terms of such Permitted Mortgage.

6.2 An initial reserve in the amount of \$2,575,388 will be established for the Landlord to pay for Landlord Costs (the "Landlord Reserve Account"). To the extent there are reserves established under the Permitted Mortgage that are applicable to any Landlord Costs, the Master Tenant shall have access to the Landlord Reserve Account to pay such Landlord Costs on behalf of the Landlord. To the extent the Landlord Reserve Account is not sufficient to pay for any Landlord Cost, the Landlord shall remit the amount of such insufficiency to the Master Tenant within 10 business days of the Landlord's receipt of the Master Tenant's request thereof. Alternatively, the Master Tenant shall have the right to withhold Base Rent or Additional Rent in an amount sufficient to pay the applicable Landlord Cost. Any funds held in the Landlord Reserve Account shall belong to the Landlord and shall be transferred to the Landlord upon termination of this Agreement or sale of the Project.

6.3 The Master Tenant shall maintain an account (the "Master Tenant Reserve Account"), which will be used to fund and pay for Master Tenant Costs. The Master Tenant Account shall be funded upon execution of this Agreement with \$300,000 (a portion of which will be in the form of a promissory note from the Master Tenant's member). In addition, the Master Tenant will be capitalized with a demand note of \$500,000 from its member. The Master Tenant shall be responsible for all Master Tenant Costs that, in the Master Tenant's reasonable discretion, are necessary to properly maintain the Project in accordance with its Use and the Master Tenant shall be responsible for providing the funds to pay for any such Master Tenant Cost.

6.4 The Master Tenant may satisfy its funding obligations for any Master Tenant Cost to the extent, if any, that insurance proceeds are made available by the Master Tenant's or the Landlord's insurance carrier and such proceeds are used to fund the Master Tenant Cost. The Landlord may satisfy its funding obligations for any Landlord Cost to the extent, if any, that insurance proceeds are made available by the Master Tenant's or the Landlord's insurance carrier and such proceeds are used to fund the Landlord Costs.

6.5 Throughout the Term of this Agreement, the Master Tenant shall not cause any intentional waste or damage, disfigurement or injury to the Project or any part thereof. The Landlord is not obligated to pay for any item that would be a Landlord Cost but which is required (i) due to the gross negligence or willful misconduct of the Master Tenant or the 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 and such Landlord Cost shall remain the responsibility of the Master Tenant.

6.6 The Master Tenant may enter into a Management Agreement for the management and operation of the Project. The 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.

6.7 Notwithstanding the above, while the Initial Loan is outstanding, the Master Tenant may not remove, sell or transfer any part of the Project (including personal property) other than obsolete or worn-out property that are contemporaneously being replaced by items of equal or better function and quality, unless such property is no longer needed at the Project.

7. Compliance with Requirements.

7.1 Throughout the Term of this Agreement, the Master Tenant, at the Master Tenant's sole cost and expense (except for Landlord Costs) 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 the Landlord receives any notices regarding Requirements, the Landlord shall promptly deliver the same to the Master Tenant.

7.2 The Master Tenant shall have the right, after prior notice to the Landlord, solely at the Master Tenant's own expense, without cost or expense to the Landlord, to contest by appropriate legal proceedings diligently conducted in good faith, in the name of the Master Tenant, the validity or application of any Requirements related to Master Tenant Costs, provided, however, that the 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 incurrance of, or the risk of incurring, any fine, lien, charge or liability of any kind against the Project or the Master Tenant's leasehold interest therein and without subjecting the Master Tenant or the Landlord to the risk of any liability, civil or criminal, for failure so to comply therewith. To the extent reasonably required and at the Master Tenant's request and sole cost and expense, the Landlord hereby agrees to cooperate with and assist the Master Tenant with such contests. The Master Tenant shall, upon the Landlord's request, and at the Landlord's sole cost and expense, cooperate with the Landlord's contest of the validity or application of any Requirements constituting Landlord Capital Improvements or Landlord Operating Expenses. The Master Tenant shall, upon the Landlord's request, and at the Landlord's sole cost and expense, cooperate with the Landlord's contest of the validity or application of any Requirements related to Landlord Costs.

7.3 While the Initial Loan is outstanding, the Master Tenant shall, as an accommodation to the Landlord, provide all financial information and other reporting information required under the Loan Documents to the Lender on behalf of the Landlord.

8. Insurance.

8.1 The Landlord shall at all times through the Term of this Agreement maintain, at the Landlord's sole cost and expense (other than as set forth below), for the mutual benefit of the Landlord and the Master Tenant, the below enumerated insurance or such other insurance (not required to be covered by the Master Tenant pursuant to Section 8.2):

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 (inclusive of the cost of excavations, foundation and footings) 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;

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, except that, if the changes or alterations are

undertaken by the Master Tenant, pursuant to Section 11, as a Master Tenant Cost, such coverage shall be obtained and maintained by the Master Tenant, at its expense; and

8.1.5 All other insurance requirements of the Landlord as set forth in the Loan Documents.

8.2 The Master Tenant shall maintain, at the Master Tenant's sole cost and expense, or cause to be maintained by its Subtenants and at all times throughout the Term of this Agreement:

8.2.1 Comprehensive general liability insurance including contractual liability insurance specifically covering the indemnification obligations of the Master Tenant under this Agreement (including, without limitation, the obligations referred to in Section 16.1), on an occurrence basis against claims for bodily injury, personal injury and property damage arising on or about the Project (including, without limitation, elevators and/or escalators) and the sidewalks, driveways and curbs adjacent thereto with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate;

8.2.2 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, Percentage Rent and other Additional Rent, or, if such amounts exceed the Base Rent, Percentage Rent and other Additional Rent, the rental payments due to the Master Tenant under the Subleases, (ii) Impositions and (iii) premiums on insurance required to be carried pursuant to this Section; and

8.2.3 All other insurance requirements of the Master Tenant as set forth in the Loan Documents.

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 by the Landlord or the Master Tenant (as applicable, depending on the party responsible to obtain such coverage, and whether obtained in connection with the commencement of the Term or in connection with the renewal or replacement of any policy required to be maintained hereunder) to the other party within 5 days of the responsible party's receipt of the other party's written request therefor. If requested by the other party, the party responsible for maintaining any policy required under this Section shall deliver to the other party satisfactory evidence of payment of the premium on such policy prior to the expiration date of such policy. To the extent obtainable, all such policies shall contain agreements by the insurers that (i) no act or omission by the party responsible for maintaining such coverage 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 8.2.2 shall name the Landlord as loss payee. To the extent of the sum of (i) any Base Rent, Percentage Rent and other Additional Rent due and payable at the time of the Landlord's receipt of any proceeds of the rental value policy, plus (ii) any Base Rent, Percentage Rent and other Additional Rent scheduled to become due with respect to the period for such proceeds are received, the Landlord shall retain such proceeds and apply them (A) to the payment of such amounts as are then due and payable, and (B) to the payment, as they become due, of amounts not then due and payable, but to become due during such period; and, provided that the Master Tenant is not then

in Default under this Agreement, shall release any excess of the amount so received over the sum of the amounts described in clauses (i) and (ii). If the Master Tenant is then in Default under this Agreement, the Landlord shall hold such excess as cash collateral for the obligations of the Master Tenant hereunder for so long as the Master Tenant is in Default, and may apply them to the obligations of the Master Tenant hereunder as they become due and payable.

8.5 Except as provided in Section 8.4, all policies of insurance shall name the Landlord or the Master Tenant, as applicable (based on responsibility to maintain the relevant coverage) as the insured and the Landlord or the 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 the 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 the Master Tenant, to be held by the Master Tenant in trust for the Landlord and used to pay Landlord Costs and other obligations in respect of the underlying casualty, unless the casualty results in the Master Tenant's termination of this Agreement pursuant to the provisions of Section 17, in which event the loss shall be payable to the 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.

8.7 Nothing contained in the foregoing provisions of this Section shall prevent either the Landlord or the 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 either the Landlord or the Master Tenant or its affiliates as well as the Project; provided, however, if such insurance is provided pursuant to a blanket policy, the Landlord or the Master Tenant, as the case may be, 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 the Landlord or the Master Tenant, as the case may be, on its own account.

8.9 The requirements of this Section shall not be deemed or construed to negate or modify the Master Tenant's obligations to defend and indemnify the Landlord pursuant to the provisions of this Agreement, or to negate or modify the Master Tenant's obligations to restore the Project following a Taking or casualty (subject to the Landlord's obligation to fund Landlord Costs incurred in connection with such Restoration) pursuant to the terms of this Agreement.

8.10 Notwithstanding anything herein to the contrary, to the extent required in any Permitted Mortgage, the holder of such Permitted Mortgage shall be named as an additional insured under any liability policies and proceeds under such other policies shall be payable to such holder as a mortgagee under a standard mortgagee clause in favor of, and acceptable to, such holder. The Master Tenant's obligations hereunder to deliver certificates of insurance or original insurance policies to the Landlord shall, during the time any Permitted Mortgage is in existence, include delivery of such items to such holder in addition to (or where necessary in lieu of) delivery of such items to the Landlord. To the extent that any insurance proceeds are paid to the holder of a Permitted Mortgage in accordance with the requirements of such Permitted Mortgage, such payment (and, as applicable, the use of any such proceeds by the Landlord and/or the Master Tenant to repair any related damage in accordance with the terms of such Permitted Mortgage), will be deemed to satisfy the Landlord's and/or the Master Tenant's obligations under this Agreement, as applicable, including Section 17, where such proceeds would, without such Permitted Mortgage, be available to the Master Tenant to perform its repair obligations

under this Agreement. The Landlord's and the Master Tenant's rights in and to any insurance proceeds are subject to the rights of the holder of a Permitted Mortgage under such Permitted Mortgage.

8.11 To the extent that the Master Tenant has paid as Additional Rent any amount for a Master Tenant Insurance Obligation into any reserve or impound account established by the holder of a Permitted Mortgage (a "Premium Payment"), the Master Tenant shall be entitled to demand and receive funds directly from such reserve or impound account from the holder of a Permitted Mortgage for the payment of the applicable insurance premium(s) in each case, in accordance with the terms and conditions of a Permitted Mortgage. Upon the funding of any Premium Payment, the Master Tenant's obligation to maintain the insurance corresponding to the Premium Payment shall be satisfied in full for the applicable period.

9. Surrender at End of Term.

9.1 Upon termination of this Agreement, the Master Tenant shall quit and surrender the entire Project (including, without limitation, the Improvements) to the 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 Expenditures excepted, free and clear of all leases and occupancies other than (i) the Existing Obligations (to the extent the same have not expired or have since been terminated), (ii) Subleases and (iii) any other leases and occupancies which the 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 the Landlord and any Permitted Mortgage. Upon termination of this Agreement, the Master Tenant shall assign the items set forth in (i), (ii) and (iii) above to the Landlord.

9.2 Any personal property of the 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 the 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 the Master Tenant or such Subtenant, space tenant, occupant, business invitee or licensee, may, at the option of the Landlord, be deemed to have been abandoned and either may be retained by the Landlord as the Landlord's property or may be disposed of, without accountability, in such manner as the Landlord may see fit, and the Master Tenant agrees to defend, indemnify and hold the 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 the Master Tenant does not vacate the Project upon expiration or sooner termination of this Agreement, then the Landlord shall have the option to treat the 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 Additional Rent, which will also be payable) shall be an amount equal to 125% of the prior monthly installment of Base Rent.

9.4 The Landlord shall not be responsible for any loss or damage occurring to any property owned by the 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. The Landlord's Right to Perform the Master Tenant's Covenants.

10.1 If the Master Tenant shall at any time fail to make any payment or perform any other act or obligation of the Master Tenant to be made or performed pursuant to this Agreement, then, after 20 days' prior written notice to the 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 the Landlord or the Landlord's exposure to possible liability, or where the due date for such payment or performance shall have passed or will occur within such 20-day period), and without waiving, or releasing the Master Tenant from, any obligation of the Master Tenant contained in this Agreement, the Landlord may (but shall be under no obligation to) take such action or expend such amounts to perform or pay the Master Tenant's obligation.

10.2 All sums so paid by the Landlord and all costs and expenses incurred by the Landlord in connection with the performance of any act described in Section 10.1, together with interest thereon at the Default Rate from the respective dates of the Landlord's making of each such payment or incurring of each such cost and expense, shall constitute Additional Rent payable by the Master Tenant under this Agreement and shall be paid by the Master Tenant to the Landlord on demand. The Landlord shall not be limited in the proof of any damages which the Landlord may claim against the Master Tenant arising out of or by reason of the Master Tenant's failure to provide and keep in force insurance which the Master Tenant is required to keep in force under this Agreement. The 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 the Master Tenant shall have failed or neglected to provide insurance as aforesaid.

10.3 The 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 the Master Tenant.

11.1 The Master Tenant shall have the right at any time and from time to time during the Term of this Agreement to make, at the Master Tenant's sole cost and expense (except for Landlord Costs) and in its sole discretion, structural (if in accordance with Revenue Ruling 2004-86) and nonstructural changes and alterations in or to the Improvements without the Landlord's consent, subject to Section 28 and the following conditions:

11.1.1 No change or alteration shall be undertaken until the Master Tenant shall have procured and paid for (except for Landlord Costs), 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. The Landlord shall join in the application for such permits and authorizations whenever such action is necessary; provided that the Landlord shall not incur or be subject to any liability or expense as a result of joining in said application (except for Landlord Costs).

11.1.2 No change or alteration shall be made that could (i) materially reduce the value of the Project below its value immediately before such change or alteration, (ii) result in a material change in the usefulness of the Project from its intended Use, or (iii) 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, other than disputed items, shall be promptly paid by the Master Tenant (other than Landlord Costs), so that the Project shall at all times be free and clear of liens 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 the Master Tenant shall be and become the property of the Landlord upon termination of this Agreement and for purposes of this Agreement shall be deemed to be a part of the Improvements. The Master Tenant shall diligently prosecute to completion all such changes and alterations once commenced, and the 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 the 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 the Landlord, the Master Tenant or the Project, and general liability insurance for the mutual benefit of the Master Tenant and the 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 the Master Tenant, at the Master Tenant's sole cost and expense (except for Landlord Costs), 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 the Landlord prior to the commencement of any work in connection therewith.

11.2 The 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 the Master Tenant pursuant to this Agreement, the Master Tenant shall, to the extent applicable, comply with the provisions set forth in this Section 11.

12. Discharge of Liens.

12.1 The Master Tenant covenants and agrees that the Master Tenant shall not create or permit to be created or to remain, and shall discharge (at the Master Tenant's expenses except with respect to Landlord Costs), 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 the Master Tenant shall not suffer any other imposition whereby the estate, right and interest of the Master Tenant in the Project or any part thereof might be impaired, provided that (A) any Impositions may, after the same become a lien on the Project, be paid or contested by the Master Tenant, after prior written notice to the Landlord, by appropriate legal proceedings or in such manner as the Master Tenant in the Master Tenant's opinion shall deem advisable (and which, if instituted, shall be conducted diligently and solely at the Master Tenant's expense unless such matter relates to a Landlord Cost), but in any event in compliance with any conditions set forth in the Loan Documents; and (B) any mechanic's, laborer's or materialman's lien may be discharged in accordance with Section 12.2. If requested by the Master Tenant, the Landlord will cooperate in any such contest in the manner provided in Section 5 for the Master Tenant's cooperation with contests by the Landlord pursuant to such section, but the Master Tenant shall defend and hold the 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 the Landlord in connection therewith.

12.2 Notwithstanding Section 12.1, if any mechanic's, laborer's or materialman's lien shall at any time be filed against the Project or any part thereof, the 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 the 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 the Landlord hereunder, at law or in equity and including those set forth in Section 20, the 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 the Landlord and all costs and expenses incurred by the 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 the Landlord's making the payment or incurring the cost and expense to the date the Landlord is in actual receipt of such amount from the Master Tenant, shall constitute Additional Rent payable by the Master Tenant under this Agreement and shall be paid by the Master Tenant to the Landlord on demand. In the event that any mechanic's, laborer's or materialman's lien cured by the Master Tenant relates to any Landlord Cost, the Master Tenant shall be reimbursed therefor in the manner described in Section 6.

NOTICE IS HEREBY GIVEN THAT THE LANDLORD WILL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO THE MASTER TENANT, OR TO ANYONE HOLDING AN INTEREST IN THE PROJECT (OR ANY PART THEREOF) THROUGH OR UNDER THE 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 THE LANDLORD IN THE PROJECT, EXCEPT, IN ANY SUCH CASE, TO THE EXTENT THAT SUCH LABOR, SERVICES OR MATERIALS ARE FURNISHED WITH RESPECT TO THE LANDLORD COSTS.

13. Use of Project.

13.1 The 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. The 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 The 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 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 The 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 the 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 The 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 terms of any Permitted Mortgage. The

Master Tenant shall further perform during the Term of this Agreement, the terms of any Permitted Mortgage that relate to this Agreement or the Project. Such covenants and obligations shall be performed by the Master Tenant in such a manner as to not constitute a default under the Permitted Mortgage. Notwithstanding the above, the Master Tenant shall remain entitled to reimbursement by the Landlord for any Landlord Costs incurred by the Master Tenant in performing its obligations under this Agreement.

13.5 The Landlord agrees that in the event the Landlord refinances a Permitted Mortgage, the Lender requirements and obligations imposed by the new lender shall not be greater to the Master Tenant than those existing as of the Commencement Date and shall not affect operations of the Project or the leasing of the Project by the Master Tenant.

14. Entry to Project by the Landlord. The Master Tenant shall permit the Landlord, and any of the 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 (i) inspecting the same, and showing the same to any prospective purchaser of the Landlord's interest or, within 6 months prior to the expiration of the Term of this Agreement, any prospective tenants, (ii) making any necessary repairs thereto and performing any work therein that may be necessary by reason of the Master Tenant's failure to commence (and diligently pursue the completion of) any such repairs within 20 days after prior written notice from the Landlord or (iii) to perform any work related to any Landlord Capital Improvements if not performed by the Master Tenant. Nothing herein shall imply any duty upon the part of the Landlord to do any such work which shall be the Master Tenant's responsibility and performance (subject to the payment obligations of the Landlord and the Master Tenant as set forth herein) thereof by the Landlord shall not constitute a waiver of the Master Tenant's default in failure to perform the same. The Landlord may inspect and audit the Master Tenant's books and records to the extent the Landlord is required to do so in order to comply with the terms of the Loan Documents.

15. Waiver of Subrogation Rights. The Landlord and the 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 with respect to any insurance policy required to be maintained by the Landlord and the Master Tenant under this Agreement, as the case may be, unless consented to by the insurance company or companies issuing such insurance policy 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. The Landlord and the Master Tenant, as applicable, shall cause each fire or other casualty insurance policy maintained as set forth in Section 8 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 The Master Tenant shall indemnify, defend and hold the Landlord harmless from and against any and all losses, damages, expenses, costs and liabilities actually suffered or incurred by the Landlord 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 the Master Tenant and (iii) any failure on the 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 the Landlord or its agents, employees, officers and directors. This indemnity extends to liability for expenses (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses at both trial and appellate levels) actually incurred by the Landlord in defending any action or proceeding (i) instituted against the Landlord by a third party, or in which the Landlord intervenes, or against the Master Tenant in which the Landlord is made a party or appears and (ii) to which the foregoing indemnity would apply.

16.2 The Landlord shall not be liable to the Master Tenant and the Master Tenant hereby waives all claims against the 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 the Landlord or its agents, contractors, employees, officers and directors.

16.3 In the event the Master Tenant is obligated to pay, or pays, out of the Master Tenant's own funds, any obligations of the Landlord under a Permitted Mortgage that is not otherwise an obligation of the Master Tenant under this Agreement, the Landlord shall be liable to the Master Tenant for the reimbursement of such amount paid. The Landlord shall reimburse the Master Tenant for any such amount within 30 days of a demand for reimbursement from the Master Tenant. The Master Tenant may deduct an amount equal to the reimbursement, together with interest thereon as provided in Section 4.3, from any Base Rent or Additional Rent due under this Agreement, to the extent that, on any date when such Base Rent or Additional Rent becomes due, the amount deducted would not reduce the aggregate net amount paid by the Master Tenant below the aggregate amount then due and payable under the Permitted Mortgage.

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, the Master Tenant shall promptly give written notice to the Landlord thereof. Subject to the terms of Sections 17.2 and 17.3, the Master Tenant shall be responsible for the Restoration of the Project and the 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 change or reduction in Base Rent or Additional Rent, unless otherwise set forth below.

17.2 If the proceeds from any casualty insurance are insufficient to complete the Restoration, the Master Tenant shall fund any excess required to complete the Restoration except for funds attributable to Landlord Costs. Any casualty proceeds in excess of the cost of Restoration shall be payable to, and retained by, the Master Tenant, except for any excess funds attributable to Landlord Costs, which shall be retained by the Landlord. The Landlord shall provide the Master Tenant with the funds necessary (in addition to available insurance proceeds) to fund any costs to complete the Restoration with respect to Landlord Costs. Absent receipt of the Landlord's agreement to fund such excess amount within 30 days, the Master Tenant may elect to terminate this Agreement upon notice to the Landlord within 20 days after the expiration of the 30-day period.

17.3 If either the Landlord or the Master Tenant shall determine, in its reasonable discretion, that Restoration of the Project cannot be completed prior to expiration of the rental value insurance maintained by the Master Tenant pursuant to Section 8, then, at the Landlord's election, either (i) this Agreement may be terminated by the Landlord upon 30 days' notice to the Master Tenant or (ii) this Agreement shall continue but all rent payments due hereunder shall be abated until 90 days after the Restoration has been completed. Notwithstanding the foregoing, neither the Landlord nor the Master

Tenant may 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 such Permitted Mortgage, this Agreement shall remain in effect and the Master Tenant shall complete the Restoration in accordance with the terms of this Section.

17.4 If the casualty occurs within the last 12 months of the Term, and the casualty affects more than 50% of the Project, the 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 the Landlord. Notwithstanding the foregoing, the 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 such Permitted Mortgage, the Master Tenant shall complete the Restoration in accordance with the terms of this Section.

17.5 In the event that this Agreement is terminated pursuant to this Section 17, then the Base Rent and Additional Rent shall be prorated to the date of termination. In the event that some or all of the Project cannot be restored, and the Landlord and the Master Tenant elect not to terminate this Agreement, then the Base Rent and Percentage Rent shall be reduced (and the Master Tenant shall be credited for prior overpayments) by an amount reasonably determined by the Landlord and the Master Tenant. If the Landlord and the Master Tenant cannot, within 30 days, agree on the new Base Rent and Percentage Rent, either may require that the matter be settled in accordance with Section 25.

17.6 Except as provided herein, no destruction of or damage to the Project or any part thereof by fire or any other casualty shall permit the Master Tenant to surrender this Agreement or shall relieve the Master Tenant from the Master Tenant's liability to pay the full Base Rent and Additional Rent under this Agreement or from any of the Master Tenant's other obligations under this Agreement. The Master Tenant waives any rights now or hereafter conferred upon the Master Tenant by statute or 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 Base Rent and Additional 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, the 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 the Master Tenant against the Landlord or any other party who could, by virtue of a claim against it, make a claim against the 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, the Master Tenant shall determine, in the 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 the Master Tenant to complete the Restoration for an amount not to exceed the proceeds from the Taking. If it is determined by the 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 Base Rent and Additional Rent shall be apportioned and paid to the date of termination and no other claim or demand of any kind shall be made

by the Landlord or the Master Tenant by reason of such termination. If it is determined that the 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 the Master Tenant can elect to terminate this Agreement as of the Vesting Date and the Base Rent and Additional Rent shall be apportioned and paid to the date of termination and no other claim or demand of any kind shall be made by the Landlord or the Master Tenant by reason of such termination; provided, however, that if there are at least 12 months remaining in the Term, the Landlord may agree to pay the excess Restoration expenses in which case this Agreement shall not terminate and the 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 Base Rent or Additional Rent, except as expressly provided in Section 18.3. No such partial Taking shall operate as or be deemed an eviction of the 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 the Master Tenant to observe and perform fully all the covenants of this Agreement on the part of the 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 Base 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, the 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 the 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 the Landlord, available to the Master Tenant to be utilized for Restoration of the Project as set forth in this Agreement. The 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 the Master Tenant pursuant to the provisions of Section 18.2.3, then commencing as of the Vesting Date, the amount of the Base Rent and Percentage Rent payable by the Master Tenant under this Agreement shall be reduced (and the Master Tenant shall be credited for prior overpayments) by an amount reasonably determined by the Landlord and the Master Tenant. If the Landlord and the Master Tenant cannot, within 30 days, agree on the new Base Rent and Percentage Rent, either may require that the matter be settled in accordance with Section 25. The new Base Rent and Percentage Rent shall be established to provide the Master Tenant and the Landlord with the same economic return to which each was entitled prior to the Taking.

18.4 Each of the Landlord and the Master Tenant shall promptly deliver to the other any notices it receives with respect to a Condemnation Proceeding or threatened Condemnation Proceeding.

18.5 Notwithstanding anything herein to the contrary, the Master Tenant's and the Landlord's rights and obligations with respect 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.

19. Assignment, Subletting and Mortgaging.

19.1 The Master Tenant may not sell, assign, transfer, mortgage, pledge or otherwise dispose of this Agreement or any interest of the Master Tenant in this Agreement except with the Landlord's prior written consent, which the Landlord may grant or withhold in its sole and absolute discretion; provided,

however, the Master Tenant may (subject to any approvals required under the Loan Documents which with respect to the Initial Loan will require Initial Lender's consent) assign or otherwise transfer to an affiliate its interest herein so long as such assignee has a net worth at least equal to the net worth, immediately prior to such transfer, of the Master Tenant. The Master Tenant understands and acknowledges that the Landlord will not approve any such transfer in the event that the Landlord is a DST. Notwithstanding the above, the Landlord and the Master Tenant shall comply with the terms of any Loan Documents with respect to the transfer of an interest in the Landlord or the Master Tenant.

19.2 If an assignment is consented to by the 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 the 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 the 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 the Master Tenant hereunder. The new Master Tenant shall be liable for the payment of all Base Rent and Additional Rent due hereunder and the performance of all terms, covenants and conditions to be performed by the Master Tenant under this Agreement, and the Master Tenant shall reaffirm the same to the Landlord in writing, in recordable form acceptable to the Landlord, prior to such transfer. Any single consent given by the Landlord hereunder shall not be deemed a waiver of the Landlord's right to future requests for consent under this Section. If the Landlord is requested to approve a proposed assignment or Sublease, the Master Tenant shall be responsible for paying the fees and expenses of the 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 the 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 the Landlord because of the Master Tenant having engaged in any act prohibited by, or in contravention of, the terms hereof.

19.4 Notwithstanding the above, the Master Tenant may sublet the whole or any portion of the Project without the necessity of obtaining the Landlord's prior consent; provided, however, that no such subletting shall be valid unless such permitted subletting complies with the provisions herein set forth. Without in any way limiting the rights and remedies of the 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 the Landlord as the result of the Master Tenant's having engaged in an act prohibited by, or in contravention of, the terms hereof, nor shall such permitted subletting relieve the Master Tenant of any of the Master Tenant's obligations hereunder and the Master Tenant assumes and shall be responsible for and shall be liable to the Landlord for all acts on the part of any present or future Subtenant, which, if done by the Master Tenant would constitute a Default hereunder. Notwithstanding anything contained herein to the contrary, in the event that the Landlord is a DST, the Master Tenant shall not have the right to enter into Subleases that extend beyond the Term of this Agreement without the Landlord's prior consent. In the event that the Landlord is not a DST, the Master Tenant shall have the right to enter into Subleases that extend beyond the Term of this Agreement without receiving the prior consent of the 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 Subtenant;

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 the Master Tenant;

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 the 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 Subtenant under the Sublease demonstrates sufficient credit worthiness to support the Sublease payments as reasonably determined by the Master Tenant or the Subtenant provides for (i) a sufficient security deposit or (ii) guarantee, all as reasonably determined by the Master Tenant.

For proposed Subleases that do not comply with the above provisions, the Master Tenant must obtain the Landlord's prior approval.

19.5 Each Sublease of the whole or a portion of the Project entered into after the date hereof must in each instance contain provisions substantially as follows:

“Tenant acknowledges and agrees that this Lease and all rights of Tenant hereunder are subject and subordinate to that certain Master Lease Agreement (“Master Lease”) relating to the Project dated December 9, 2021 by and between Passco Northridge DST, a Delaware statutory trust, as Landlord (“Master Lessor”) and Passco Northridge MT, LLC, a Delaware limited liability company, and its successors or assigns (“Master Tenant”), as the Master Tenant. Tenant covenants and agrees that, if the Master Lease shall be terminated for any reason or if for any other reason of any nature whatsoever Tenant would have the right to terminate this lease and the leasehold estate of the Tenant, Tenant agrees to attorn to and recognize Master Lessor as Tenant's landlord under this Lease. Tenant covenants and agrees to execute and deliver, at any time and from time to time, upon the request of Master Lessor, any instrument which may be necessary or appropriate to evidence such attornment. Tenant further waives the provisions of any statute or rule of law now or hereafter in effect which may terminate this Lease or give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Project demised hereby, if the Master Lessor shall have requested in writing that Tenant agree that this Lease shall not be affected in any way whatsoever by any such proceeding or termination.”

“The Landlord hereby agrees that, if requested by a Subtenant, a Sublease shall contain, and the Landlord hereby appoints the Master Tenant as the Landlord's attorney-in-fact to execute and deliver, a non-disturbance agreement from the Master Tenant and the Landlord in favor of such Subtenant.”

19.6 Any such Sublease shall be accomplished in accordance with the terms of any Permitted Mortgage and, if a desired Sublease does not meet the terms of such requirements, the Master Tenant shall not finalize such Sublease without obtaining, whether directly or indirectly through the Landlord, the necessary consent to the form of such Sublease from the holder of any Permitted Mortgage.

19.7 Any application by the Master Tenant for the Landlord's written consent under any paragraph of this Section 19 shall be made in writing to the Landlord. The Landlord's failure to disapprove any such application within 10 business days shall be deemed to be an approval by the Landlord.

19.8 The Master Tenant hereby assigns to the Landlord all rents due or to become due from any present or future Subtenant, provided that so long as the Master Tenant is not in Default hereunder, the Master Tenant shall have the right to collect and receive such rents for the Master Tenant's own uses and purposes. The effective date of the Landlord's right to collect rents shall be the date of the happening of a Default under Section 20. Upon a Default, the Landlord shall apply any net amount collected by the Landlord from Subtenants to the Base Rent or Additional Rent due under this Agreement. No collection of rent by the Landlord from an assignee of this Agreement or from a Subtenant shall constitute a waiver of any of the provisions of this Section or an acceptance of the assignee or Subtenant as a tenant or a release of the Master Tenant from performance by the Master Tenant of the Master Tenant's obligations under this Agreement. The Master Tenant without the prior consent of the 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.

19.9 Any attempted Sublease or assignment in violation of the requirements of this Section 19 shall be null and void and, at the option of the Landlord, shall constitute a Default by the Master Tenant under this Agreement. To the extent consent is required, the giving of consent by the Landlord in one instance shall not preclude the need for the Master Tenant to obtain the Landlord's consent to further sublettings or assignments under this Section 19. If the Landlord's approval is required and obtained, the Master Tenant or the prospective Subtenant or assignee shall be responsible for preparing the appropriate documentation and shall reimburse the Landlord for the Landlord's reasonable costs and expenses in reviewing and approving the Sublease or assignment and related documentation.

19.10 If the Master Tenant is in Default hereunder pursuant to Section 20.1.4 and the 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 the 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 the 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 the Landlord by the Master Tenant no later than 20 days after receipt thereof by the Master Tenant, but in any event no later than 10 days prior to the date that the Master Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and the Landlord shall thereupon have the prior right and option to be exercised by notice to the 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 the Landlord's property under the preceding sentence not paid or delivered to the Landlord shall be held in trust for the benefit of the Landlord and shall be promptly paid to or turned over to the Landlord. Any person 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 the Landlord an instrument in form, scope and substance acceptable to the Landlord, confirming such assumption.

19.11 The Landlord may assign its rights under this Agreement to the Springing LLC (the "Successor Landlord"). The Successor Landlord shall take such interest subject to this Agreement, and the assigning the Landlord and the Successor Landlord shall execute an agreement whereby (i) the assigning the Landlord assigns to the Successor Landlord all of its right, title and interest in and to this Agreement and (ii) 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 the 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.

19.12 Every assignee and Subtenant 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.

19.13 The Master Tenant shall not mortgage or otherwise encumber the Master Tenant's interest in this Agreement without the Landlord's consent and, to the extent required by any Loan Documents, the Lender.

20. Events of Default and the Landlord's Remedies.

20.1 Each of the following shall be deemed a "Default" by the Master Tenant, and after the occurrence of any of the following, the Master Tenant shall be "in Default" under this Agreement:

20.1.1 A failure on the part of the Master Tenant to pay any installment of Base Rent or Additional Rent on the date such Base Rent or Additional Rent becomes due, which failure is not cured within 10 days after the Landlord delivers written notice of such failure to the Master Tenant;

20.1.2 A failure (i) on the part of the 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 the 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 the Landlord delivers written notice of such failure to the 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, the 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 the Master Tenant, then the Master Tenant shall thereafter be provided additional time to cure such Default. In the event that the Master Tenant satisfies the standards for such additional time then the Master Tenant shall provide the Landlord with written notice advising the Landlord of the Master Tenant's reasonable estimate of the necessary cure period and the Master Tenant shall thereafter provide the Landlord, by way of monthly reports, the status of such cure. If the 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, the Landlord, by written notice to the 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 the Master Tenant;

20.1.4 If the 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 the Master Tenant or of all or any substantial part of the Master Tenant's properties or the 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 the 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 the 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 the Master Tenant or of all or any substantial part of the Master Tenant's property or the Master Tenant's interest in this Agreement shall be appointed without the consent or acquiescence of the 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 the 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 the Master Tenant or the 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 the Master Tenant or the Master Tenant's general partner or manager;

20.1.7 If the Master Tenant makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

20.1.8 If the Master Tenant takes or fails to take any action which is in violation of the terms of any Permitted Mortgage and (i) such violation is not cured within any applicable cure periods under such Permitted Mortgage, and (ii) the obligation secured by such Permitted Mortgage is accelerated by reason thereof;

20.1.9 While the Initial Loan is outstanding, the Master Tenant (i) amends or alters Section 7.9 of its limited liability company agreement or (ii) violates the terms of Section 7.9 of its limited liability company agreement; or

20.1.10 While the Initial Loan is outstanding, without the prior written consent of the Landlord, there is a transfer of a direct or indirect interest in the Master Tenant which results in a change in Control of the Master Tenant. Notwithstanding the above, it shall not be an event of Default if there is a change in Control because a direct or indirect interest in the Master Tenant has been transferred by devise or bequest after the death of a direct or indirect owner in the Master Tenant.

20.2 In the event of any Default by the Master Tenant as hereinabove provided in this Section, the 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 the Master Tenant shall immediately surrender the Project to the Landlord; (ii) with 10 days prior written notice, terminate the 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 the Master Tenant is obligated to do under the terms of this Agreement and the Master Tenant agrees to reimburse the Landlord on demand for any

expenses which the Landlord may incur in effecting compliance with the Master Tenant's obligations under this Agreement, and the Master Tenant further agrees that the Landlord shall not be liable for any damages resulting to the Master Tenant from such action; and (iv) exercise all other remedies available to the Landlord at law or in equity, including, without limitation, injunctive relief of all varieties. The Landlord's election to pursue one of the remedies set forth above shall not impair the Landlord's exercise of alternate remedies or additional remedies or constitute a waiver of any other remedy available to the Landlord.

20.2.1 In the event that the Landlord elects to terminate this Agreement, then, notwithstanding such termination, the Master Tenant shall be liable for and shall pay to the Landlord the sum of all Base Rent and Additional Rent accrued to the date of such termination. In the event that the Landlord elects to take possession of the Project and terminate the Master Tenant's right to occupy the Project without terminating this Agreement, the Landlord shall have the right to enforce all its rights and remedies under this Agreement, including the right to recover all Base Rent and Additional Rent as it becomes due under this Agreement. In addition, the Master Tenant shall be liable for and shall pay to the 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 the Master Tenant's and any other occupant's (except for all permitted Subtenants) property located therein, (iii) the reasonable and documented out-of-pocket costs of repairs to the Project accruing only during the period in which the Master Tenant occupied the Project and (iv) the reasonable and documented out-of-pocket costs of collecting any of the foregoing amounts from the Master Tenant. Notwithstanding the foregoing, the 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 the Landlord elects to re-enter or take possession of the Project after the Master Tenant's Default, the Master Tenant hereby waives notice of such re-entry or repossession and of the Landlord's intent to re-enter or retake possession. The Landlord may, without prejudice to any other remedy which the Landlord may have, expel or remove the Master Tenant and any other person who may be occupying the Project or any part thereof (other than any Subtenant under a Sublease). All of the Landlord's remedies shall be cumulative and not exclusive. Forbearance by the 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 the Landlord or the 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 the Landlord. No re-entry or taking of possession of the Project by the Landlord shall be construed as an election on the Landlord's part to terminate this Agreement unless a written notice of such termination is given to the Master Tenant.

20.2.4 Damages under this Section 20.2 shall be the following:

(a) the amount of any rent deficiency, to the extent that the payment of rent by the Subtenants is not sufficient 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 the Landlord following the Master Tenant's Default,

(b) all reasonable and documented out-of-pocket costs incurred by the Landlord in restoring the Project to good order and condition; and

(c) any other damages available to the Landlord under applicable law.

20.3 If the Landlord shall enter into and repossess the Project by reason of the Default of the Master Tenant in the performance of any of the terms, covenants or conditions herein contained, then in that event the Master Tenant hereby covenants and agrees that the Master Tenant shall not claim the right to redeem or re-enter the Project or restore the operation of this Agreement, and the 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 the Master Tenant, expressly waive its right, if any, to make payment of any sum or sums of rent, or otherwise, of which the Master Tenant shall have been in Default under any of the covenants of this Agreement, and to claim any subrogation to the rights of the Master Tenant under this Agreement, or any of the covenants thereof, by reason of such payment.

20.4 No receipt of monies by the Landlord from the 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 the Master Tenant, or operate as a waiver of the right of the Landlord to enforce the payment of Base Rent or Additional Rent then due, or operate as a waiver of the right of the 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, the 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 the Master Tenant's liability hereunder.

20.5 The failure of the 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 the 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 the Landlord of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Landlord.

20.6 All the rights and remedies herein given to the Landlord for the recovery of the Project because of the Default by the 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 reserved and conferred upon the Landlord as distinct, separate and cumulative rights and remedies, and no one of them, whether exercised by the Landlord or not, shall be deemed to be in exclusion of any of the others.

21. Hazardous Substances.

21.1 The Master Tenant hereby represents, warrants, covenants and agrees to and with the Landlord that all operations or activities upon, or any use or occupancy of the Project, or any portion thereof, by the 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. The Master Tenant agrees to comply with the terms and provisions of the Initial Loan Documents relating to Hazardous Substances.

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. The Master Tenant hereby represents, warrants, covenants and agrees to and with the Landlord that, to the best of the 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 PCBs, and (ii) the 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 PCBs.

21.3 The Master Tenant hereby represents, warrants, covenants and agrees to and with the Landlord that, to the best of the Master Tenant's knowledge and except as disclosed to the 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) the 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 The Master Tenant agrees to indemnify, protect, defend (with counsel approved by the Landlord) and hold the Landlord, and the directors, officers, shareholders, partners, members, employees and agents of the 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 Substance 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 the Master Tenant's gross negligence. In the event the Landlord shall suffer or incur any such Hazardous Substance Costs, the Master Tenant shall pay to the Landlord the total of all such Hazardous Substance Costs suffered or incurred by the Landlord upon demand therefor by the Landlord. Without limiting the generality of the foregoing, the indemnification provided by this Section shall specifically cover all Hazardous Substance 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 the 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 Substance Costs associated with the 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 the Landlord and its agents, contractors, employees, officers or directors, (ii) at any time when the Landlord or its agent is in control, or has taken possession of, the Project or (iii) after the expiration of this Agreement (collectively, “Landlord Hazardous Substance Costs”). The Landlord agrees to indemnify, protect, defend (with counsel approved by the Master Tenant) and hold the Master Tenant, and the directors, officers, shareholders, partners, members, employees and agents of the Master Tenant, harmless from and against any and all Landlord Hazardous Substance 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, the 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 the Master Tenant) shall perform the Remedial Work under the supervision of an environmental consulting engineer, selected by the Master Tenant and approved in advance in writing by the Landlord. All costs and expenses of such Remedial Work shall be paid by the Master Tenant to the extent arising during the Term or from facts occurring during the Term or, if otherwise, by the Landlord, including, without limitation, the charges of such contractor(s) and/or the environmental consulting engineer (excluding specifically, however, the Landlord’s attorneys’ fees and expenses incurred in connection with monitoring or review of such Remedial Work). In the event the Master Tenant shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, the 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 Substance Costs within the meaning this Section. All such Hazardous Substance Costs shall be due and payable upon demand therefor by the Landlord.

21.6 The Landlord reserves the right, to be exercised from time to time during the Term of this Agreement, to inspect or cause the 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 the Landlord or its contractor or engineer, as applicable, shall have provided evidence of insurance satisfactory to the Master Tenant with respect to any actions taken on the Project. The fees and expenses incurred by the Landlord with respect to said inspections shall be paid by the Landlord. If any Hazardous Substances are discovered by said inspection to be located on, in or under the Project, the Master Tenant shall, at the Master Tenant’s sole cost and expense if they arise during the Term or from facts occurring during the Term or otherwise at the Landlord’s sole cost and expense (and in addition to the 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 the Landlord and its agents, contractors, employees, officers or directors, (ii) at any time when the 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 the Landlord. Nothing contained in this Section 21.6 shall be deemed or construed to amend, modify or replace any other obligation of the Master Tenant set forth in this Section 21.

21.7 Each of the covenants, agreements, obligations, representations and warranties of the Master Tenant set forth in this Section shall survive the expiration or sooner termination of this Agreement.

22. Subordination.

22.1 The Master Tenant and the 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 of any Permitted Mortgage. In the event that the Lender forecloses the Landlord's interest in the Project or accepts a deed in lieu of foreclosure from the Landlord as a result of the Landlord's default, then, at the Lender's election, this Agreement shall be terminated and the Master Tenant shall not be deemed to, or have any right to, attorn to the Lender. Notwithstanding any other provision of this Agreement, the Master Tenant agrees that, until the Initial Loan is repaid in full, if there is any conflict between this Agreement and the Initial Loan Documents, the Initial Loan Documents will control; provided, however that the provisions of such Initial Loan Documents will not constitute an amendment to this Agreement.

22.2 The 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 Permitted Mortgage. The Master Tenant agrees, in consideration of the Landlord's commitment to enter into this Agreement, and the grant of the related rights to the 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. The Landlord and the Master Tenant agree that the Master Tenant shall subordinate its interests in such assets pursuant to the terms of the Permitted Mortgage, to any of the foreclosure rights held by the Lender under, a Permitted Mortgage arising in, from and under the Permitted Mortgage, whether or not such foreclosure arises from any default caused by the Master Tenant's actions or inactions, it being the express understanding of the Landlord and the Master Tenant, after due negotiation, to have the Master Tenant's interest in such assets subordinated to the rights of the Lender under the Permitted Mortgage for all purposes. In furtherance of the foregoing, the Master Tenant acknowledges and agrees, and further consents to, the assignment by the Landlord of the Landlord's interest in and to this Agreement pursuant to the Loan Documents, including the rights of the Landlord to enforce the provisions of this Section.

22.3 The Master Tenant acknowledges that the Landlord shall enter into the Initial Loan which will encumber the Project.

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 Base Rent or Additional Rent herein reserved or continuing in occupancy the Master Tenant or any Subtenants or assignees of the Master Tenant's 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 provision to which they relate.

23.3 The acceptance by the Landlord of a check or checks drawn by someone other than the Master Tenant shall in no way affect the 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 the Landlord or an approval of the Master Tenant's failure to comply 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 The Landlord and the 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 the Master Tenant to be performed or complied with, and, if so, specifying the same;

23.5.3 the dates, if any, to which the Base Rent and Additional Rent and other charges hereunder have been paid; and

23.5.4 the Base Rent and the Additional Rent.

23.6 The term "Landlord" as used in this Agreement means only the party that has executed this Agreement as the Landlord as of the date hereof and its successors and assigns. So long as this Agreement survives any such transfer and the Master Tenant's rights and obligations hereunder are not materially adversely affected (or this Agreement terminated pursuant to Section 3.8), the Landlord may, subject to any other restrictions under applicable law or other agreements governing the interests of the Landlord, including any Permitted Mortgage, sell, 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; 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 the 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 the Landlord and the Master Tenant as follows:

Landlord:	Passco Northridge DST 2050 Main Street, Suite 650 Irvine, California 92614 Attn: Larry K. Sullivan
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Master Tenant:	Passco Northridge MT, LLC 2050 Main Street, Suite 650 Irvine, California 92614 Attn: Alan Clifton
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With a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, CA 92121
Attn: Darryl Steinhouse, Esq.
Fax: (858) 638-5002

Notices shall be deemed properly delivered and received (i) the same day when personally delivered, (ii) 1 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) 3 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 The Master Tenant, upon paying the Base Rent and Additional Rent due hereunder and performing the other terms, provisions and covenants of this Agreement on the 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 the Master Tenant or all or substantially all the assets of the 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 the Landlord an acknowledged instrument in recordable form assuming all obligations, covenants and responsibilities of the Master Tenant under this Agreement and under any instrument executed by the 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 or 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 the Master Tenant's leasehold estate with the fee estate in the Project by reason of the fact that the same person acquires or holds, directly or indirectly, this Agreement or the leasehold estate or any interest therein as well as any of the fee estate in the Project. The initial Landlord and the 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 the Landlord's consent is required, the Master Tenant shall be required to obtain further consent in each subsequent instance as if no consent had been given previously.

23.14 Except as otherwise provided herein, in the event of any action or proceeding at law or in equity between the Landlord and the Master Tenant, including, without limitation, an action or proceeding between the 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 the

Landlord or the 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 the Landlord shall not discharge or relieve the Master Tenant from any of the Master Tenant's obligations, except to the extent the Master Tenant has duly performed any such obligations of the 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, and 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 the 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 the Master Tenant and shall inure to the benefit of and be enforceable by the successors and assigns of the 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. The Landlord is not a partner or joint venturer with the Master Tenant in any respect or for any purpose in the conduct of the 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 the Master Tenant's or the 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, the Master Tenant shall execute and deliver to the Landlord an instrument, in recordable form, confirming the termination of this Agreement which instrument, at the Landlord's option, may be placed of record in the real estate title records in the county in which the Project is located and the cost of recording such instrument shall be shared equally by the Landlord and the Master Tenant. The Master Tenant's obligations under the immediately preceding sentence hereof shall survive the expiration or sooner termination of this Agreement.

23.18 The Landlord does hereby represent and warrant that: (i) the 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, (ii) the Landlord has full lawful right and authority to enter into this Agreement and to perform all its obligations hereunder, and (iii) each person (and all of the persons if more than one signs) signing this Agreement on behalf of the Landlord is duly and validly authorized to do so. The Master Tenant may, upon any failure by the Landlord, pay directly to the applicable governmental authorities, any recurring organizational expenses and complete any recurring organizational filings, for and on behalf of the Landlord which are necessary to maintain the organizational existence of the Landlord.

23.19 The Master Tenant does hereby represent and warrant that: (i) the 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, (ii) the Master Tenant has full lawful right and authority to enter into this Agreement and to perform all of its obligations hereunder, and (iii) each person signing this Agreement on behalf of the Master Tenant is duly and validly authorized to do so.

23.20 Except with respect to a default or breach under Section 23.6, the Master Tenant shall look solely to the 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 the Landlord on account of the Landlord's breach of any of the Landlord's covenants or obligations under this Agreement. Except with respect to a default or breach under Section 23.6, the Landlord, and the directors, officers, trustees, partners, members, owners, employees and agents of the Landlord, shall never have any personal liability for any breach of any covenant or obligation of the Landlord under this Agreement and no recourse shall be had or be enforceable against the assets of the Landlord other than the interest of the Landlord in the Project (including any proceeds from the sale thereof and all insurance proceeds and condemnation awards relating thereto) for payment of any sums due to the Master Tenant or enforcement of any other relief based upon any claim made by the Master Tenant for breach of any of the Landlord's covenants or obligations under this Agreement. The 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, the Master Tenant shall have the right to pursue any and all remedies available to the Master Tenant against the Landlord or its members and managers. The Master Tenant and the Landlord acknowledge and agree that no Lender or its successors or assigns, other than a Lender who has become the Landlord, shall have personal liability arising from this Agreement. To the extent the Lender or its successors or assigns becomes the Landlord under this Agreement, such Lender, as the Landlord, shall be liable only to the extent of (i) its interest in the Project and (ii) its gross negligence, willful misconduct or wrongful acts or omissions occurring during the time that it is the Landlord hereunder.

23.21 At least as frequently as at the end of each calendar quarter during the Term of this Agreement, the Master Tenant shall deliver to the 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. The Master Tenant shall also provide to the Landlord such other reports with respect to the Project as may be required under any Permitted Mortgage. The 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) the Landlord's employees, attorneys and financial consultants (ii) any potential purchasers of the Project, (iii) any potential lender associated with any possible refinancing of any Loan secured by a Permitted Mortgage, and (iv) to the extent required under a Permitted Mortgage, to the holder of such Permitted Mortgage.

23.22 The Master Tenant hereby waives its rights to claim that this Agreement creates a de facto guaranty relationship between the parties or entitles the Master Tenant to guarantor protections.

23.23 Time is of the essence of each and every provision of this Agreement.

23.24 The Master Tenant has agreed, as part of this Agreement, to enter into that certain Tenant/Landlord Subordination and Assignment Agreement (the "TLSA") with respect to the Initial Loan. Pursuant to the TLSA the Master Tenant's assets have been pledged to the Landlord as security for its obligations under this Agreement. The Landlord has pledged its interest in such Master Tenant pledge

to the Initial Lender. The Landlord hereby agrees to indemnify the Master Tenant if the Initial Lender forecloses on the pledges described in the TLSA and, as a result of such foreclosure or otherwise, takes, retains or fails to return any of the Master Tenant's assets to the extent the value of such assets exceeds the unpaid obligations of the Master Tenant due at the time of such foreclosure under this Agreement. The Initial Lender will not be liable for the indemnification obligations of the Landlord under this subsection. The Landlord's indemnification obligations to the Master Tenant under this subsection are subordinate to the Initial Loan.

23.25 This Agreement shall automatically terminate in the event of a Master Lease Termination Event.

24. Indemnification by the Master Tenant.

24.1 The Master Tenant shall indemnify, defend and hold the 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 the Landlord by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct or fraud of the Master Tenant, its agents or employees or the Master Tenant's breach of this Agreement. If any person or entity makes a claim or institutes a suit against the Landlord on a matter for which the Landlord claims the benefit of the foregoing indemnification, then (i) the Landlord shall give the Master Tenant prompt notice thereof in writing; (ii) the Master Tenant may defend such a claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to the Landlord; and (iii) neither the Landlord nor the Master Tenant shall settle any claim without the other's written consent.

24.2 The Master Tenant acknowledges that the Landlord may enter into the Loan Documents, which may include provisions for personal liability for the Landlord with respect to certain "nonrecourse carve-outs." The Master Tenant hereby agrees that to the extent that the Landlord is required to make payments on such indemnification as a direct result of (i) the Master Tenant's fraud, willful misconduct or misappropriation, (ii) the Master Tenant's commission of a criminal act, (iii) the misapplication by the Master Tenant of any funds derived from the Project received by the 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 the Master Tenant that are grossly negligent, the Master Tenant will indemnify the Landlord for any such liability that was caused by such actions.

25. Venue. Any controversy between the parties hereto arising out of or related to this Agreement shall be brought in a court of competent jurisdiction located in Orange County, California.

26. Waiver of Jury Trial. The Landlord and the 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 the Landlord and the Master Tenant, the Master Tenant's use or occupancy of the 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 and Estoppels.

27.1 Right to Grant Easements. The Master Tenant agrees that the 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 the 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 the Master Tenant. The parties shall mutually cooperate in fixing the exact location in the future of such items.

27.2 Estoppel Certificate; Attornment and Priority of Lease; Subordination.

27.2.1 Estoppel Certificates. The Master Tenant agrees to execute, acknowledge and deliver, within 20 days after a request by the Landlord, 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 the Master Tenant is in possession of the Project and operating the Project; (v) the date to which rent and any other charges have been paid; (vi) whether the Master Tenant or any guarantor of this Agreement 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 the Master Tenant is entitled to any credits, reductions, offsets, defenses, free rent, rent concessions or abatements of rent under this Agreement 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.

27.2.2 Attornment by the Master Tenant. The 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 the Landlord, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Agreement, provided such purchaser assumes in writing the Landlord's obligations under this Agreement, subject to the terms of any nondisturbance agreement between the Master Tenant and the holder of such Permitted Mortgage.

28. Special DST Provisions. Notwithstanding anything else in this Agreement at any time that the Landlord has elected to be treated as an investment trust for federal income tax purposes, neither the Landlord nor the Master Tenant shall have the right, power or ability to take any action that would violate the provisions of Revenue Ruling 2004-86 or otherwise cause the Landlord to be treated as other than an investment trust for federal income tax purposes.

IN WITNESS WHEREOF, the Landlord and the Master Tenant have hereunto set their respective hands the day and year first above written.

MASTER TENANT:

PASSCO NORTHRIDGE MT, LLC,
a Delaware limited liability company

By: 

Alan Clifton, President

LANDLORD:

PASSCO NORTHRIDGE DST,
a Delaware statutory trust

By: Passco Northridge Manager, LLC,
a Delaware limited liability company,
its Manager

By: 

Alan Clifton, Vice President

EXHIBIT A

BASE RENT

BASE TERM

<u>Lease Period¹</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Year 1*	\$3,234,740	\$248,826.15
Year 2	\$2,947,662	\$245,638.50
Year 3	\$2,969,769	\$247,480.75
Year 4	\$2,992,042	\$249,336.83
Year 5	\$3,014,483	\$251,206.92
Year 6	\$3,037,091	\$253,090.92
Year 7	\$3,059,870	\$254,989.17
Year 8	\$3,136,637	\$261,386.42
Year 9	\$3,160,162	\$263,346.83
Year 10	\$2,918,541	\$265,321.91
Year 11	**	***
Year 12	**	***
Year 13	**	***

FIRST RENEWAL TERM

<u>Lease Period</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Year 14	**	***
Year 15	**	***
Year 16	**	***
Year 17	**	***
Year 18	**	***

SECOND RENEWAL TERM

<u>Lease Period</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
Year 19	**	***
Year 20	**	***
Year 21	**	***
Year 22	**	***
Year 23	**	***

* Rent will be pro-rated for the month following the Effective Date. Year 1 will begin on the date the Landlord enters into the Initial Loan and will end on December 31, 2022. Years 2 through 9 will begin on January 1 and end on December 31. Year 10 will begin on January 1, 2031 and end on December 31, 2031. The first month's rent will be pro rata for the actual number of days from the date of this Agreement through the end of the first month.

¹ References are to "Lease Years."

** Annual Base Rent/12 for Lease Years 11 through 23.

*** For the eleventh Lease Year and each Lease Year thereafter, the annual Base Rent shall increase to that amount equal to the product of (1) the annual Base Rent for the immediately preceding Lease Year, and (2) the CPI Change Factor as of the commencement of such Lease Year. For purposes of calculating the annual Base Rent in Lease Year 11, the annual Base Rent for the immediately preceding Lease Year will be equal to \$3,183,863.

“CPI” shall mean the Consumer Price Index for All Urban Consumers U.S. City Average, All Items (base years 1982-1984 = 100). If the CPI is changed so that the base year is changed, the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the CPI is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the CPI had not been discontinued or revised.

“CPI Change Factor” shall mean, as of the commencement of any Lease Year for which an adjustment in Base Rent is to be made based on a change in CPI, the quotient of (a) the CPI most recently published as of the commencement of such Lease Year, divided by (b) (i) for the initial adjustment in Base Rent based on the CPI Change Factor (i.e., the Base Rent payable for Lease Year 11), the CPI most recently published as of the commencement of Lease Year 10 (adjusted, if necessary, to take into account any change in the manner of determining the CPI), or (ii) for any subsequent adjustment in Base Rent based on the CPI Change Factor, the CPI used as the numerator in determining the immediately preceding adjustment in Base Rent based on a change in CPI (adjusted, if necessary, to take into account any change in manner of determining the CPI).

BASELINE AMOUNT

For the first Lease Year:	\$3,930,812
For the second Lease Year:	\$3,664,726
For Lease Years 3 - 7:	the product of (a) the Baseline Amount for the Lease Year then most recently ended, and (b) 1%, rounded up to the nearest whole dollar.
For the eighth Lease Year	\$3,890,181
For each Lease Year thereafter	the product of (a) the Baseline Amount for the Lease Year then most recently ended, and (b) 1%, rounded up to the nearest whole dollar.

EXHIBIT B

LAND – LEGAL DESCRIPTION

COLONIAL HIGHLANDS, PART 1

THE FOLLOWING DESCRIPTION IS BASED ON THE MISSISSIPPI STATE PLANE COORDINATE SYSTEM. WEST ZONE, WAD 83, GRID VALUES. USING A COMBINED FACTOR OF 0.999944015 AND A CONVERGENCE ANGLE OF +00'06'38".

A PARCEL OF LAND CONTAINING 14.38 ACRES, MORE OR LESS, AND BEING SITUATED IN SECTION 7, TOWNSHIP 6 NORTH, RANGE 2 EAST. Cm' OF JACKSON. HINDS COUNTY. MS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT A FOUND 1/2" REBAR AT THE SOUTHEAST CORNER OF LOT 2, BLOCK F. CLUB PARK SUBDMSION PART 1, SAID POINT HAVING MISSISSIPPI STATE PLANE COORDINATES OF N:1048060.54. E:2358756.89; THENCE RUN SOUTH 514.74 FEET THENCE EAST 1002.07 FEET TO A SET 1/2' REBAR WITH CAP. SAID POINT HAVING MISSISSIPPI STATE PLANE 000RDINATES OF N:1047545.79, E:2359758.96 AND BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL OF LAND.

FROM SAID POINT OF BEGINNING, THENCE RUN N 4707'54" E FOR A DISTANCE OF 523.85 FEET TO A SET 1/2' REBAR WITH CAP: THENCE RUN S 42'52'06" E FOR A DISTANCE OF 173.26 FEET TO A SET 1/2' REBAR WITH CAP; THENCE RUN N 4707'54" E FOR A DISTANCE OF 150.36 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4752'06" E FOR A DISTANCE OF 560.90 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN S 4707'64" W FOR A DISTANCE OF 150.36 FEET TO A 1/2" REBAR WITH CAP; THENCE RUN S 42'52'06" E FOR A DISTANCE OF 271,09 FEET TO A SET 1/2" REBAR WITH CAP; THENCE RUN SOUTHEASTERLY ON AND ALONG THE ARC OF A CURVE TO THE RIGHT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 192.00 FEET, AN ARC LENGTH OF 127.80 FEET, A CHORD BEARING OF S 23'48'00" E, A CHORD LENGTH OF 125.45 FEET, AND A DELTA ANGLE OF 38'08'12"; THENCE RUN S 04'43'55" E FOR A DISTANCE OF 39.06 FEET TO A 1/2' REBAR WITH CAP SET ON THE NORTH RIGHT OF WAY LINE OF CLUBVIEW DRIVE; THENCE RUN WESTERLY ON AND ALONG SAID RIGHT OF WAY LINE AND ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE FLAVING A RADIUS OF 938.80 FEET, AN ARC LENGTH OF 305.79 FEET, A CHORD BEARING OF S 78'15'09" W, A CHORD LENGTH OF 304.44 FEET, AND A DELTA ANGLE OF 18'39'46"; THENCE, CONTINUING ALONG SAID RIGHT OF WAY LINE, RUN SOUTHWESTERLY ON AND ALONG THE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 626.70 FEET, AN ARC LENGTH OF 205.57 FEET. A CHORD BEARING OF S 59'31'42" W, A CHORD LENGTH OF 204.65 FEET. AND A DELTA ANGLE OF 18'47'38"; THENCE. LEAVING SAID RIGHT OF WAY LINE, RUN NORTHWESTERLY ON AND ALONG NE ARC OF A CURVE TO THE LEFT TO A SET 1/2" REBAR WITH CAP, SAID CURVE HAVING A RADIUS OF 970.00 FEET, AN ARC LENGTH OF 58.40 FEET, A CHORD BEARING OF N 41'08'37" W, A CHORD LENGTH OF 58.39 FEET, AND A DELTA ANGLE OF 03'26'59"; THENCE RUN N

4752'06" W FOR A DISTANCE OF 894.89 FEET BACK TO THE POINT OF BEGINNING
AND CONTAINING 14.38 ACRES, MORE OR LESS.

TOGETHER WITH: The "Access Easement," the "Grading, Drainage and Utility Easements," and the "Drainage Easement," created by that certain Reciprocal Easement Agreement by and between Colonial Jackson, L.L.C., and Arlington Colonial Club, LLC, dated August 12, 2019 and recorded in Book 7238 at Page 144.

EXHIBIT C

LANDLORD OBLIGATIONS

Landlord Capital Expenditures

Initial Capital Expenditures

- Capital expenditure related to concrete and parking lot replacements;
- Capital expenditure related to dog park and dog spa replacements;
- Capital expenditure related to exercise equipment replacements;
- Capital expenditure related to gate and fence replacements;
- Capital expenditure related to landscaping replacements;
- Capital expenditure related to model unit replacements;
- Capital expenditure related to outdoor kitchen and grill replacements;
- Capital expenditure related to pressure washing buildings;
- Capital expenditure related to recreational facility replacements; and
- Capital expenditure related to signage replacements.

The Landlord will not incur more than \$272,748 for Initial Capital Expenditures (including items listed in Ongoing Capital Expenditures that occur initially). Items listed as being done initially may occur after year 1.

Ongoing Capital Expenditures

- capital expenditures related to the foundations, subfloors, structures and roof of the Project buildings (including remediation of mold and moisture damage due to structural defects);
- capital expenditures regarding mandatory requirements under any regulations, rules or ordinances that are applicable to the Project related to fire, earthquake and life-safety (including the necessary correction of any violation of such requirements);
- capital expenditures related to the underground water pipes and electrical equipment that provides water and electricity to the Project (but not with respect to plumbing or electrical repairs at the Project buildings or tenant spaces);
- capital expenditures related to the HVAC systems;
- one-time capital expenditure related to seal all breezeway floors;
- three-time capital expenditure related to parking lot and concrete sealing and striping;
- two-time capital expenditure related to dog park/dog spa replacements;

- one-time capital expenditure related to exercise equipment replacements;
- one-time capital expenditure related to exterior painting;
- two-time capital expenditure related to fitness center replacements;
- three-time capital expenditure related to golf cart replacements;
- one-time capital expenditure related to landscape replacements;
- two-time capital expenditure related to leasing office replacements;
- one-time capital expenditure related to outdoor kitchen/grill area replacements;
- four-time capital expenditure related to pool replacements and re-sealing;
- two-time capital expenditure related to pool furniture replacements;
- three-time capital expenditure related to recreational facility replacements;
- one-time capital expenditure related to security system replacements;
- one-time capital expenditure related to signage replacements; and
- three-time capital expenditure related to trash compactor replacements.

The Landlord Capital Expenditures shall not include any normal repairs or maintenance items and will include costs and expenses related to the applicable capital expenditure. The Landlord shall be responsible for paying any construction management fees due with respect to any of the Landlord Capital Expenditures.

Landlord Impositions

- all ancillary fees and costs related to Permitted Mortgage
- charges for utilities not paid for by Subtenants
- taxes, assessments, 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), including the cost of any necessary correction to be made to the Project
- any and all fees and costs attributable to a Landlord default under any Permitted Mortgage or other Landlord costs and expenses

Landlord Operating Expenses

- none

EXHIBIT D

TENANT IMPROVEMENT ALLOWANCES

Period (Lease Year)	1	2	3	4	5	6	7	8	9	10
Blinds/Drapes	\$1,275	\$1,700	\$1,700	\$2,125	\$1,700	\$2,125	\$2,125	\$1,700	\$1,275	\$850
Carpet	95,000	95,000	47,500	47,500	47,500	47,500	40,000	40,000	40,000	40,000
Ceiling Fans/Light Fixtures	10,260	10,260	675	675	675	675	675	675	270	270
Countertop/Cabinet Replacements	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Dishwasher	2,320	2,320	2,320	2,320	2,900	2,900	4,060	4,060	4,060	4,060
Doors	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925
Garbage Disposal	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Low Flow Fixtures	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Microwaves	1,600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Mirrors	380	380	380	380	380	380	380	380	380	380
Refrigerator	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sinks/Tubs & Resurfacing	900	900	900	900	900	900	900	900	900	900
Stoves/Cooktop/Vents	3,600	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Vinyl/Tile	5,000	5,000	7,500	7,500	10,000	10,000	7,500	7,500	2,500	2,500
Washer/Dryer	6,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Water Heaters	1,350	1,350	1,350	1,800	1,800	1,800	2,250	2,250	2,250	2,250
Windows	800	800	800	800	800	800	800	800	800	800
Total Tenant Improvement Allowances	\$140,960	\$144,185	\$89,600	\$90,475	\$93,130	\$93,555	\$85,165	\$84,740	\$78,910	\$78,485

EXHIBIT E

PROJECTIONS OF OPERATIONS FOR THE PROJECT

EXHIBIT E

PROJECTIONS OF OPERATIONS FOR THE PROJECT

This Exhibit E contains forward-looking statements that involve risks and uncertainties. These statements are only predictions and are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in these forward-looking statements. The forward-looking statements included in this Exhibit are based upon the Trust Manager's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Although the Trust Manager believes that the expectations reflected in such forward-looking statements set forth in this Exhibit are based on reasonable assumptions, the actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those described in this Memorandum. Any assumptions underlying the forward-looking statements set forth in this Exhibit could be inaccurate. Prospective Holders are cautioned not to place undue reliance on any forward-looking statements contained in this Exhibit. The actual results may differ significantly from the results discussed in the forward-looking statements.

The Projections of Operations for the Project in this Exhibit are forward-looking statements and have been prepared as of the date hereof and represent estimates for the Project over the approximate 10 year period beginning December 1, 2021 (the "Projections").

The Projections are based, in part, upon specific assumptions described in this Exhibit and this Memorandum. These estimates and assumptions represent the Trust Manager's best judgment as to what the actual experiences of the prospective Holder will be. Because of the impossibility of making meaningfully precise, predictive assumptions, some of the assumptions may not accurately reflect operations of the Project in all years. Changes in these assumptions could cause actual operating results to vary substantially from those which have been forecasted. If such assumptions are incorrect, the Projections would likewise be incorrect. No assurance can be given that the assumptions will prove to be correct. Prospective Holders should closely review the more detailed information set forth in this Exhibit and this Memorandum.

This Exhibit has been prepared by the Trust Manager and no independent public accountants or other third parties have examined, compiled, reviewed or agreed upon the procedures used to prepare the Projections. The Projections have not necessarily been prepared with the guidelines of the American Institute of Certified Public Accountants or any other accounting profession self-regulatory or governing body. **There is no assurance that the Project will perform as set forth in the Projections.** The ability to achieve the results set forth in the Projections are subject to a number of risks including, without limitation, those described in the Risk Factors in this Memorandum.

ASSUMPTIONS

Analysis Period	10 years.
Rental Growth Rates	A rental growth rate of 2.18% in year 2 and 2.5% per year thereafter.
Economic Vacancy	The economic vacancy assumptions are the accumulation of loss to lease percentages, vacancy allowances, submarket concessions, non-revenue units, and collection loss/bad debts. The following total economic vacancy allowances were applied: 14.77% in year 1, 13.47% in year 2, 13.80% in year 3, 14.05% in year 4, 14.30% in year 5, 14.05% in year 6, 13.80% in year 7, 13.55% in year 8, 13.30% in year 9 and 13.05% in year 10. The economic vacancy may appear to be low due to the budgeted incorporation of the revenue management system “Yieldstar,” which establishes market rent on a “net” basis and eliminates the use of rental concessions.
Operating Expenses	Operating expenses were estimated by the Trust Manager to be approximately \$1,619,488 (inclusive of the Management Fee) in Year 1 (a 13-month year). The Trust Manager applied an annual growth rate of 2.63% growth on all property expenses in year 2, 1.89% in year 3, 6.83% in year 4, 1.72% in year 5, 1.76% in year 6, 1.77% in year 7, 7.02% in year 8, 1.72% in year 9, and 1.73% in year 10. The real estate taxes are anticipated to increase by 0.47% in years 2 and 3, 14.73% in year 4, 0.48% in years 5-7, 14.85% in year 8, and 0.48% thereafter, based on the third party tax consultant analysis.
Management Fee	The Management Fee is 2.25% over the time period beginning with acquisition of the Project and ending on January 31, 2032. In the year the Project is disposed, the Management Fee will be 2.50%.
Capital Reserves	The Lender required an initial replacement reserve in the amount of \$88,000 and required ongoing monthly deposits throughout the term of the Loan in the amount of \$3,667.
Date of Sale	It is anticipated that the Trust will own the Project for approximately 10 years.
Loan Terms	Loan terms are outlined in detail in this Memorandum, see “Financing Terms.”

For additional information, see “Estimated Use of Proceeds” in this Memorandum.

Property Description:

Location	Jackson, MS	Construction	Wood Framed
Style	Garden Style	Roof	Pitched with composition shingles
Year Built	2021	Property Manager	Arlington
Year Renovated			
Age (yrs)	0	Parking Ratio	1.57
Total Building Size (Net Rentable SF)	225,004	Uncovered	232
Units	220	Parallel	101
Average SF	1,023	Attached Garage	0
Acres (Net)	14.38	Detached Garage	0
No. of Bldgs	12	Handicapped	12
No. of Floors	3	Non-Striped	0
Density (Units/Acre)	15.30	Total Spaces	345

Unit Mix/Occupancy Snapshot Analysis:

UNIT TYPE	PERCENT	UNITS	TOTAL SQFT	SQFT per UNIT
A1 - 1BR/1BA	38%	84	68,964	821
B2 - 2BR/2BA	51%	112	124,096	1,108
C1 - 3BR/2BA	11%	24	31,944	1,331
Total	100%	220	225,004	1,023

Tapestry Northridge
Property Cash Flow Projection

1	For the Years Ending Period (Year) # Months Year	Dec-22 1 13 Months COMBINED	Dec-23 2 12 Months CALENDAR	Dec-24 3 12 Months CALENDAR	Dec-25 4 12 Months CALENDAR	Dec-26 5 12 Months CALENDAR	Dec-27 6 12 Months CALENDAR	Dec-28 7 12 Months CALENDAR	Dec-29 8 12 Months CALENDAR	Dec-30 9 12 Months CALENDAR	Dec-31 10 11 Months STUB	
	Rent Growth		2.18%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
2	Expense Growth		2.81%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
	Insurance Growth		5.00%	5.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
	Loss to Lease	5.93%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	
	Vacancy*	5.51%	5.63%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
	Submarket Concessions	0.27%	0.29%	1.25%	1.50%	1.75%	1.25%	1.00%	0.75%	0.50%	0.50%	
	Non Revenue Units (employee and models)	2.49%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%	
	Collection Loss/Bad Debt	0.56%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	
3	Total Economic Vacancy	14.77%	13.47%	13.80%	14.05%	14.30%	14.05%	13.80%	13.55%	13.30%	13.05%	
	Management Fee	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	
	PROPERTY INCOME											
	Gross Potential Rents	4,493,088	4,237,973	4,343,922	4,452,520	4,563,833	4,677,929	4,794,877	4,914,749	5,037,618	4,733,262	
	Gain/(Loss) to lease	(266,557)	(196,129)	(201,032)	(206,058)	(211,209)	(216,489)	(221,902)	(227,449)	(233,135)	(219,050)	
	Gross Scheduled Rents	4,226,531	4,041,844	4,142,890	4,246,462	4,352,624	4,461,440	4,572,975	4,687,300	4,804,482	4,514,212	
	Physical Vacancy	(247,539)	(238,727)	(217,196)	(222,626)	(228,192)	(233,896)	(239,744)	(245,737)	(251,881)	(236,663)	
	Move in/Ongoing Concessions	(12,181)	(12,274)	(54,299)	(66,788)	(79,867)	(70,169)	(59,936)	(49,147)	(37,782)	(23,666)	
	Non Revenue Units (employee/models)	(112,086)	(103,464)	(106,051)	(108,702)	(111,419)	(114,205)	(117,060)	(119,987)	(122,986)	(115,556)	
	Collection Loss/Bad Debt	(25,152)	(20,209)	(20,714)	(21,232)	(21,763)	(22,307)	(22,865)	(23,436)	(24,022)	(22,571)	
	Total Financial Vacancy	(396,957)	(374,674)	(398,260)	(419,348)	(441,241)	(440,577)	(439,605)	(438,308)	(436,672)	(398,456)	
	TOTAL COLLECTED RENTAL INCOME	3,829,574	3,667,170	3,744,630	3,827,114	3,911,383	4,020,862	4,133,371	4,248,992	4,367,811	4,115,755	
	Annual Growth		3.74%	2.11%	2.20%	2.20%	2.80%	2.80%	2.80%	2.80%	2.80%	
	Other Income											
	Garage	116,675	110,367	113,126	115,954	118,853	121,824	124,870	127,991	131,191	123,265	
	Cable	40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	45,792	
	Utility Reimbursement (Water/Sewer/Trash/Pest)	175,253	165,776	169,921	174,169	178,523	182,986	187,561	192,250	197,056	185,150	
	Other Income	206,067	198,010	202,961	208,035	213,236	218,567	224,031	229,631	235,372	221,152	
	TOTAL OTHER INCOME	537,995	515,153	528,032	541,233	554,764	568,633	582,849	597,420	612,355	575,359	
	EFFECTIVE GROSS REVENUE	4,367,569	4,182,323	4,272,662	4,368,347	4,466,146	4,589,495	4,716,220	4,846,412	4,980,166	4,691,114	
	Annual Growth		3.74%	2.16%	2.24%	2.24%	2.76%	2.76%	2.76%	2.76%	2.76%	
	PROPERTY EXPENSES											
	Tenant Responsibility											
		Per Unit										
	Payroll	1,487	354,306	336,635	345,051	353,677	362,519	371,582	380,872	390,393	400,153	375,977
	Repairs & Maintenance	138	32,862	31,098	31,875	32,672	33,489	34,326	35,184	36,064	36,965	34,732
	Make Ready	177	42,167	41,284	42,316	43,374	44,459	45,570	46,709	47,877	49,074	46,109
	Recreation Amenities	100	23,920	20,623	21,139	21,667	22,209	22,764	23,333	23,916	24,514	23,033
	Contract Services	341	81,276	76,912	78,835	80,806	82,826	84,896	87,019	89,194	91,424	85,901
	Marketing Expense	246	58,599	55,453	56,839	58,260	59,717	61,210	62,740	64,308	65,916	61,934
	Office	177	42,201	39,935	40,933	41,957	43,006	44,081	45,183	46,312	47,470	44,602
	Other General & Admin	92	21,939	20,898	21,421	21,956	22,505	23,068	23,645	24,236	24,842	23,341
6	Insurance (Business Loss)	22	5,266	5,104	5,359	5,520	5,658	5,799	5,944	6,093	6,245	5,868
4	Management	412	98,270	94,102	96,135	98,288	100,488	103,264	106,115	109,044	112,054	105,550
	TOTAL MASTER TENANT OPERATING EXPENSES	760,807	722,044	739,903	758,177	776,875	796,560	816,743	837,439	858,658	807,047	
	Landlord Property Operating Expense Responsibility											
	Utilities	812	193,551	183,199	187,779	192,473	197,285	202,217	207,273	212,454	217,766	204,609
5	Real Estate Taxes	2,484	592,082	549,120	551,716	632,973	635,988	639,018	642,063	737,391	740,928	682,443
	Annual Licenses / Fees / Permits	5	1,200	1,230	1,261	1,292	1,325	1,358	1,392	1,426	1,462	1,374
6	Insurance	301	71,849	78,586	82,515	84,991	87,116	89,293	91,526	93,814	96,159	90,350
	TOTAL LANDLORD OPERATING EXPENSES	858,681	812,135	823,270	911,729	921,713	931,886	942,253	1,045,086	1,056,315	978,775	
	TOTAL PROPERTY EXPENSES	1,619,488	1,534,179	1,563,173	1,669,906	1,698,588	1,728,446	1,758,996	1,882,525	1,914,973	1,785,822	
	Annual Growth		2.63%	1.89%	6.83%	1.72%	1.76%	1.77%	7.02%	1.72%	1.73%	
	NET OPERATING INCOME	2,748,081	2,648,144	2,709,489	2,698,441	2,767,559	2,861,049	2,957,223	2,963,887	3,065,193	2,905,292	
	Annual Growth		4.39%	2.32%	-0.41%	2.56%	3.38%	3.36%	0.23%	3.42%	3.40%	

Tapestry Northridge
Property Cash Flow Projection

1 For the Years Ending Period (Year) # Months Year	Dec-22 1 13 Months COMBINED	Dec-23 2 12 Months CALENDAR	Dec-24 3 12 Months CALENDAR	Dec-25 4 12 Months CALENDAR	Dec-26 5 12 Months CALENDAR	Dec-27 6 12 Months CALENDAR	Dec-28 7 12 Months CALENDAR	Dec-29 8 12 Months CALENDAR	Dec-30 9 12 Months CALENDAR	Dec-31 10 11 Months STUB	
DEBT SERVICE	1,205,619	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880	1,165,044	1,738,847	1,738,847	1,593,943
DSCR	2.28	2.38	2.43	2.42	2.49	2.57	2.54	1.70	1.76	1.82	
CASH FLOW AFTER DEBT SERVICE	1,542,461	1,535,265	1,596,609	1,585,562	1,654,679	1,748,170	1,792,180	1,225,040	1,326,346	1,311,349	
Corporate Costs	10,833	10,275	10,558	10,848	11,146	11,453	11,768	12,091	12,424	11,702	
TOTAL OWNERSHIP COSTS	27,625	26,218	26,873	27,545	28,233	28,939	29,663	30,404	31,164	29,282	
NET CASH FLOW	1,504,003	1,498,772	1,559,179	1,547,169	1,615,300	1,707,778	1,750,750	1,182,544	1,282,757	1,270,366	
(As a Percentage of Equity)	4.09%	4.41%	4.59%	4.55%	4.75%	5.03%	5.15%	3.48%	3.78%	4.08%	

Footnotes to the Property Cash Flow: Comments to Proforma Operating Statements

- 1 Year 1 is 13 months and year 10 is 11 months
- 2 2.50% growth for most expenses for years 2-10
- 3 The economic vacancy may appear to be low due to the budgeted incorporation of the revenue management system "Yieldstar," which establishes market rent on a "net" basis and eliminated the use of rental concessions.
- 4 Disposition year income is capitalized for sale in the 11th year of the holding period, at which time the total Property Management Fee is 2.50%
- 5 The first 10 years of Property Taxes were projected by a 3rd party tax consultant (Most likely scenario)
- 6 Property insurance expenses are projected to grow annually at 5% in years 2 and 3, 3% year 4, and 2.50% thereafter

Passco Companies LLC - Proprietary & Confidential Information

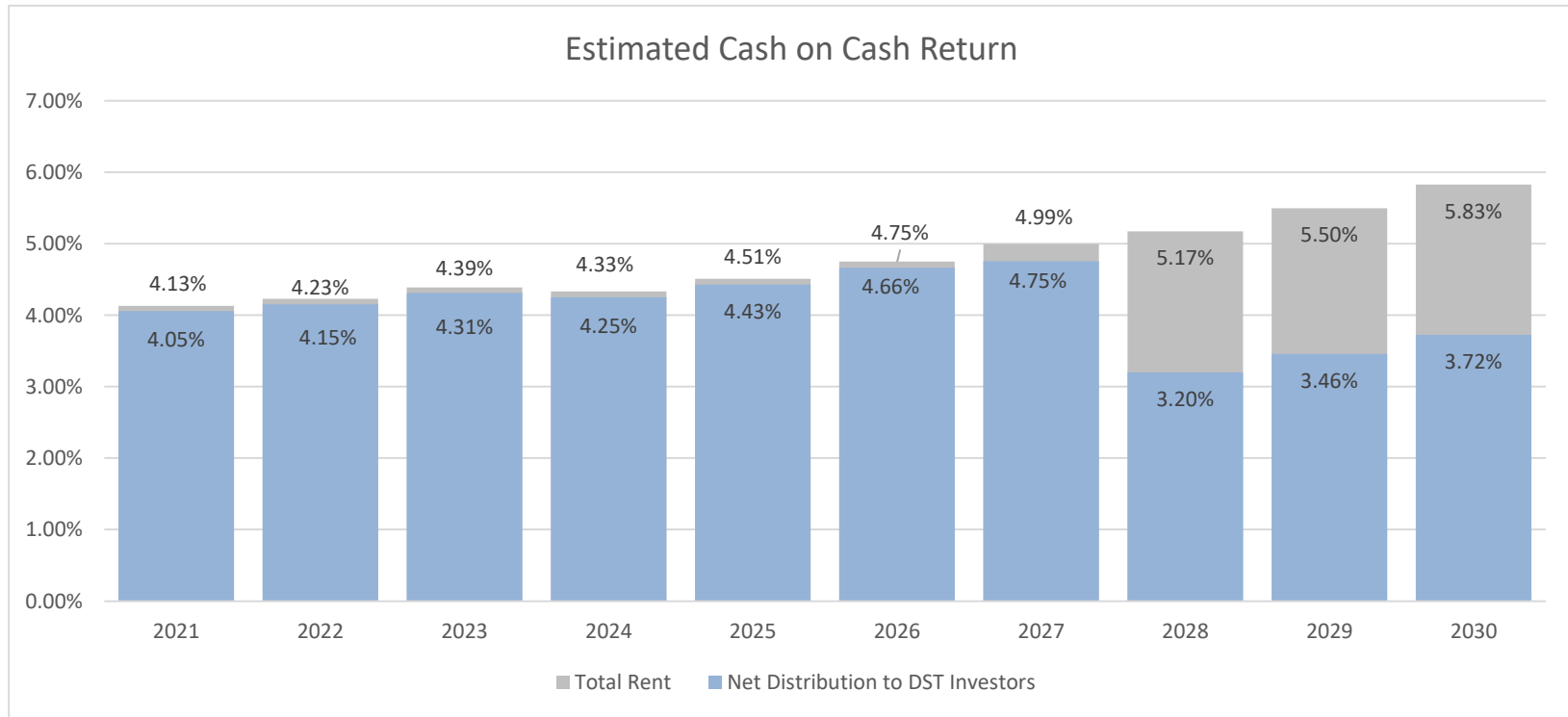
Tapestry Northridge

DST Cash Flow Projection

distribution of this PPM to any other party.
 April 18, 2022
 10 Yr. Hold

For the Years Ending Period (Year) # Months Year	Dec-22 1 13 Months COMBINED	Dec-23 2 12 Months CALENDAR	Dec-24 3 12 Months CALENDAR	Dec-25 4 12 Months CALENDAR	Dec-26 5 12 Months CALENDAR	Dec-27 6 12 Months CALENDAR	Dec-28 7 12 Months CALENDAR	Dec-29 8 12 Months CALENDAR	Dec-30 9 12 Months CALENDAR	Dec-31 10 11 Months STUB
Trust										
Total Base Rent	3,234,740	2,947,662	2,969,769	2,992,042	3,014,483	3,037,091	3,059,870	3,136,637	3,160,162	2,918,541
Percentage Rent Calculations										
Projected Effective Gross Revenue (EGR)		4,182,323	4,272,662	4,368,347	4,466,146	4,589,495	4,716,220	4,846,412	4,980,166	4,691,114
Baseline Amount (Year 1 EGR grown at 1.00% annually and readjusted in year 8)	3,930,812	3,664,726	3,701,373	3,738,387	3,775,771	3,813,529	3,851,664	3,890,181	3,929,083	3,637,676
Percentage Rent (% of EGR Growth over Base EGR)	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Supplemental Rent	349,406	414,078	457,031	503,968	552,300	620,773	691,644	764,985	840,867	842,751
Total Rent	1,519,844	1,436,725	1,490,650	1,471,402	1,532,191	1,613,099	1,696,529	1,757,055	1,867,219	1,814,774
Debt Service Payment	1,205,619	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880	1,112,732	1,099,481	1,077,494	967,743
Expenses	858,681	812,135	823,270	911,729	921,713	931,886	942,253	1,045,086	1,056,315	978,775
As a percent (%) of Equity	4.13%	4.23%	4.39%	4.33%	4.51%	4.75%	4.99%	5.17%	5.50%	5.83%
Debt Principal Payment	-	-	-	-	-	-	52,311	639,366	661,353	626,200
Ownership Costs	27,625	26,218	26,873	27,545	28,233	28,939	29,663	30,404	31,164	29,282
Net Distribution to DST Investors	1,492,219	1,410,508	1,463,777	1,443,857	1,503,957	1,584,160	1,614,555	1,087,284	1,174,702	1,159,292
As a percent (%) of Equity	4.05%	4.15%	4.31%	4.25%	4.43%	4.66%	4.75%	3.20%	3.46%	3.72%
Master Tenant										
Gross Revenues	4,367,569	4,182,323	4,272,662	4,368,347	4,466,146	4,589,495	4,716,220	4,846,412	4,980,166	4,691,114
Rent Under Master Lease	(3,584,145)	(3,361,739)	(3,426,800)	(3,496,011)	(3,566,783)	(3,657,864)	(3,751,514)	(3,901,622)	(4,001,029)	(3,761,292)
Expenses	(771,640)	(732,319)	(750,461)	(769,025)	(788,021)	(808,013)	(828,511)	(849,530)	(871,082)	(818,749)
Net Income	11,784	88,265	95,401	103,312	111,342	123,618	136,194	95,260	108,056	111,074
Master Tenant Capital Improvements	38,000	14,500	10,000	2,500	35,000	2,500	2,500	5,000	0	0
MT Capital Improvement funded by MT Reserves	(38,000)	(14,500)	(10,000)	(2,500)	(35,000)	(2,500)	(2,500)	(5,000)	0	0

Passco Companies LLC - Proprietary & Confidential Information



FINANCING

Acquisition Financing

	Fannie Mae	Rate Add-on	Adjustment	Effective Rate
Assumed Lender	32,962,000	1	0.000%	3.330%
Maximum Loan Amount	10	2	0.000%	3.330%
Total Term (Yrs.)	7	3	0.000%	3.330%
Interest Only Term	30	4	0.000%	3.330%
Amortization (Yrs.)	11/15/2021	5	0.000%	3.330%
Date	10 year T-bill	6	0.000%	3.330%
Index	1.61%	7	0.000%	3.330%
Rate as of 11/15/2021	1.72%	8	0.000%	3.330%
Spread	0.00%	9	0.000%	3.330%
I/O Cost	0.00%	10	0.000%	3.330%
Cushion & Commitment Fee	0.00%			
7 Year Yield Maintenance	0.00%			
Buydown of 0.00% bps	0.00%			
Total	3.330%			

Amortization Rate 3.330%

Loan Payment Schedule

Period (Year)	1	2	3	4	5	6	7	8	9	10
For Amortization	0	0	0	0	0	0	0	1	2	3
Effective Rate	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
Interest Payment	1,205,619	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880	1,112,732	1,099,481	1,077,494	967,743
Principal Payment	0	0	0	0	0	0	52,311	639,366	661,353	626,200
Total Debt Service Payment	1,205,619	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880	1,165,044	1,738,847	1,738,847	1,593,943
Ending Principal Balance	32,962,000	32,962,000	32,962,000	32,962,000	32,962,000	32,962,000	32,909,689	32,270,323	31,608,970	30,982,770

Passco Companies LLC - Proprietary & Confidential Information

Tapestry Northridge
Reserves & Capital

Year Ending	Dec-22 1 COMBINED 2022	Dec-23 2 CALENDAR 2023	Dec-24 3 CALENDAR 2024	Dec-25 4 CALENDAR 2025	Dec-26 5 CALENDAR 2026	Dec-27 6 CALENDAR 2027	Dec-28 7 CALENDAR 2028	Dec-29 8 CALENDAR 2029	Dec-30 9 CALENDAR 2030	Dec-31 10 STUB 2031
Projected Landlord Capital Improvements Budget										
Breezeway		40,000								
Concrete/Parking Lot	5,000	6,000		10,000	30,000					
Construction Management Fee	21,748	17,334	6,355	9,974	15,492	26,803	7,168	6,662	7,296	5,274
Dog Park/ Dog Spa	25,000				2,500			2,500		
Electrical		10,000								
Exercise Equipment	10,000				60,000					
Exterior Painting						375,000				
Fitness Center Improvements		5,000			10,000					
Gate/Fence Replacements	25,000									
Golf Carts			7,500		1,200		1,200			
HVAC	9,000	4,000	8,000	12,000	16,000	20,000	20,000	24,000	20,000	20,000
Key Fobs	10,000									
Landscaping	100,000				25,000					
Leasing Office		25,000					20,000			
Life/Safety	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Model Upgrade/Fixtures	5,000									
Outdoor Kitchen/Grill	25,000					8,000				
Pool		5,000		50,000				5,000	40,000	
Pool Furniture		25,000				25,000				
Pressure Wash	10,000									
Recreational Facilities	10,000	35,000		7,500			7,500			
Security System		6,000								
Signage	10,000				20,000					
Trash Compactor			5,000			5,000		5,000		
Unallocated Capital Expenses		30,000	0	10,000	10,000					
Subtotal Landlord Capital Improvements	272,748	215,334	33,855	106,474	197,192	466,803	62,868	50,162	74,296	32,274
Tenant Improvement Allowances										
Blinds/Drapes	1,275	1,700	1,700	2,125	1,700	2,125	2,125	1,700	1,275	850
Carpet	95,000	95,000	47,500	47,500	47,500	47,500	40,000	40,000	40,000	40,000
Ceiling Fans/Light Fixtures	10,260	10,260	675	675	675	675	675	675	270	270
Countertop/Cabinet Renovation	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Dishwasher	2,320	2,320	2,320	2,320	2,900	2,900	4,060	4,060	4,060	4,060
Doors	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925	1,925
Garbage Disposal	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Low Flow Fixtures	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Microwaves	1,600	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Mirrors	380	380	380	380	380	380	380	380	380	380
Refrigerator	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sinks/Tubs & Resurfacing	900	900	900	900	900	900	900	900	900	900
Stoves/Cooktop/Vents	3,600	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Vinyl/Tile	5,000	5,000	7,500	7,500	10,000	10,000	7,500	7,500	2,500	2,500
Washer/Dryer	6,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Water Heaters	1,350	1,350	1,350	1,800	1,800	1,800	2,250	2,250	2,250	2,250
Windows	800	800	800	800	800	800	800	800	800	800
Total Tenant Improvement Allowances	140,960	144,185	89,600	90,475	93,130	93,555	85,165	84,740	78,910	78,485
Total Landlord Capital Improvements	413,708	359,519	123,455	196,949	290,322	560,358	148,033	134,902	153,206	110,759
Forecasted Capital Improvement Costs \$ / Unit --->	1,880	1,634	561	895	1,320	2,547	673	613	696	503

Passco Companies LLC - Proprietary & Confidential Information

Projected Master Tenant Capital Improvements Budget										
Brochure Costs	2,500									
Building Exterior			10,000							
Exterior Lighting		7,000			5,000					
Gate/Fence Replacements				2,500			2,500			
Gutters		7,500							5,000	
Model Upgrade/Fixtures					30,000					
Office Computers & Equipment	5,500					2,500				
Ownership Change Costs	20,000									
Tools/Equipment	10,000									
Total Master Tenant Capital Improvements	38,000	14,500	10,000	2,500	35,000	2,500	2,500	5,000	0	0
<i>Forecasted Capital Improvement Costs \$/Unit ---></i>	<i>173</i>	<i>66</i>	<i>45</i>	<i>11</i>	<i>159</i>	<i>11</i>	<i>11</i>	<i>23</i>	<i>0</i>	<i>0</i>

Use of Lender Controlled Reserves

Beginning Loan Holdback	0	210,409	118,742	118,742	118,742	118,742	118,742	118,742	118,742	118,742
Lender Cap Ex Reserves funded at Close	88,000									
Immediate Repair Reserve funded at Close	0									
Lender Impounds	47,667	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	40,333
Release of Lender Held Funds Capital Expenditures	0	(135,667)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(40,333)
Tax and Insurance Impound funded at Close	74,742	0	0	0	0	0	0	0	0	0
Release of Tax & Insurance Impound at Sale		0	0	0	0	0	0	0	0	(74,742)
Ending Cash Balance (Lender)	210,409	118,742	118,742	118,742	118,742	118,742	118,742	118,742	118,742	44,000

Sources and Uses of Cash (Landlord)

Addition of Upfront Operating Reserves	2,393,666	1,932,291	1,664,439	1,540,984	1,344,035	1,053,714	493,356	345,323	210,421	57,215
Seller Tax Credit	157,535									
Seller Tax Credit (Paid out)	(157,535)									
Tax and Insurance Impound Returned	0	0	0	0	0	0	0	0	0	74,742
Outflow of Ongoing/Annual Impound (Lender Controlled)	(47,667)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)	(40,333)
Additions/Deductions for Rent Held in Reserves	0	0	0	0	0	0	0	0	0	0
Deduction for Tenant Improvements	(140,960)	(144,185)	(89,600)	(90,475)	(93,130)	(93,555)	(85,165)	(84,740)	(78,910)	(78,485)
Deduction for Capital Improvements	(272,748)	(215,334)	(33,855)	(106,474)	(197,192)	(466,803)	(62,868)	(50,162)	(74,296)	(32,274)
Reduction of Cash Balances (Capital Renovation Impr.)	0	135,667	44,000	44,000	44,000	44,000	44,000	44,000	44,000	40,333
Ending Cash Balance (Landlord)	1,932,291	1,664,439	1,540,984	1,344,035	1,053,714	493,356	345,323	210,421	57,215	21,198

Total Cash on Hand from Landlord	2,142,700	1,783,181	1,659,726	1,462,777	1,172,456	612,098	464,065	329,163	175,957	65,198
<i>Per Unit</i>	<i>0</i>	<i>8,105</i>	<i>7,544</i>	<i>6,649</i>	<i>5,329</i>	<i>2,782</i>	<i>2,109</i>	<i>1,496</i>	<i>800</i>	<i>296</i>

Sources and Uses of Cash (Master Tenant)

Master Tenant Reserve Capitalized by Master Tenant	0	0	0	0	0	0	0	0	0	0
Master Tenant Reserve Capitalized by Fund Raise	300,000	0	0	0	0	0	0	0	0	0
Total Master Tenant Reserve Capitalized	300,000	262,000	247,500	237,500	235,000	200,000	197,500	195,000	190,000	190,000

Additions/Deductions to Cash Balances from Working Capital

Deduction from Cash Balances for Capital Improvements	(38,000)	(14,500)	(10,000)	(2,500)	(35,000)	(2,500)	(2,500)	(5,000)	0	0
Ending Cash Balance (Master Tenant)	262,000	247,500	237,500	235,000	200,000	197,500	195,000	190,000	190,000	190,000
<i>Per Unit</i>	<i>1,191</i>	<i>1,125</i>	<i>1,080</i>	<i>1,068</i>	<i>909</i>	<i>898</i>	<i>886</i>	<i>864</i>	<i>864</i>	<i>864</i>

Property Totals

Total Capital Improvements	451,708	374,019	133,455	199,449	325,322	562,858	150,533	139,902	153,206	110,759
<i>Forecasted Capital Improvement Costs \$/Unit ---></i>	<i>2,053</i>	<i>1,700</i>	<i>607</i>	<i>907</i>	<i>1,479</i>	<i>2,558</i>	<i>684</i>	<i>636</i>	<i>696</i>	<i>503</i>
Total Cash on Hand from All Sources	2,404,700	2,030,681	1,897,226	1,697,777	1,372,456	809,598	659,065	519,163	365,957	255,198
<i>Per Unit</i>	<i>10,930</i>	<i>9,230</i>	<i>8,624</i>	<i>7,717</i>	<i>6,238</i>	<i>3,680</i>	<i>2,996</i>	<i>2,360</i>	<i>1,663</i>	<i>1,160</i>

EXHIBIT F
TAX OPINION



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January 21, 2022

Passco Northridge DST
c/o Passco Northridge Manager, LLC
2050 Main Street, Suite 650
Irvine, California 92614

Re: Passco Northridge DST

Ladies and Gentlemen:

You have requested our opinion as counsel to Passco Northridge DST (the "Trust"), a Delaware statutory trust ("DST"), as to certain of the anticipated federal income tax consequences of a purchase of a Class A Beneficial Interest (the "Interest") in the Trust, pursuant to the Confidential Private Placement Memorandum of Class A Beneficial Interests in Passco Northridge DST dated January 21, 2022, as supplemented or amended (the "Memorandum"). More specifically, you have requested our opinion as to whether a purchaser of an Interest (the "Holder") pursuant to the Memorandum will be considered for federal income tax purposes as owning an undivided interest in all of the assets in the Trust (the "Trust Assets").

This opinion does not apply to the individual tax consequences of any taxpayer, and each taxpayer should consult with its own independent tax advisor with respect to the consequences of a purchase of an Interest.

1. Description of Transaction. The Trust is selling Interests in the Trust which owns the multifamily residential property commonly known as Tapestry Northridge, located at 120 Parkway Drive, Jackson, Mississippi 39211 (the "Project"). The Trust was formed pursuant to the Trust Agreement of Passco Northridge DST dated as of November 18, 2021 (the "Original Trust Agreement"), as amended and restated pursuant to the Amended and Restated Trust Agreement of Passco Northridge DST dated as of December 9, 2021 (the "Trust Agreement") by and among Passco Northridge Depositor, LLC, a Delaware limited liability company, as the depositor (the "Depositor"), Passco Northridge, LLC, a Delaware limited liability company (the "Trust Manager"), and Delaware Trust Company, a Delaware corporation, as the Delaware Trustee (the "Delaware Trustee").

The Trust Agreement provides that the Trust will be governed by the Delaware Trustee and the Trust Manager. The Trust will enter into a master lease agreement (the "Master Lease") with Passco Northridge MT, LLC, a Delaware limited liability company (the "Master Tenant"). The purposes of the Trust are to engage in the following activities: (i) to acquire the Project and enter into the Master Lease and the loan documents ("Loan Documents"), (ii) to hold the Project for investment and to sell, transfer or exchange the Project as required or permitted under the Trust Agreement, (iii) to make monthly distributions to the Holders from cash generated by ownership of the Project and (iv) to take such other actions as the Trust Manager deems necessary to carry out the foregoing as are permitted in the Trust Agreement.

The Trust will hold the Trust's right, title and interest in and to the Project, the Master Lease, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has



Passco Northridge DST
January 21, 2022
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any right, title or interest (the "Trust Estate"). The Trust will hold the Trust Estate for investment purposes and will lease the Project only to the Master Tenant. Except as set forth in Sections 3.2.3(e), (f) or (to the extent required by law) (g) of the Trust Agreement, the activities of the Trust with respect to the Trust Estate after the effective date of the Conversion Notice (in substantially the form of Exhibit G to the Trust Agreement, the "Conversion Notice") will be limited to activities that are customary services in connection with the maintenance and repair of the Project, and none of the Delaware Trustee, the Holders, the Trust Manager and their respective agents will provide non-customary services, as such term is defined in Internal Revenue Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Trust Agreement. Without limiting the generality of the foregoing, (i) none of the Delaware Trustee, the Trust Manager, the Holders or the Trust will 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 Treasury Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Treasury Regulations Section 301.7701-2 and (ii) the Trust Agreement will be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191. For federal income tax purposes upon and after the effective date of the Conversion Notice, the Trust is intended to be an investment trust that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1) and not a "business entity."

The Trust Manager may determine, in its sole discretion, that the sale of the Project is appropriate after the Trust has held the Project for 3 years; provided, however, the Trust may sell the Project before 3 years if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. Furthermore, the Trust Manager may make a determination, in writing, that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Holders because (i) the Master Tenant has failed to timely pay rent due under the Master Lease after the expiration of any applicable notice and cure provisions in the Master Lease, if any, (ii) the Trust Estate is in jeopardy of being lost due to a default on the loan that is secured by the Project (the "Loan") (and in the case of either foregoing clause (i) and/or (ii), the Trust Manager is prohibited pursuant to Section 3.2 of the Trust Agreement from taking action that it believes necessary or appropriate to address such situation), (iii) 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, (iv) the Trust Estate or any portion thereof is subject to a casualty, condemnation or similar event or (v) the Trust Manager determines that it is necessary to take 1 of the actions enumerated in Section 3.2.3 of the Trust Agreement to avoid the loss or potential loss of all or a portion of the Trust Estate or its value. If the Loan, or any portion thereof, is outstanding, and written notice to the lender (the "Lender") is sent by the Trust Manager, then the Trust will dissolve and wind up in accordance with Section 3808 of Chapter 38 of Title 12 of the Delaware Code (the "Act"), and each Holder's percentage share of the Trust Estate will be distributed to such Holder in accordance with Section 9.2 of the Trust Agreement.



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Subject to the requirements of Section 3808 of the Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Holders under Section 9.2 of the Trust Agreement, the Holders will direct the Trust Manager to transfer title to the assets comprising the Trust Estate, and subject to all Trust liabilities, on behalf of each Holder to a newly formed Delaware limited liability company (the "Springing LLC") (a "Transfer Distribution") in complete satisfaction of their Interests in order to consummate the dissolution of the Trust.

Notwithstanding the above, pursuant to Section 9.2.2 of the Trust Agreement, if a determination has been made to terminate the Trust, then, provided that (i) the Trust Manager has received an opinion (in form and substance, and from tax counsel, satisfactory to the Trust Manager, in its discretion) to the effect that a conversion of the Trust into a limited liability company would not adversely affect the status of the Trust as an "investment trust" for income tax purposes, (ii) such alternative form of transaction is entered into to preserve and protect the Trust Estate and (iii) such conversion is permitted under the terms and conditions of the Loan Documents (or is otherwise consented to by the Lender), the Trust Manager may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into the Springing LLC rather than as a Transfer Distribution. In the case of such a conversion, the Springing LLC interests shall be issued to the Holders in proportion to their respective percentage shares in the Trust Estate.

It is anticipated that the Depositor will acquire all of the Class B Interests in the Trust, and then all of its Class B Interests will be redeemed pursuant to Section 6.3 of the Trust Agreement.

2. Transaction Documents. In the preparation of this opinion, we have examined the following documents ("Transaction Documents"), copies of which have been provided to you:

- 2.1 Memorandum;
- 2.2 Original Trust Agreement;
- 2.3 Trust Agreement;
- 2.4 Certificate of Trust filed with the Delaware Secretary of State on September 8, 2021;
- 2.5 Master Lease;
- 2.6 Purchase Agreement and Escrow Instructions (the "Purchase Agreement"); and
- 2.7 Certificate dated December 9, 2021 (the "Certificate").



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3. Assumptions. In rendering our opinion we have made, with your consent, the following assumptions:

3.1 All of the facts and statements, and the description of the transaction set forth in Section 1 are true and accurate in all respects and the transaction will occur as set forth in Section 1;

3.2 All statements in the documents and the Certificate set forth in Section 2 are true and accurate;

3.3 The Trust, the Delaware Trustee and the Trust Manager will operate the Project pursuant to the Trust Agreement;

3.4 The Trust will not engage directly, or through the Delaware Trustee or the Trust Manager, in any activity other than those allowed under the Trust Agreement;

3.5 The purchase price of an Interest does not exceed its fair market value;

3.6 The items of compensation to the Trust Manager and its Affiliates are reasonable in amount based on the services actually rendered or to be rendered to or on behalf of the Trust;

3.7 The Trust does not intend to enter into a joint venture or partnership with the Trust Manager;

3.8 The Master Tenant will comply with the terms of the Master Lease;

3.9 No election has been made to treat the Trust as a corporation or partnership for federal income tax purposes;

3.10 At least 90% of the value of the Project is attributable to real estate and no more than 10% is attributable to personal property;

3.11 The terms of the Master Lease, considering the Master Lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project;

3.12 The Master Tenant is adequately capitalized in light of its anticipated obligations under the Master Lease;

3.13 Neither the Trust nor the Delaware Trustee has entered into a written agreement with the Trust Manager or the Holders creating an agency relationship, including with third parties;

3.14 Neither the Trust nor the Delaware Trustee has represented that it is an agent of the Trust Manager or the Holders;



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3.15 Any lender to the Trust is not related to the Trust Manager, the Delaware Trustee, the Master Tenant or the Holders within the meaning of Code Sections 267(b) or 707(b);

3.16 The Trust was not formed for tax avoidance purposes; and

3.17 There will be no more than 480 Holders.

With your consent, we have not independently verified the facts supporting the assumptions set forth in this Section 3, but we have no reason to believe that the facts supporting the assumptions are untrue.

4. Basis of Opinion. In forming our opinions, we have, with your consent, relied on various representations that you have made to us in the Certificate, on certain factual information set forth in Section 1 and on the assumptions set forth in Section 3. A copy of the Certificate is attached as Exhibit A and made part of this opinion letter. We have reviewed the Certificate with your representative who signed the Certificate on your behalf, and although we have not independently verified the representations, statements and assumptions set forth in the Certificate, in the course of our consideration of these matters, no facts have come to our attention which have caused us to believe that such representations, statements or assumptions are untrue. In addition, except as to matters we have assumed as provided herein, we have reviewed such other documents and performed such other investigations as we have deemed customary and prudent for purposes of rendering our opinions. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the accuracy of copies, the genuineness of signatures and the capacity of each party executing the documents to execute such documents. We have assumed (i) that the documents reviewed and relied upon by us in preparing this opinion were duly authorized, executed and delivered by and on behalf of the parties thereto, (ii) that such documents are legal, valid and binding obligations of the parties thereto, (iii) that such documents contain the entire agreement of the parties with respect to the subject matter of the documents and that there are no other documents, agreements or understandings relating thereto and (iv) that no other consents or approvals are required.

Our opinions and the legal conclusions expressed herein are based on the facts and representations in existence and on the laws and regulations in effect as of the date hereof, all of which are subject to change prospectively and retroactively.

An opinion of counsel is predicated on all the facts, conditions and assumptions 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, conditions or assumptions prove incorrect, it is likely that the tax consequences would change. The issue on which we have expressed an opinion herein has not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued is a "should" opinion. A "should" opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS or any state taxing authority, or, if contested, would be sustained by a court,



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or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Further, because counsel represents the Trust, the opinion has been rendered to the Trust. The opinion is not intended to be used by any taxpayer to avoid penalties.

When we opine as to a result, we assume that the issues will be adequately briefed and argued by competent counsel through appeals.

As used in this letter, the term “Code” means the Internal Revenue Code of 1986, as amended; “Treasury Regulations” mean the Federal Income Tax Regulations issued under the Code; and “IRS” means the Internal Revenue Service.

5. Discussion.

5.1 In General. Code Section 1031(a)(1) provides that “[n]o gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment.” Thus, a determination has to be made as to whether a Holder will be treated as acquiring an interest in real property.

5.2 Trust Must be Recognized as a Separate Entity. The first determination that has to be made is whether the Trust will be treated as an entity that is separate from its 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.¹ An entity that is formed under local law is not always recognized as a separate entity for federal income tax purposes.² Generally, when participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, such as investment or profit, and not for tax avoidance, the entity will be recognized for federal tax purposes.³

5.2.1 Entity Determination. The initial determination is whether the Trust will be viewed as an entity. The IRS in Revenue Ruling 2004-86 (the “Revenue Ruling”) held that the Delaware statutory trust (“DST”) was an entity that was recognized as separate from its owners. The IRS made this determination based on the fact that (i) creditors of the beneficial owners of the DST could not assert claims directly against property owned by the DST, (ii) the DST could sue or be sued and the property held by the DST was subject to attachment and execution as if it were a corporation, (iii) the beneficial owners of the DST were entitled to the same limitation on personal liability because of actions of the DST that is extended to stockholders of Delaware corporations, (iv) the DST could merge or consolidate with or into 1 or more statutory entities or other business entities and (v) the DST was formed

¹ Treas. Reg. § 301.7701-1(a)(1).

² Treas. Reg. § 301.7701-1(a)(3).

³ Rev. Rul. 2004-86, 2004-2 C.B. 191.



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for investment purposes. The foregoing limitations also apply to the Trust. Thus, based on the above, the Trust should be recognized as a separate entity.

5.2.2 No Agent. The next determination that must be made is whether the Trust or the Trust Manager will be viewed as an agent of the Holders. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties.⁴ An entity that is formed to act as a mere agent of its owners will not be treated as an entity that is separate from its owners for federal income tax purposes. The Supreme Court in *Commissioner v. Bollinger*⁵ held that the owners of a corporation were the owners of the property and the corporation was an agent for the owners. The corporation agreed (i) to hold title to the property as the owners' nominee and agent solely to secure financing, (ii) that the owners had sole control and responsibility for the property and (iii) that the owners were the principal and owner of the property during its financing, construction and operation.

The IRS concluded in Revenue Ruling 92-105⁶ that an interest in an Illinois land trust constituted real property and the trust was not treated as a separate entity for federal income tax purposes. The taxpayer in the revenue ruling created an Illinois land trust, was named the beneficiary and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to certain real property to the trust subject to the provisions of an accompanying land trust agreement. Under the land trust 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 liabilities with respect to the real property. 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 a trust was not established.

The Trust should not be viewed merely as an agent of the Holders because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Holders have no right or power to direct the actions of the Trust, the Trust Manager or the Master Tenant in connection with the management or operation of the Trust or the Project.⁷ Specifically, the Holders have no right or power to contribute additional assets to the Trust, cause the Trust to negotiate or renegotiate loans or leases, or cause the Trust to reinvest the proceeds of a sale of its assets.⁸ The Trust Agreement provides that the Trust's sole purpose is to acquire, lease and dispose of the Project. Additionally, the Trust will be subject to "single purpose entity" provisions as mandated by the Lender.⁹ These provisions evidence an intent that the Trust will engage in activities on its own behalf rather than as an agent of the Holders. Finally, because the Trust is a DST, the Holders may avail themselves only of the limited powers and privileges afforded to a beneficial owner under

⁴ Rev. Rul. 2004-86, 2004-2 C.B. 191.

⁵ 485 U.S. 340 (1988).

⁶ Rev. Rul. 92-105, 1992-2 C.B. 204.

⁷ See Trust Agreement at Section 6.2.

⁸ See Trust Agreement at Section 6.2.

⁹ See Trust Agreement at Section 3.2.



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Delaware law. Based on the above, the Trust should be recognized as an entity separate from the Holders for federal income tax purposes and the Trust, the Delaware Trustee and the Trust Manager should not be viewed as agents of the Holders for federal income tax purposes.

5.3 Trust Treated as an Investment Trust. The next determination is whether the Trust will be treated as a “business entity” or as an “investment trust” that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1). In general, the term “trust” refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries.¹⁰ The beneficiaries of such a trust may be the persons who created it and it will be recognized as a trust if it was created for the purpose of protecting or conserving the trust property for beneficiaries who stand in the same relation to the trust as they would if the trust had been created by others for them.¹¹ Generally, an arrangement will be treated as a trust 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 business for profit.¹² An “investment trust” will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders.¹³ An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust, will be classified as a trust if there is no power under the trust agreement to vary the investment of the certificate holders.¹⁴ An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose.¹⁵ A power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.¹⁶

5.3.1 Summary of Revenue Ruling. The Revenue Ruling involved the determination of the tax treatment of a DST that invested in real property. Under the Revenue Ruling, Party A borrowed money, on a nonrecourse basis, from a bank and used the proceeds of the loan to purchase rental real property (“Blackacre”). The note was secured by Blackacre. Immediately following Party A’s purchase of Blackacre, Party A entered into a net lease with Party Z for a 10-year term. Under the terms of the lease, Party Z was required to pay all taxes, assessments, fees or other charges imposed on Blackacre. In addition, Party Z was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Party Z could sublease Blackacre. Party Z’s rent was a fixed amount that

¹⁰ Treas. Reg. § 301.7701-4(a).

¹¹ Treas. Reg. § 301.7701-4(a).

¹² Treas. Reg. § 301.7701-4(a).

¹³ Treas. Reg. § 301.7701-4(c).

¹⁴ Treas. Reg. § 301.7701-4(c).

¹⁵ Treas. Reg. § 301.7701-4(c).

¹⁶ See *Commissioner v. North American Bond Trust*, 122 F.2d 545, 546 (2d Cir. 1941).



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could be adjusted by a formula described in the lease agreement that was based upon a fixed rate or an objective index provided that the adjustments to the rate or index were not within the control of any of the parties to the lease. The rent was not contingent on Party Z's ability to lease the property or on Party Z's gross sales or net profits derived from Blackacre.

On the same day, Party A formed a DST and Party A contributed Blackacre to the DST. The DST assumed Party A's rights and obligations under the note with the bank and the lease with Party Z. Neither the DST nor any of its beneficial owners were personally liable to the bank on the note, which continued to be secured by Blackacre.

The trust agreement provided that interests in the DST were freely transferable. The DST terminated on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but did not terminate on the bankruptcy, death or incapacity of any owner or on the transfer of any right, title or interest of an owner. The trust agreement further provided that interests in the DST would be of a single class, representing undivided beneficial interests in the assets of the DST.

Under the trust agreement, the trustee was authorized to establish a reasonable reserve for expenses associated with the holding of Blackacre that may be payable out of trust funds. The trustee was required to distribute all available cash less reserves quarterly to each beneficial owner in proportion to their respective interests in the DST. The trustee was required to invest cash received from Blackacre between each quarterly distribution and all cash held in reserve in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was permitted to invest only in obligations maturing prior to the next distribution date and 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 trust property.

The trust agreement provided 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 the short-term investments described above or accept additional contributions of assets (including money) to the DST. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z, except in the case of Party Z's bankruptcy or insolvency. In addition, the trustee could make only minor nonstructural 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 DST under local law.

Neither the DST nor its trustee entered into an agreement with the beneficial owners creating an agency relationship, and neither the DST nor its trustee acted as an agent of the beneficial owners.



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To determine whether the DST qualified as an investment trust that is classified as a trust for federal income tax purposes, the Revenue Ruling discussed whether the trust agreement granted the power to vary the investment held by the DST. The Revenue Ruling indicated that the financing and leasing arrangements related to Blackacre were made prior to the inception of the DST and were fixed for the entire life of the DST. Further, the trustee was permitted to only invest in short-term obligations that matured prior to the next quarterly distribution date and was required to hold the obligations until maturity. The Revenue Ruling concluded that because the trust agreement required that any cash from Blackacre, and any cash earned on short-term obligations held by the DST between distribution dates, be distributed quarterly and because the disposition of Blackacre resulted in the termination of the DST, no reinvestment of such monies was possible.

The Revenue Ruling 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 DST. The trustee could not renegotiate the terms of the loan and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z except in the case of Party Z's bankruptcy or insolvency. In addition, the trustee could only make minor nonstructural modifications to the property except to the extent required by law. The Revenue Ruling noted that the trustee had none of the powers which evidence an intent to carry on a profit making business. The Revenue Ruling concluded that because the trustee had no power to vary the investment of the beneficiaries of the trust, the DST will be classified as a "trust" for federal income tax purposes.

The Revenue Ruling indicated 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 1 or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Party Z, or enter into a lease with a tenant other than Party Z (other than in the case of the bankruptcy or insolvency of Party Z);
- renegotiate or refinance the loan used to purchase Blackacre (other than in the case of the bankruptcy or insolvency of Party Z);
- invest cash received to profit from market fluctuations; or
- make more than minor nonstructural modifications to Blackacre that were not required by law.

5.3.2 The Trust Agreement. The powers and authority granted to the Trust Manager in the Trust Agreement are intended to 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 Manager to comply with the terms of the Loan Documents, collect rents and make distributions, enter into any agreements for the purposes of enabling a Holder to complete a like-kind exchange, notify the relevant parties of any default under the Transaction Documents and enter into a new lease solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant or renegotiate



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or refinance any debt secured by the Project (including, without limitation, the Loan) solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant. Additionally, the Trust Agreement expressly denies the Trust Manager any power or authority to take any action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c) or of each Holder as a “grantor” within the meaning of Code Section 671. Many of the prohibited actions are factual in nature (i.e., whether or not more than a minor nonstructural modification, other than as required by law was performed at the Project). We are relying on the Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

Although the Trust Agreement grants certain powers to the Trust Manager and/or the Delaware Trustee that are not addressed in the trust arrangement described in the Revenue Ruling, we believe that these powers should not prevent the Trust from being treated as an investment trust. Those powers include (i) the sale of the Project and (ii) the potential liquidation and termination of the Trust as a result of a Transfer Distribution. We believe that neither of these powers permit the Delaware Trustee or Trust Manager to vary the investments of the certificate holders of the Trust in a manner that results in the Holders improving their investment results based on variations in the market.¹⁷

The power granted under the Trust Agreement to sell the Project should not be viewed as a power to vary the Trust’s investments because the Trust is prohibited from reinvesting the proceeds of the sale. Immediately after a sale of the Project, the Trust Manager must distribute the sales proceeds to the Holders and the Trust will terminate. The Delaware Trustee has no power to purchase replacement investments with the proceeds from the sale of the Project. As a result, the fact that the Delaware Trustee has the power to sell the Project should not prevent the Trust from being treated as an investment trust that is classified as a “trust” for federal income tax purposes.

A Transfer Distribution should not be viewed as inconsistent with the limitations imposed on an investment trust under the Revenue Ruling. A Transfer Distribution would occur only under specified circumstances that would, in the absence of the Trust termination, require actions that either are not authorized, or are prohibited, by the Trust Agreement. The fact that such circumstances are not expected or likely further supports the conclusion that a Transfer Distribution is not intended to circumvent the passive nature of the Trust with respect to its ownership of the Trust Estate. The termination of the Trust and the transfer of the Trust Estate (or the conversion of the Trust) to the Springing LLC, an entity that has the power to engage in the actions required under the specified circumstances, is evidence that the Trust is intended to act simply as a passive holder of the assets comprising the Trust Estate.

¹⁷ See Rev. Rul. 75-192, 1975-1 C.B. 384 (right to reinvest funds in short-term obligations was not a power to vary the investment); Rev. Rul. 78-371, 1973-1 C.B. 384 (trustee could purchase and sell contiguous or adjacent real estate, accept or reject certain contributions of contiguous or adjacent real estate, raze or erect any building or structure, make any improvements to the land contributed to the trust, to borrow money, and to mortgage and lease the trust property held a business entity and not a trust); Rev. Rul. 73-460, 1973-2 C.B. 424 (depositor could direct the trustee, under limited circumstances to accept or reject a “substitution” of new bonds for old bonds proposed by the obligor of such bonds, as the depositor may deem proper; held a trust).



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5.3.3 Master Lease. As set forth in the Revenue Ruling, the Trust must be considered an “investment trust.” Pursuant to Treasury Regulations Section 301.7701-4(c), an “investment” trust will not be classified as a trust if there is a power to vary the investment of the certificate holders. If the Trust has the power to vary the investment of the certificate holders, the Trust will be considered a business trust for federal income tax purposes. The Revenue Ruling involved a DST that entered into a net lease for the property. The courts have interpreted a net lease, for federal income tax purposes, to mean a lease that is designed to transfer (or minimize) the economic risk of fluctuating operating costs from the lessor to the lessee.¹⁸ Generally, if a tenant is responsible for paying for all expenses related to the property and operating the property, the activities of the trust should be considered to be the mere leasing of property and not the operation of a trade or business.¹⁹ The Trust is required to pay debt service under the Loan. In addition, pursuant to the Master Lease, the Trust must pay for the Trust Obligations (as defined in the Memorandum). Thus, the Master Lease is not similar to the net lease described in the Revenue Ruling.

The Revenue Ruling does not incorporate the requirement for a net lease in the legal analysis regarding whether the DST will be considered to be an investment trust and is only a factual statement in the Revenue Ruling. The Revenue Ruling does enumerate 7 prohibited actions which would cause the trust not to be treated as an investment trust for federal income tax purposes. The lack of a net lease was not included in these prohibitions. Thus, it does not appear that the Revenue Ruling imposes a requirement that, in order to be considered an investment trust, the lease between the DST and the tenant must be a net lease similar to the one described in the Revenue Ruling.

There is not a consistent definition of “net lease” under the Code and judicial authority. Thus, it is not clear whether the Master Lease would be considered to be a net lease for federal income tax purposes. Former Code Section 57(c)(1) provided that a lease would be considered to be a net lease if, for a taxable year the sum of the deductions of the lessor with respect to a property (which are allowable solely by reason of Code Section 162 other than rents and reimbursed amounts with respect to such property) were less than 15% of the rental income produced by such property. If this test were applied to the Master Lease, the Master Lease would be considered to be a net lease for federal income tax purposes based on the Projections (as defined in the Memorandum) prepared by the Trust Manager. However, it is possible that the fact that the Trust is responsible for the Trust Obligations could cause the Master Lease to be treated as a gross lease (and not a net lease) for federal income tax purposes.

Even if the Master Lease were to be considered a gross lease (and not a net lease), there is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether the lease of real property under a lease that is not a net lease will have any effect on whether the Trust will be considered an investment trust. If the Trust were considered to be in an active trade or business, the Trust would not qualify as an investment trust. Certain rules have developed regarding whether the activities of a taxpayer will be sufficient to be considered engaging in an active trade or business when the taxpayer merely receives

¹⁸ *Qantas Airways Limited v. United States*, 1997 WL 314403 (Fed. Cl.).

¹⁹ *Id.*



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income from rental property. The majority of the case law regarding whether or not the ownership of real estate will be considered to be a trade or business is based on the activities of the taxpayer. For example, in Revenue Ruling 79-394, the IRS found that a corporation was considered to be engaged in an active trade or business if its conduct of its rental activities “demonstrates considerable day to day management and operational activity sufficient for purposes of distinguishing such conduct from passive investment in real estate. Furthermore, objective criteria such as [the corporation’s] acquiring, renovating, refurbishing, maintaining, leasing and servicing its rental property and its payment of salaries and expenses support this conclusion.” Further, in PLR 7904019 (October 24, 1978), an individual owned and leased property under a lease that required the landlord to pay for taxes, insurance and for certain operational expenses related to the property. The IRS indicated that, although the landlord was required to pay for certain expenses related to the property, the landlord did not supervise or participate in the operation or management of the property. Thus, the landlord was not engaged in a trade or business. Under Code Section 512(b)(3)(B)(ii), courts have held that a landlord’s payment of a number of expenses related to property subject to a crop-sharing lease would not prevent the rent paid to the landlord from qualifying as “passive rent”.²⁰ When looking at the sharecrop leases, the courts focused on the fact that the lease terms were customary in the applicable market when finding that the leases were true leases for federal income tax purposes. Treasury Regulations Section 1.856-4(b)(3) (made applicable to leases by charitable organizations by Treasury Regulations Section 1.512(b)-1(c)(2)(iii)(b)) provides that “an amount will not qualify as ‘rents from real property’ if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits.” However, in AOD 1994-01, the IRS stated that it did not agree with the cases that had held the sharecrop leases to be true leases, but, in view of its lack of success in the courts, had decided that it would no longer litigate these issues with regard to the “typical cropsharing agreement.” We have relied on the Certificate which includes representations that the terms of the Master Lease are consistent with market terms of similar leases and is not an effort to share in income or profits.

In separate authority under the Subchapter S rules, the determination of whether the ownership of real estate will result in “passive investment income” looks at both the activities and the amount of funds expended by the owner of the real estate. A Subchapter S election will be terminated if a corporation (i) has accumulated earnings and profits at the close of each of 3 consecutive taxable years and (ii) has gross receipts for each of such taxable years more than 25% of which are “passive investment income,” which includes for this purpose “rents.”²¹ Treasury Regulations Section 1.1362-2(c)(5)(ii)(B)(2) provides, however, that “rents” do not include rents derived in the active trade or business of renting property, and states that rents received by a corporation are derived in the active trade or business of renting property only if the corporation provides significant services or incurs substantial costs in the rental business.

²⁰ See, e.g., *Trust U/W Emily Oblinger v. Commissioner*, 100 T.C. 114 (1993); *White’s Iowa Manual Labor Institute v. Commissioner*, TCM 1993-364 (the landlord and tenant share some expenses equally, the tenant paid the “substantial” operating expenses, including machinery and labor costs, and the landlord “agreed to pay certain other costs which primarily affected the value of the farm; i.e., materials to repair buildings, fences, and other improvements, and lime to improve or maintain the quality of the soil”).

²¹ I.R.C. § 1362(d)(3).



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There is limited authority interpreting the above definition of “substantial costs” for this purpose. In PLR 200808004 (February 2, 2008), the only private letter ruling that appears to interpret this phrase, the IRS indicated that the standard to be applied when making this determination is based “upon all the facts and circumstances, including, but not limited to, the number of persons employed to provide the services and the types and amounts of costs and expenses incurred (excluding depreciation).” In PLR 200808004, the IRS determined that a corporation’s payment of real property taxes in respect of leased property did not constitute engaging in an active trade or business. The Master Lease provides that the Trust is responsible for the Trust Obligations. Thus, if the standard applied in PLR 200808004 is applied to the Trust, the Trust could be viewed as incurring “substantial costs” which would result in the Trust being engaged in an active trade or business and the Trust would fail to qualify as an investment trust for federal income tax purposes. However, it should be noted that this provision has been limited to Subchapter S and has not been applied to other areas of the Code where a similar determination of whether a taxpayer is involved in a trade or business is required.

The Trust is merely leasing property to the Master Tenant and the Master Tenant, and not the Trust, has the obligation to operate the Project and provide the day-to-day repair and maintenance of the Project. The Trust has no employees, and is merely paying for certain expenses associated with the Project, rather than actively providing services to the Master Tenant or to the Project. The Master Tenant, and not the Trust, is responsible for engaging contractors to perform the services for the maintenance and repair of the Project. Moreover, the Trust’s financial responsibilities primarily relate to expenses of a type that benefit the Project as a whole, and, therefore, protect and conserve the value of the Trust Estate. As a result, even though the Master Lease is not a net lease as set out in the factual assumptions in the Revenue Ruling, the Trust should not be viewed as engaging in an active trade or business that would prevent it from being treated as an investment trust.

The Revenue Ruling also involved a lease that did not provide for any rent based on the gross revenues of the property. There is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether a trust will be considered an investment trust because it receives a portion of rent based on a percentage of receipts. However, real estate investment trusts (“REITs”), like investment trusts, must only be passive owners of real estate and, generally, must only receive rent from real property and other passive income. Under the REIT rules, rent from real property does not include any amount where the determination of the amount depends in whole or in part on the income or profits derived by any person from the property. However, amounts received under a lease will qualify as rent if the rent is based on a fixed percentage of gross receipts or sales. Treasury Regulations Section 1.856-4(b)(3) indicates that an amount will not be considered “rents from real property” if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits. Under the Master Lease, the Master Tenant must pay Percentage Rent (as defined in the Memorandum) based on the gross revenues of the Project over an established Baseline Amount (as defined in the Memorandum). The amount of the Percentage Rent is fixed upon entering into the Master Lease and cannot be changed during the ownership of the Project by the Trust or the Master Tenant. Further, the Trust Manager, the Master Tenant and Passco Companies, LLC have provided, and counsel has relied on, the Certificate which includes representations that the terms of the Master Lease,



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considering the lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project. Therefore, based on the Certificate, amounts received by the Trust pursuant to the Master Lease should be considered rent and not a share in income from the Project.

5.4 True Lease. The Project will be leased by the Trust to the Master Tenant pursuant to the Master Lease. The IRS could take the position that the Master Lease is not a true lease and is instead an agency relationship. If such a position were taken, the Trust would not qualify as an investment trust and Interests would not qualify as real property for purposes of Code Section 1031. In determining whether a lease arrangement is a true lease, rather than an agency relationship, the IRS and the courts have generally engaged in a fact-intensive analysis which focuses on the following 2 factors: (i) who controls the use of the property and (ii) who bears the risk of loss in respect of such use.

5.4.1 Control of the Use of the Property. Where the property owner controls the use or operation of the property, an agency or financing relationship is more likely to be found. In determining who holds control with respect to the use or operation of property, the IRS and the courts have adopted flexible standards to weigh whether the right to exploit the use of the property for its own benefit has been sufficiently transferred to the lessee. In *Amerco v. Commissioner*,²² the Tax Court found that the lessee's day-to-day control over the use and leasing of the trucks, power to set or recommend the terms of leasing the trucks to the public and exclusive control and supervision over all operating expenses was sufficient lessee control to outweigh the lessor's right to require periodic accountings and to enter the premises to determine whether income was reported accurately and the obligation of the lessee to promote the welfare of the lessor. In contrast, in *Meagher v. Commissioner*,²³ the Tax Court found that an agency relationship existed where the lessee was required to use its best efforts to lease the owner's railway cars, maintain adequate records and obtain insurance with the owner as a co-beneficiary. However, in *Meagher*, the Tax Court also focused on the fact that the "rent" due under the purported lease was based on net earnings and no payment was due to the lessor if the property did not generate a net profit. Factors which indicate that the lessee holds powers or obligations which are indicia of property rights, such as the lessee's continuing exclusive right to use and possess the property following a sale of the property by the lessor or an obligation to pay rent regardless of the profit generated by a property can shift the balance towards a finding of a true lease. Although the Master Lease restricts the use of the Project, the Master Tenant has the exclusive right to use and possess the Project pursuant to the Master Lease. In addition, the Master Tenant has control over the day-to-day operation and maintenance of the Project and is responsible for all costs associated with such operation and maintenance. Further, the Master Tenant has an obligation to pay rent to the Trust regardless of whether the Project generates any profit. In addition, any profits generated by the Master Tenant's operation of the Project will be retained by the Master Tenant.

²² 82 T.C. 654 (1984).

²³ T.C. Memo. 1977-270 (U.S. Tax Ct.).



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5.4.2 Risk of Loss. If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether “rent” payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Master Lease provides that the rent includes Base Rent (as defined in the Memorandum) payable in all events. In addition, the Master Lease requires the Trust to be responsible for the Trust Obligations. However, the Master Tenant is responsible for the payment of the day-to-day operating expenses of the Project. The Master Tenant is also required to pay Percentage Rent based on gross revenues from the Project. The Master Lease provides that neither the Trust nor the Master Tenant may take any action that would violate the provisions of the Revenue Ruling including that neither the Trust nor the Master Tenant may make any modification to the Project other than minor nonstructural modifications or as required by law. The Trust Manager has provided, and counsel has relied on, the Certificate which includes representations that the terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project. The Master Tenant is obligated to pay Base Rent due under the Master Lease and Percentage Rent based on gross revenues over a Baseline Amount, regardless of whether the Project generates a profit.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The Master Tenant will have an initial capitalization of \$130,000 (which will be in the form of cash and a note receivable from an affiliate) and a demand promissory note issued by Passco Management Services, LP in the amount of \$500,000, and will hold certain reserves as set forth in the Memorandum. We have relied on a representation from the Master Tenant that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease. If the Master Lease is not respected as a true lease, the Master Tenant will be treated as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in real estate.

The Master Lease and the Loan structure cannot create a partnership between the Trust and the Master Tenant for federal income tax purposes. Upon the occurrence of an Event of Default (as defined in the Loan Documents and which includes the default by the Master Tenant under the subordination agreement it has entered into with respect to the Loan), the Lender has the right to require that all funds from the operations of the Project and the rent paid by the Master Tenant to the Trust be swept into separate lockbox accounts under the control of the Lender. The Loan Documents require that the cash from operations at the Project be segregated into a lockbox in the name of the Master Tenant (the “Master Tenant Lockbox”) and the amount representing rent under the Master Lease be held in a lockbox in the name of the Trust. The Master Tenant Lockbox will be used to collect the income from the Project and to pay the Master Tenant’s expenses as set forth in the Master Lease. It is possible that upon a Master Tenant Termination Event (as defined below), the Lender will have the right to apply the amounts in the Master Tenant Lockbox against obligations of the Trust. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Master Tenant



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Lockbox in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan Documents include certain provisions that should provide limitations on the Lender's right to take the Master Tenant's assets in excess of the Master Tenant's obligations under the Master Lease. It is unclear whether these provisions will control the Lender's right to access funds held in the Master Tenant Lockbox Account.

In order to prevent the Lender from capturing any Master Tenant funds in excess of the Master Tenant's obligations under the Master Lease, the Master Lease will automatically terminate in the event of a Master Tenant Termination Event. A "Master Tenant Termination Event" includes the following: (i) a Master Lease event of default has occurred and is continuing, (ii) the Master Tenant becomes insolvent or a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an Event of Default under the Loan Documents (as such term is used in the Loan Documents) caused by the Master Tenant which Event of Default has not been waived within any applicable cure period. In addition, the Trust will be required to transfer its assets to the Springing LLC upon a Master Tenant Termination Event. Thus, the Lender should not be able to access the Master Tenant's funds while the Trust is intending to qualify as an investment trust for federal income tax purposes. Further, in the event the Lender takes any of Master Tenant funds in excess of the obligations of the Master Tenant to the Trust, the Trust is required to indemnify the Master Tenant for such amounts.

The IRS could take the position that the lockbox provisions described above could result in the Trust and the Master Tenant having entered into a loss sharing arrangement which is one of the factors that the IRS considers when determining whether a partnership has been created for federal income tax purposes. Although the Trust and the Master Tenant do not intend to form a partnership with each other, if a loss sharing arrangement has been created, it could cause the Trust and the Master Tenant to be considered to be in a partnership for federal income tax purposes. However, given the requirement in the Master Lease to terminate the Master Lease in the event of a Master Lease Termination Event and the indemnification in the Master Lease, the Master Tenant should not be required to fund any amount to the Trust in excess of its obligations to the Trust and the Master Lease should not be considered a partnership for federal income tax purposes. If the Master Tenant and the Trust were viewed to be a partnership for federal income tax purposes, the interest in the Trust would not qualify as real estate for purposes of Code Section 1031. Further, if a Master Lease Termination Event occurs and the Trust springs into a limited liability company the beneficial interest holders will not be able to participate in a Section 1031 exchange on the sale of the Project by the Springing LLC.



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The IRS issued Revenue Procedure 2001-28 which set forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes.²⁴ Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of 1 year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has an initial 13 year term with 2 5-year extension options. The property condition report indicates that the Project has a remaining useful life of not less than 35 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the renewal term of the Master Lease.

5.5 Multiple Classes of Ownership Interests. The Treasury Regulations provide that a trust arrangement that would be treated as an investment trust with multiple classes of ownership will still be treated as an investment trust if the multiple classes of ownership interests are incidental to the investment purpose of the trust.²⁵

It is possible that the IRS may assert that the redemption of the Class B beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class B beneficial interest owner otherwise will be identical to the rights of the Holders. We believe that the redemption right should be treated as existing simply to facilitate an investment in the Interests. The redemption simply replaces the Class B beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class B beneficial interests. 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 Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

²⁴ Rev. Proc. 2001-28, 2001-1 C.B. 1156.

²⁵ Treas. Reg. § 301.7701-4(c).



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This analysis is consistent with the IRS statement in the Revenue Ruling that its conclusions would have been the same regardless of whether the trust property (Blackacre) had been sold directly to Party A, and then contributed to the trust or, as in the facts in the Revenue Ruling, contributed to the trust followed by a sale of an interest in the trust to Party A. Under these circumstances no multiple classes of ownership interests in the Trust should exist.

5.6 Holders Treated as “Grantors” of the Trust. A “grantor” of a trust includes any person to the extent such person either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.²⁶ A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.²⁷ 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 that is treated as a trust.²⁸ The Revenue Ruling also considered whether the purchase of interests in the trust arrangement by Party B and Party C would be treated as an acquisition of interests in Blackacre which was owned by the trust. The IRS concluded that Party B and Party C should be treated as grantors of the trust when they acquired their interests in the trust from Party A, who had formed the trust.

Similar to the Revenue Ruling, the Holders should be treated as “grantors” of the Trust. The Holders will transfer cash 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 Holders should be treated as making a gratuitous transfer to the Trust. Thus, the Holders should be treated as “grantors” of the Trust.

5.7 Holders Treated as Owning an Undivided Interest in the Project. 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 is considered to own the trust asset attributable to that undivided fractional interest of the trust for all federal income tax purposes.²⁹ 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.³⁰

²⁶ Treas. Reg. § 1.671-2(e)(1).

²⁷ Treas. Reg. § 1.671-2(e)(2).

²⁸ Treas. Reg. § 1.671-2(e)(3).

²⁹ See Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; Rev. Rul. 85-13, 1985-1 C.B. 184; see also Treas. Reg. § 1.1001-2(c), Example 5.

³⁰ I.R.C. § 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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In the Revenue Ruling, the IRS concluded that, because Party B and Party C had the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Code Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion were includible by Party B and Party C 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 Party B and Party C as each owning an undivided fractional interest in Blackacre for federal income tax purposes.³¹

Several of the rights accorded under the Trust Agreement to the Holders as “grantors” should result in the Holders being treated as owning a direct interest in the Project. The Holders have the right to the distribution of all income received by the Trust without the approval, consent, or exercise of discretion by any person. Additionally, the Holders have a total reversionary interest in the assets of the Trust. These rights of the Holders as grantors should result in the Holders being treated as owning a direct interest in the Trust’s assets for federal income tax purposes.

5.8 Treatment as Real Estate.

5.8.1 Other Securities. The provisions of Code Section 1031 do not apply to “(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest.” This phrase has not been defined precisely; the exact connotation associated with the term “other securities” is not clear.³² The exclusion in Code Section 1031 for “other securities” was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities.³³ There are other Sections of the Code that define “securities” under the Code including Code Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term “securities.” However, it is not clear whether the definitions in these Sections of the Code apply, or whether a broader view should be taken.³⁴ In G.C.M. 35242,³⁵ the IRS indicated, after discussing the definition of “securities” in Code Sections 165(g)(2) and 1236(c), that “we believe it persuasive that Congress has consistently defined the term ‘securities’ in a limited sense.” The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were “securities” under Code Section 1031. This occurred even though the Securities and Exchange Commission believed they were securities under securities law.³⁶ Further, in *Plow Realty Co. of Texas*,³⁷ mineral deeds were not securities under the predecessor to Code Section 543

³¹ See Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164 (purchase by grantor or grantor trust did not effect 1033 exchange).

³² *Levine*, 567 T.M.2nd, Tax Free Exchanges Under Section 1031.

³³ S. Rep. 1113, 67th cong. (1923), 1939-1 (Part -2) C.B. 845-46 (adopting H. Rep. No. 1432, 67th Cong.).

³⁴ G.C.M. 34089 (Apr. 2, 1969) (the IRS initially proposed a broad view).

³⁵ G.C.M. 35242 (Feb. 16, 1973).

³⁶ G.C.M. 35242 (Feb. 16, 1973); *see also* G.C.M. 34500 (May 17, 1971) (IRS concluded that the changes of successfully maintaining that whiskey warehouse receipts are securities under Code Section 1031 are not favorable even though the Securities and Exchange Committee issued a release that indicated that whiskey warehouse receipts may be securities under applicable securities law).

³⁷ *Plow Realty Co. of Texas v. Commissioner*, 4 T.C. 600 (1945).



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even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a “security” under applicable federal and state securities laws.

5.8.2 Certificate of Trust or Beneficial Interest. The nonrecognition rules of Code Section 1031 do not apply to an exchange of real property for a certificate of trust or beneficial interest.³⁸ The Revenue Ruling stated:

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, *B* and *C* are each considered to own an undivided fractional interest in Blackacre for federal income tax purposes. See Rev. Rul. 85-13.

Accordingly, the exchange of real property by *B* and *C* for an interest in *DST* through a qualified intermediary is the exchange of real property for an interest in Blackacre, and not the exchange of real property for a certificate of trust or beneficial interest under § 1031(a)(2)(E).³⁹

Consequently, provided a Holder meets the other requirements of Code Section 1031, such Holder’s exchange of real property in exchange for the Interests in the Trust should not be considered an exchange for a certificate of trust or beneficial interest for purposes of Code Section 1031.

5.9 Rent Accrual Under the Master Lease. Code Section 467 provides that the lessor under a Code Section 467 rental agreement must include in such lessor’s income the amount of rent which accrues during the taxable year. Generally, such rent will be accrued as set forth in the lease agreement between the lessor and lessee. Thus, the Trust would accrue income from rent as set forth in the Master Lease. In the event that a lease arrangement is determined to be a tax avoidance transaction requiring treatment as a disqualified leaseback under Code Section 467, rent will be accrued on a constant accrual basis rather than accruing as set forth in the lease agreement. In determining whether a lease arrangement is a tax avoidance transaction, the IRS has established certain safe harbor tests. If a safe harbor test is met, rent is not accrued under the constant accrual basis. The Master Lease is intended to satisfy a safe harbor test. However, if the IRS makes a determination that the safe harbor is not met, that the lease arrangement is a disqualified leaseback and provides notice of such determination, the Trust will be required to accrue rent on a constant accrual basis. The IRS has not made such a determination nor provided notice with respect to the Master Lease.

5.10 Taxable Boot. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note (as defined in the Memorandum)) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which

³⁸ I.R.C. § 1031(a)(2)(E).

³⁹ Rev. Rul. 2004-86, 2004-2 C.B. 191.



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may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately \$379.01 per Interest. Of this amount, \$23.95 is attributable to reserves funded from Loan proceeds as a requirement of the Loan. It is possible that such amount, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder's prior investment, may not be treated as "boot." Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders over the cost to the Depositor would not be considered as an interest in real estate and may be treated as "boot" which may be taxable. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. The Tax Cuts and Jobs Act eliminated the ability to enter into like-kind exchanges under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust will acquire certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal 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 with respect to the amount of taxable "boot" in the transaction.

6. Opinion. Based on our review of the Transaction Documents, it is our opinion that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a "trust" for federal income tax purposes and (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust's assets, including the Project, in proportion to their Interests for purposes of Code Section 1031. In addition, we have reviewed the discussions of the Code, Treasury Regulations, rulings and case law set forth under the heading "Federal Income Tax Consequences" in the Memorandum. In our opinion, the discussion of the law contained in such section, including the conclusions, interpretations and statements as to the likely outcome on the merits of the tax issues set forth therein, is accurate in all material respects insofar as it relates to the Trust, subject to the qualifications set forth therein.

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 Holder, constitute a purchase of like-kind replacement property that qualifies for non-recognition of gain under Code Section 1031.

No opinion is being rendered on state income taxes or other taxes that may be imposed on the Trust, state income treatment of an Interest or other state income tax consequences to Holders arising from the ownership of an Interest.

7. Qualifications. This opinion relates solely to federal income tax law in effect on the date hereof. We express no opinion with respect to laws becoming effective after the date hereof or the effect or applicability of the laws of other jurisdictions. There can be no assurance that legislative changes may



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not significantly alter the statutory basis for this opinion. We express no opinion on any matters other than those expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion relates only to matters as of the date hereof, and we express no opinion with respect to any transaction, transfer, conveyance, obligation or performance occurring after the date hereof. This opinion does not apply to the individual tax consequences of a Holder and application of the Code Section 1031 rules to the Holder. Each Holder should consult with its own tax advisor. Further, this opinion is based on the documents attached hereto and does not reflect any changes that may be required by any lender.

This opinion is solely for your information and assistance with respect to the sale of the Interests. Accordingly, the Trust may only circulate this opinion in connection with the sale of the Interests to potential Holders. This opinion may be relied upon by Holders 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, including with respect to any subsequent sale of the Interests by the Holders. Further, each potential Holder understands that each Holder will be responsible for such Holder's individual circumstances and only the opinion set forth herein may be relied upon by a Holder. Each potential Holder is encouraged to review the entire contents of the Memorandum including, but not limited to, this opinion with its tax advisor in determining whether to purchase an Interest. 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. No opinion is rendered as to whether this opinion may be used to avoid tax penalties and if it is used, whether a taxpayer will be successful in avoiding any penalties. This opinion is not applicable as to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder. 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 Project.

Sincerely,

DLA Piper LLP(US)

DLA Piper LLP (US)



EXHIBIT A
CERTIFICATE

SECURITIES & TAX CERTIFICATE

The undersigned, for the purpose of stating certain facts upon which DLA Piper LLP (US) (“DLA”) may rely in rendering its opinions (the “Opinion”) and in connection with the preparation of the Confidential Private Placement Memorandum for Class A Beneficial Interests in Passco Northridge DST dated January 21, 2022 as amended or supplemented (the “Memorandum”) and the offer and sale of Class A beneficial interests (the “Interests”) in Passco Northridge DST, a Delaware statutory trust (the “Trust”), hereby certify, warrant and represent as follows:¹

1. I am (i) the Presidents of Passco Companies, LLC (the “Sponsor”) which is the sole member of (a) Passco Northridge Manager, LLC (the “Trust Manager”) and (b) Passco Northridge Depositor, LLC (the “Depositor”) and (ii) and the Executive Vice President of Passco Property Management, Inc. (“PPMI”) which is the general partner of Passco Management Services, LP (“Passco Management”) which is the sole member of Passco Northridge MT, LLC (the “Master Tenant”). The Trust Manager is the manager of the Trust. The Sponsor, the Trust Manager, the Depositor, PPMI, Passco Management and the Master Tenant shall be referred to as the “Sponsor Entities.” I have carefully reviewed the contents of this Certificate and DLA may rely on this Certificate in rendering the Opinion and in preparing the Memorandum. I am familiar with the Sponsor Entities and the particular matters set forth in the Memorandum and in this Certificate. I have made or caused to be made such investigations as are necessary in order to permit me to verify the accuracy of the information set forth in this Certificate and the Memorandum.
2. I have carefully reviewed the Memorandum and its contents are true and correct in all respects and do not contain any untrue statements of fact. The Memorandum does not omit information that would be necessary to a complete understanding of the economic, tax and other consequences and risks of an investment in an Interest and a complete understanding of all transactions described therein and all related transactions, nor does the Memorandum omit information that an investor might consider important in making a decision to invest. The Memorandum does not contain any untrue statement of fact required to be stated therein in order to make the statements therein not misleading. To the best of my knowledge, the Memorandum accurately and completely sets forth the material financial aspects of an investment in the Interests.
3. The Sponsor Entities have provided, or have caused to be provided, to DLA copies of all contracts, agreements, summaries, financial information, projections, other documents and information related to the Sponsor Entities and the Project. All such contracts, agreements, summaries, financial information, projections and other documents and information are true and correct copies of the originals and do not omit any material fact or contain any untrue statement and no material modifications have been made to them, and it is not anticipated that any such material changes will take place before the transactions contemplated by the Memorandum are consummated and to the extent this occurs and becomes available to any of the Sponsor Entities, such Sponsor Entity shall promptly forward such information to DLA.
4. To the best of my knowledge, there are no agreements, documents, or instruments by which the Trust, its property, any party to the Amended and Restated Trust Agreement of the Trust (the “Amended and Restated Trust Agreement”), or any of their Affiliates is bound or to which any of them or any of their properties is subject that (i) is not disclosed in the Memorandum and that

¹ Capitalized terms used, but not defined herein, have the meanings assigned to them in the Memorandum.

would be material to an investment in Interests or (ii) would affect the authority or ability of the Sponsor Entities to execute, deliver and perform any of the documents or instruments to be executed and delivered as contemplated in the Memorandum.

5. The Offering is being conducted pursuant to Rule 506(b) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The Sponsor Entities hereby represent that each is familiar with Rule 506(b), including the prohibition on general solicitation, and that none of the Sponsor Entities nor any of their Affiliates have engaged in general solicitation for this Offering.
6. If at any time any event shall occur as a result of which it becomes necessary to amend or supplement the Memorandum so that it does not include any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances, not misleading, the Sponsor Entities or one of their Affiliates will promptly notify DLA and will promptly make such amendments or complete such supplements correcting such statement or omission in the Memorandum.
7. There are no facts or circumstances existing at this time which will prevent the transactions contemplated by the Memorandum from being carried out as described in the Memorandum.
8. The Trust was formed on November 18, 2021 and a true and correct copy of the fully-executed original Trust Agreement of the Trust dated November 18, 2021 and the Amended and Restated Trust Agreement dated December 9, 2021 (the "Trust Agreement"), has been delivered to DLA.
9. The Trust Agreement was amended by the Amended and Restated Trust Agreement of the Trust, a copy of which is attached to the Memorandum, and the Trust will operate pursuant to the Amended and Restated Trust Agreement.
10. I am not aware of any liability, absolute or contingent, and whether or not accrued, of any of the Sponsor Entities or their Affiliates that would or could materially adversely affect the operations of the Trust or the Project.
11. Other than litigation as to which an adverse result would not, in my opinion, materially adversely affect any of the Sponsor Entities, there is no pending or, to the best of my knowledge, threatened litigation involving any of the Sponsor Entities, or any of their Affiliates or principals, other than litigation (such as unlawful detainer actions) in the ordinary course of business.
12. I know of no reason why it would be necessary for the Springing LLC (as defined in the Amended and Restated Trust Agreement) to be effectuated, and I do not believe that there is any significant likelihood that such an event will occur.
13. None of the Sponsor Entities are in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Sponsor Entities and the execution, delivery, performance and compliance with the terms of the Amended and Restated Trust Agreement by the Sponsor Entities do not and will not violate any provision of any applicable federal, state or local law, rule or regulation. The Sponsor Entities will comply with the restrictions in the Amended and Restated Trust Agreement regarding the limitations on the transfer and repurchase of Interests.
14. The execution and delivery of the Amended and Restated Trust Agreement and related Trust documents have been authorized and approved.

15. The Trust Manager has at all times complied with the terms of the Amended and Restated Trust Agreement.
16. There will be no more than 480 Holders.
17. The Sponsor Entities do not believe that the purchase price of the Project exceeds its fair market value, nor do they believe that the price to be paid by Holders exceeds the fair market value of the Interests.
18. The various items of compensation described in the Memorandum to be paid to the Sponsor Entities or their Affiliates are reasonable in amount in light of the services actually rendered or to be rendered to or on behalf of the Trust, the time, effort, expense and investment in human capital, facilities and other resources associated with providing the services, and the standards of compensation for similar services rendered under similar circumstances, including in the real estate industry in general.
19. The determination of any fees paid by the Trust will not depend, in whole or in part, on the income or profits derived by any person from the Project and will not exceed the fair market value of the services provided in exchange therefor.
20. At least 90% of the value of the Project is attributable to real estate and no more than 10% is attributable to personal property.
21. The activities of the Trust with respect to the Trust Estate will be limited to activities that are customary services in connection with the maintenance and repair of the Project.
22. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Amended and Restated Trust Agreement.
23. The Trust does not intend to form a joint venture or a partnership with the Master Tenant.
24. The Master Tenant will comply with the terms of the Master Lease.
25. The Master Tenant is not acting as an agent of the Trust, any of the other Sponsor Entities or the Holders.
26. All leases including the Master Lease and any subleases, will be bona fide leases for federal income tax purposes. Rents paid by the Master Tenant will be within the fair market value for use of the Project and rent will not depend on the income or profits derived by any person from the Project or otherwise (other than an amount based on a fixed percentage of receipts or sales).
27. There is no power held by the Trust under the Amended and Restated Trust Agreement or the Master Lease to vary the investment of the Holders, including performing any of the following actions:
 - (a) Dispose of the Project and acquire new property;
 - (b) Renegotiate the Master Lease with the Master Tenant, or enter into leases with a party other than the Master Tenant (except in the case of the Master Tenant's bankruptcy or insolvency);

- (c) Renegotiate or refinance any loan (except in the case of the Master Tenant's bankruptcy or insolvency);
 - (d) Invest cash received to profit from market fluctuations; or
 - (e) Make more than minor nonstructural modifications to the Project that are not required by law.
- 28. The Master Lease terms, considering the lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project.
- 29. The Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.
- 30. The tenant improvement allowance paid by the Trust to the Master Tenant will only be used for repairs, maintenance and replacements at the Project and will not be used for anything that would constitute more than a minor nonstructural modification to the Project.
- 31. The Sponsor Entities acknowledge that the loan obtained by the Trust includes certain provisions that allow the lender under such loan to access the Master Tenant's assets, including cash from operations at the Project which is held in a lockbox under the control of such lender. The Master Lease provides that the Trust will indemnify the Master Tenant for any amounts retained by the Trust's lender in excess of the Master Tenant's obligations under the Master Lease. The Amended and Restated Trust Agreement requires that the Trust spring to a limited liability company and the Master Lease be terminated upon certain events related to the lender's right to retain the Master Tenant's assets. The Sponsor Entities will take any and all actions necessary to ensure that neither the Trust nor the lender retain any Master Tenant funds in excess of the Master Tenant's obligations under the Master Lease.
- 32. The Sponsor Entities acknowledge that the following constitute "Covered Persons" under Rule 506(d) of Regulation D: (i) the Trust; (ii) any predecessor of the Trust; (iii) any affiliated issuer of the Trust; (iv) any director, executive officer, other officer participating in the Offering, general partner or managing member of the Trust; (v) any beneficial owner of 20% or more of the Trust's outstanding voting equity securities, calculated on the basis of voting power; (vi) any promoter connected with the Trust in any capacity at the time of the sale of the Interests; (vii) any person associated with the Trust that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Interests; (viii) any general partner or managing member of any such solicitor associated with the Trust; and (ix) any director, executive officer or other officer participating in the Offering of any such solicitor or general partner or managing member of such solicitor.
- 33. The Sponsor Entities each hereby represent and warrant that none of the Covered Persons, as of the date hereof and at the time of the sale of the Interests (each, an "Effective Date"):
 - (a) Has been convicted, within 10 years of any Effective Date of any felony or misdemeanor that was:
 - (i) In connection with the purchase or sale of any security;

- (ii) Involving the making of any false filing with the Securities and Exchange Commission (the “SEC”); or
 - (iii) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.
- (b) Is subject to any order, judgment or decree of any court of competent jurisdiction, entered within 5 years before any Effective Date, that, as of such Effective Date, restrains or enjoins such person from engaging or continuing in any conduct or practice:
 - (i) In connection with the purchase or sale of any security;
 - (ii) Involving the making of any false filing with the SEC; or
 - (iii) Arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities.
- (c) Is subject to a final order of a state securities commission (or an agency or officer of a state performing like functions), a state authority that supervises or examines banks, savings associations or credit unions, a state insurance commission (or an agency or officer of a state performing like functions), an appropriate federal banking agency, the U.S. Commodity Futures Trading Commission or the National Credit Union Administration that:
 - (i) As of any Effective Date, bars the person from:
 - (A) Association with an entity regulated by such commission, authority, agency or officer;
 - (B) Engaging in the business of securities, insurance or banking; or
 - (C) Engaging in savings association or credit union activities.
 - (ii) Constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct entered within 10 years before any Effective Date.
- (d) Is subject to an order of the SEC pursuant to sections 15(b) or 15B(c) of the Securities Exchange Act of 1934 (the “Exchange Act”) or section 203(e) or (f) of the Investment Advisers Act of 1940 (the “Investment Advisers Act”) that, as of any Effective Date:
 - (i) Suspends or revokes such person’s registration as a broker, dealer, municipal securities dealer or investment advisor;
 - (ii) Places limitations on the activities, functions or operations of such person; or
 - (iii) Bars such person from being associated with any entity or from participating in the offering of any penny stock.

- (e) Is subject to any order of the SEC entered within 5 years before any Effective Date that, as of such Effective Date, orders the person to cease and desist from committing or causing a violation or future violation of:
 - (i) Any scienter-based anti-fraud provisions of the federal securities laws including, without limitation, section 17(a)(1) of the Securities Act, section 10(b) of the Exchange Act and 17 CFR 240.10b-5, section 15(c)(1) of the Exchange Act and section 206(1) of the Investment Advisers Act, or any other rule or regulation thereunder; or
 - (ii) Section 5 of the Securities Act.
 - (f) Is 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 any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.
 - (g) Has filed (as a registrant or issuer), or was or was named as an underwriter in, any registration statement or Regulation A offering statement filed with the SEC that, within 5 years of any Effective Date, was the subject of a refusal order, stop order or order suspending the Regulation A exemption or, is, as of any Effective Date, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.
 - (h) Is subject to a United States Postal Service false representation order entered within 5 years before any Effective Date, or is, as of any Effective Date, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.
34. All transactions described in the Memorandum have been and are hereby ratified, approved and authorized by the Sponsor Entities, to the extent that the Sponsor Entities are party to any of such transactions or have the authority, directly or indirectly, to cause any party to any of such transactions to participate or refuse to participate in any or all of such transactions and to agree upon the terms thereof.
35. Except as otherwise stated, the representations and warranties made herein are made as of the date hereof and shall be continuing representations and warranties. In the event that any Sponsor Entity becomes aware that any of these representations or warranties becomes untrue or is incorrect, it shall promptly notify DLA in writing of the fact which makes such representation or warranty untrue or incorrect.

I understand that you are relying on the truth and accuracy of the foregoing in connection with the issuance of the Opinion and preparation of the Memorandum. I have made or caused to be made such inquiry and investigations as are necessary in order to permit me to verify the accuracy of the information set forth in this Certificate. This Certificate is provided at your request and solely for use in connection with your issuance of the Opinion and preparation of the Memorandum. This Certificate may not be relied upon by any other person.

IN WITNESS WHEREOF, this Certificate is executed effective as of the date of the Memorandum.

DEPOSITOR:

Passco Northridge Depositor, LLC, a Delaware limited liability company

By: _____ s/s
Larry K. Sullivan, President

TRUST:

Passco Northridge DST, a Delaware statutory trust

By: Passco Northridge Manager, LLC, a Delaware limited liability company, its manager

By: _____ s/s
Larry K. Sullivan, President

SPONSOR:

Passco Companies, LLC, a Delaware limited liability company

By: _____ s/s
Larry K. Sullivan, President

MANAGER:

Passco Northridge Manager, LLC, a Delaware limited liability company

By: _____ s/s
Larry K. Sullivan, President

MASTER TENANT:

Passco Northridge MT, LLC a Delaware limited liability company

By: _____ s/s
Larry K. Sullivan, Vice President

PPMI:

Passco Property Management, Inc., a California corporation

By: _____ s/s
Larry K. Sullivan, Executive Vice President

PASSCO MANAGEMENT:

Passco Management Services, LP, a California limited partnership

By: Passco Property Management, Inc., California corporation, its general partner

By: _____ s/s
Larry K. Sullivan, Executive Vice President

EXHIBIT G

UNAUDITED RESULTS OF OPERATIONS FOR THE PROJECT

Tapestry Northridge (2268)
Statement (12 months)
 Period = Jan 2021-Dec 2021
 Book = Accrual ; Tree = ysi_is

	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Total
1-5000-000 RESIDENTIAL INCOME STATEMENT													
1-5010-000 REVENUE													
1-5100-000 RENT REVENUE													
1-5300-0000 Market Rent	313,940.00	313,940.00	318,420.00	326,820.00	349,676.00	369,720.00	334,360.00	337,060.00	342,625.00	342,625.00	353,825.00	353,825.00	4,056,836.00
1-5310-0000 Gain (Loss) on Market Rent	-6,385.00	-6,690.00	-9,560.00	-15,305.00	-29,065.00	-43,886.00	-17,913.00	-19,283.00	-23,823.00	-23,708.00	-34,633.00	-34,148.00	-264,399.00
1-5500-0000 GROSS POTENTIAL RENT	307,555.00	307,250.00	308,860.00	311,515.00	320,611.00	325,834.00	316,447.00	317,777.00	318,802.00	318,917.00	319,192.00	319,677.00	3,792,437.00
1-5610-0000 Less: Vacancy	-203,851.95	-186,749.64	-167,268.22	-159,758.67	-150,228.44	-119,945.33	-69,222.34	-49,111.75	-33,640.38	-22,218.88	-11,115.00	-10,835.80	-1,183,946.40
1-5630-0000 Less: Models	-1,500.00	-1,500.00	-1,510.00	-1,510.00	-1,620.00	-1,720.00	-1,520.00	-1,520.00	-1,570.00	-1,570.00	-1,670.00	-1,670.00	-18,880.00
1-5640-0000 Less: Employee Units	-2,839.48	-3,161.25	-3,517.50	-3,517.50	-4,343.31	-4,807.50	-6,530.41	-6,745.25	-7,046.50	-7,063.60	-7,051.50	-6,700.25	-63,324.05
1-5650-0000 Less: Concessions (Move Ins)	-2,392.50	-356.25	0.00	0.00	0.00	0.00	-644.39	-312.91	0.00	-4,505.00	0.00	0.00	-8,211.05
1-5675-0000 Less: Write Offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-17,538.75	-1,296.01	0.00	0.00	-18,834.76
1-5799-9999 NET RENT REVENUE	96,971.07	115,482.86	136,564.28	146,728.83	164,419.25	199,361.17	238,529.86	260,087.09	259,006.37	282,263.51	299,355.50	300,470.95	2,499,240.74
1-5800-000 OTHER REVENUE													
1-5830-0000 Pet Fees	2,000.00	0.00	400.00	1,200.00	2,000.00	2,500.00	2,625.00	1,575.00	900.00	1,600.00	800.00	800.00	16,400.00
1-5832-0000 Pet Rent	130.64	123.91	120.00	143.00	183.71	323.33	905.97	733.38	844.36	904.68	986.67	1,035.96	6,435.61
1-5840-0000 Application Fees	2,470.00	1,950.00	3,575.00	5,005.00	5,450.00	4,575.00	3,375.00	3,750.00	2,025.00	1,575.00	1,200.00	75.00	35,025.00
1-5842-0000 Termination Fees	0.00	0.00	0.00	2,810.00	2,770.00	4,560.00	4,600.00	7,228.00	8,210.00	2,360.00	0.00	0.00	33,038.00
1-5845-0000 Late Fees	685.00	772.00	755.50	887.50	877.00	1,459.00	1,987.50	2,226.50	2,076.50	2,192.00	1,283.90	1,089.50	16,291.90
1-5850-0000 NSF Fees	250.00	150.00	350.00	0.00	50.00	150.00	250.00	100.00	100.00	150.00	50.00	0.00	1,600.00
1-5851-0000 Legal Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	425.00	350.00	0.00	0.00	775.00
1-5862-0000 Telephone Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	384.00	585.00	615.00	798.00	0.00	2,382.00
1-5863-0000 Trash Income	2,340.01	2,720.35	3,187.74	3,452.00	3,764.51	4,476.00	7,040.30	6,925.49	7,050.03	7,558.71	7,130.00	6,340.98	61,986.12
1-5863-1000 Valet Trash Income	0.00	0.00	0.00	0.00	0.00	0.00	1.94	0.00	0.00	-1.94	0.00	0.00	0.00
1-5864-0000 Water & Sewer Income	1,513.71	2,290.94	2,663.01	3,506.60	3,952.03	3,962.11	4,640.80	5,681.93	6,412.16	6,909.96	6,869.79	7,505.96	55,909.00
1-5867-0000 Pest Control Income	389.99	453.40	531.30	566.99	627.40	746.02	873.73	938.71	991.70	1,026.12	1,063.33	1,065.16	9,273.85
1-5868-0000 Renters Insurance-Monthly liability Waiver	523.83	609.21	142.93	-813.61	-25.86	991.54	824.45	-1,180.05	-1,161.80	1,263.13	272.44	2,248.84	3,695.05
1-5868-2000 Renters Insurance-Non Compliant	-17.42	0.00	0.00	0.00	-28.53	-22.72	0.00	-25.95	94.62	0.00	0.00	0.00	0.00
1-5869-0000 Electricity Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	792.14	792.14
1-5870-0000 Garage	3,604.36	3,585.14	4,727.00	4,947.00	5,609.17	6,408.33	7,720.96	8,374.59	8,535.00	8,371.36	8,812.50	8,920.16	79,615.57
1-5871-0000 Cable Income	26.00	62.00	86.00	110.00	11,126.00	16,722.00	249.00	0.00	0.00	0.00	0.00	0.00	28,381.00
1-5890-0000 Key & Lock Fees	0.00	150.00	0.00	0.00	0.00	0.00	225.00	20.00	300.00	75.00	100.00	10.00	880.00
1-5905-0000 Insufficient Notice Fee	0.00	0.00	0.00	0.00	0.00	0.00	2,002.24	994.35	638.17	0.00	0.00	0.00	3,634.76
1-5910-1000 Less: Write Offs	-230.00	0.00	-515.00	0.00	0.00	0.00	0.00	0.00	-15,282.78	-376.73	-2,378.40	0.00	-18,782.91
1-5920-0000 Administration Fee	4,825.00	3,250.00	3,625.00	3,125.00	4,150.00	5,387.50	2,062.50	4,250.00	1,650.00	1,925.00	550.00	0.00	34,800.00
1-5927-6020 Cleaning Charges	0.00	0.00	0.00	175.00	0.00	150.00	100.00	0.00	35.00	0.00	600.00	0.00	1,060.00
1-5928-6025 Damage Charges	0.00	50.00	0.00	1,325.00	125.00	610.00	747.03	75.00	110.00	50.00	0.00	0.00	3,092.03
1-5942-0000 Interest Income	0.00	0.00	0.00	1.19	9.36	0.00	8.48	0.00	0.00	0.00	0.00	0.00	19.03
1-5945-0000 Bank Account Interest	0.00	0.00	0.00	0.00	0.00	7.75	0.00	10.17	11.53	12.66	13.75	0.00	55.86
1-5950-0000 Miscellaneous Income	100.00	100.00	225.00	875.00	175.00	400.00	425.00	525.00	500.00	900.00	1,000.00	125.00	5,350.00
1-5998-0000 TOTAL OTHER REVENUE	18,611.12	16,266.95	19,873.48	27,315.67	40,814.79	53,405.86	40,664.90	43,086.12	25,049.49	37,459.95	29,151.98	30,008.70	381,709.01
1-5999-000 TOTAL REVENUE	115,582.19	131,749.81	156,437.76	174,044.50	205,234.04	252,767.03	279,194.76	303,173.21	284,055.86	319,723.46	328,507.48	330,479.65	2,880,949.75
1-6000-000 EXPENSES													
1-6210-000 SALARIES													
1-6220-0000 Salaries - Administrative	9,907.42	10,592.73	10,558.47	15,469.46	10,426.91	10,585.29	10,816.79	10,831.33	10,797.17	16,702.54	10,433.61	0.00	127,121.72
1-6220-1000 Salaries - Courtesy Officer	92.30	92.30	92.30	138.45	138.45	184.60	184.60	184.60	184.60	276.90	184.60	0.00	1,753.70
1-6230-0000 Salaries - Maintenance	4,125.00	4,025.00	4,029.60	7,368.80	6,619.20	6,695.31	6,822.74	6,939.20	7,054.57	10,923.81	6,939.20	0.00	71,542.43
1-6231-0000 Commissions	2,000.00	1,400.00	1,400.00	2,000.00	800.00	1,800.00	1,900.00	1,900.00	3,600.00	1,100.00	1,100.00	0.00	19,500.00
1-6232-0000 Bonuses	3,925.00	0.00	0.00	3,996.75	0.00	0.00	3,930.79	0.00	0.00	3,798.86	1,900.00	0.00	17,551.40
1-6233-0000 Overtime Pay	150.00	288.00	654.72	616.52	975.09	1,262.32	839.01	1,022.16	1,117.91	717.27	346.25	0.00	7,989.25
1-6235-0000 Corporate Support	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	0.00	9,680.00
1-6250-0100 Payroll Taxes	1,262.60	1,536.33	1,217.06	2,129.89	1,423.68	1,543.77	1,942.23	1,568.55	1,712.16	2,519.22	1,555.10	0.00	18,410.59
1-6250-0200 Insurance Benefits	975.15	1,757.53	1,460.20	1,569.67	1,500.30	1,500.24	1,505.76	1,517.16	1,501.52	1,551.46	1,502.73	0.00	16,341.72

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	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Total
1-6250-0250 HSA Contribution	0.00	0.00	0.00	0.23	0.03	0.03	0.03	0.78	0.00	3.13	0.13	0.00	4.36
1-6250-0300 401K Contribution	0.00	0.72	0.00	0.76	0.00	0.00	15.50	231.42	278.44	435.14	267.96	0.00	1,229.94
1-6250-0400 Workers Compensation Premium	2,099.73	0.00	0.00	1,897.58	0.00	0.00	1,505.92	0.00	0.00	1,473.46	0.00	0.00	6,976.69
1-6250-0500 Uniforms	0.00	148.97	0.00	0.00	121.01	0.00	48.14	185.70	319.06	0.00	0.00	0.00	822.88
1-6250-0700 New Hire Expenses	0.00	0.00	0.00	66.00	0.00	0.00	75.95	0.00	0.00	0.00	0.00	0.00	141.95
1-6250-4015 Payroll and 401k Admin Fees	191.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	191.17
1-6250-9999 TOTAL SALARIES	25,608.37	20,721.58	20,292.35	35,334.11	22,884.67	24,451.56	31,767.46	25,260.90	27,445.43	40,381.79	25,109.58	0.00	299,257.80
1-6300-0000 UTILITY EXPENSES													
1-6310-0000 Electric Common Area	1,830.98	1,089.70	1,737.15	1,153.15	1,494.26	3,664.72	695.50	2,139.14	2,502.90	4,512.15	1,744.10	0.00	22,563.75
1-6311-0000 Electric Vacant	-1,867.03	-2,218.77	2,187.27	97.38	1,942.54	-2,569.04	-1,815.57	824.07	812.22	5,340.46	-893.42	0.00	1,840.11
1-6320-0000 Gas Common Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	584.68	0.00	0.00	584.68
1-6330-0000 Water Common Area	3,450.00	3,450.00	3,450.00	3,450.00	3,450.00	3,450.00	3,450.00	3,450.00	3,123.10	3,776.90	3,450.00	-41,581.00	-3,631.00
1-6330-2000 Water Audit	313.55	322.80	335.00	449.65	500.30	663.80	422.05	738.95	698.20	606.40	782.45	0.00	5,833.15
1-6340-0000 Sewer	4,640.00	4,640.00	4,640.00	4,640.00	4,640.00	4,640.00	4,640.00	4,640.00	3,992.00	5,288.00	4,640.00	-53,840.00	-2,800.00
1-6343-0000 Waste Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	-100.00	0.00	0.00
1-6344-0000 Valet Trash Expense	171.00	351.50	522.50	693.50	874.00	1,045.00	1,216.00	1,396.50	1,567.50	1,738.50	1,919.00	0.00	11,495.00
1-6345-0000 Trash Removal	290.00	281.00	-0.50	281.00	656.35	904.91	691.00	1,734.47	1,007.86	900.00	70.00	0.00	6,816.09
1-6399-0000 TOTAL UTILITIES	8,828.50	7,916.23	12,871.42	10,764.68	13,557.45	11,799.39	9,298.98	14,923.13	13,703.78	22,847.09	11,612.13	-95,421.00	42,701.78
1-6420-0000 GENERAL REPAIRS & MAINTENANCE													
1-6420-0100 Appliance Repairs	0.00	0.00	0.00	0.00	32.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.72
1-6420-0120 Cleaning - Common Areas	1,200.00	900.00	1,500.00	1,200.00	1,575.00	1,400.00	1,200.00	1,500.00	1,600.00	1,100.00	0.00	1,375.00	14,550.00
1-6420-0130 Cleaning - Supplies	334.11	268.00	344.42	601.86	189.67	455.05	426.97	134.25	114.00	114.00	114.00	0.00	3,096.33
1-6420-0150 Doors - Interior	0.00	0.00	0.00	0.00	306.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	306.17
1-6420-0170 Electrical - Supplies	39.27	0.00	19.81	243.39	0.00	0.00	133.22	0.00	0.00	0.00	0.00	0.00	435.69
1-6420-0210 HVAC - Supplies	0.00	0.00	287.93	0.00	0.00	633.65	674.58	0.00	0.00	0.00	0.00	0.00	1,596.16
1-6420-0220 Locks & Keys	0.00	0.00	0.00	99.45	0.00	99.44	99.45	0.00	218.07	0.00	0.00	0.00	516.41
1-6420-0235 Painting-Contract-Accent Walls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00	0.00	0.00	300.00
1-6420-0240 Painting Supplies-Common Areas	0.00	0.00	74.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74.97
1-6420-0245 Pest Control-Contract	0.00	0.00	0.00	0.00	0.00	1,377.00	396.36	396.36	396.36	396.36	0.00	396.36	3,358.80
1-6420-0248 Pest Control Supplies	0.00	0.00	0.00	28.08	0.00	4.59	28.76	0.00	0.00	0.00	0.00	0.00	61.43
1-6420-0250 Plumbing-Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	124.20	0.00	124.20
1-6420-0260 Plumbing-Supplies	0.00	0.00	241.94	250.38	0.00	0.00	51.92	0.00	0.00	0.00	0.00	0.00	544.24
1-6420-0340 Maintenance Supplies	18.51	0.00	117.46	255.16	713.82	45.68	243.73	444.00	311.77	607.14	293.31	0.00	3,050.58
1-6420-0350 Building Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.20	208.60	0.00	0.00	288.80
1-6420-9999 TOTAL GENERAL REPAIRS & MAINT.	1,591.89	1,168.00	2,586.53	2,678.32	2,817.38	4,015.41	3,254.99	2,474.61	2,720.40	2,726.10	531.51	1,771.36	28,336.50
1-6430-0000 MAKE READY EXPENSES													
1-6430-0120 MR Carpet Cleaning	0.00	0.00	0.00	0.00	130.00	390.00	325.00	140.00	195.00	130.00	215.00	130.00	1,655.00
1-6430-0130 MR Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	1,100.00	715.00	2,335.00	2,300.00	600.00	550.00	7,600.00
1-6430-0190 MR Painting - Contracts	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00	3,762.50	1,775.00	175.00	1,050.00	0.00	8,362.50
1-6430-0195 MR Painting - Supplies	0.00	414.40	338.88	647.16	320.12	602.56	953.04	1,084.43	1,084.43	783.63	-1,060.54	0.00	5,168.11
1-6430-9999 TOTAL MAKE READY EXPENSES	0.00	414.40	338.88	647.16	450.12	992.56	3,978.04	5,701.93	5,389.43	3,388.63	804.46	680.00	22,785.61
1-6440-0000 EQUIPMENT													
1-6440-0100 Equipment-New	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	333.69	-171.72	0.00	161.97
1-6440-0200 Equipment Maintenance	150.00	140.00	140.00	140.00	140.00	140.00	20.00	169.80	149.80	154.29	154.29	154.29	1,652.47
1-6440-9999 TOTAL EQUIPMENT	150.00	140.00	140.00	140.00	140.00	140.00	20.00	169.80	149.80	487.98	-171.43	154.29	1,814.44
1-6460-0000 LANDSCAPING & GROUNDS													
1-6460-0200 Landscaping Contract	2,095.20	2,327.40	2,327.40	4,000.00	4,000.00	4,000.00	7,780.00	4,216.00	4,216.00	4,216.00	4,216.00	4,216.00	47,610.00
1-6460-0400 Mulch & Flowers	464.40	0.00	0.00	0.00	0.00	1,350.00	0.00	14,369.40	278.64	0.00	1,469.61	212.76	18,144.81
1-6460-9999 TOTAL LANDSCAPING & GROUNDS	2,559.60	2,327.40	2,327.40	4,000.00	4,000.00	5,350.00	7,780.00	18,585.40	4,494.64	4,216.00	5,685.61	4,428.76	65,754.81
1-6470-0000 AMENITIES													
1-6470-0390 Amenity Supplies	267.84	385.56	791.12	20.00	1,184.46	1,268.84	1,297.75	1,005.98	973.99	1,025.64	562.08	636.27	9,419.53
1-6470-0410 Pool & Spa-Supplies	0.00	0.00	0.00	0.00	0.00	1,083.82	154.92	201.48	380.00	225.60	380.44	0.00	2,426.26
1-6470-9999 TOTAL AMENITIES	267.84	385.56	791.12	20.00	1,184.46	2,352.66	1,452.67	1,207.46	1,353.99	1,251.24	942.52	636.27	11,845.79

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1-6480-000 SAFETY SERVICES													
1-6480-0200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	198.50	-5.00	0.00	0.00	193.50
1-6480-0300	0.00	0.00	193.50	0.00	0.00	198.50	0.00	0.00	0.00	0.00	0.00	0.00	392.00
1-6480-0310	0.00	0.00	52.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52.86
1-6480-0400	30.24	30.24	30.24	30.24	30.24	60.48	30.24	0.00	30.24	30.24	30.24	30.24	362.88
1-6480-0500	138.18	27.80	96.02	7.98	71.83	0.00	0.00	228.00	156.95	0.00	0.00	0.00	726.76
1-6480-9999	168.42	58.04	372.62	38.22	102.07	258.98	30.24	228.00	385.69	25.24	30.24	30.24	1,728.00
1-6510-000 LEASING & MARKETING													
1-6510-0140	2,599.00	2,599.00	2,599.00	2,599.00	2,599.00	2,599.00	2,599.00	1,999.00	3,522.24	4,335.54	4,914.50	55.53	33,019.81
1-6510-0170	955.00	80.00	0.00	1,235.00	0.00	0.00	45.00	0.00	995.00	0.00	0.00	0.00	3,310.00
1-6510-0250	247.62	463.12	210.09	220.34	425.69	198.93	651.09	319.56	0.00	85.96	36.86	0.00	2,859.26
1-6510-0260	571.33	71.94	0.00	435.93	44.82	107.94	1,054.40	-387.31	1,175.50	586.09	1,025.37	0.00	4,686.01
1-6510-0270	0.00	0.00	0.00	0.00	0.00	0.00	0.00	750.00	0.00	250.00	0.00	0.00	1,000.00
1-6510-0290	0.00	0.00	0.00	0.00	631.80	0.00	0.00	86.94	0.00	0.00	0.00	0.00	718.74
1-6510-0300	0.00	15.45	0.00	0.00	7.60	0.00	0.00	14.96	0.00	0.00	0.00	0.00	38.01
1-6510-0310	500.69	159.97	39.79	213.13	162.70	0.00	485.51	695.53	557.34	77.40	345.29	0.00	3,237.35
1-6510-9000	2,198.00	327.96	0.00	1,007.74	0.00	431.91	901.18	129.60	662.13	2,300.44	181.12	0.00	8,140.08
1-6510-9999	7,071.64	3,717.44	2,848.88	5,711.14	3,871.61	3,337.78	5,736.18	3,608.28	6,912.21	7,635.43	6,503.14	55.53	57,009.26
1-6520-000 ADMINISTRATIVE EXPENSES													
1-6520-0100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,000.00	0.00	0.00	0.00	8,000.00
1-6520-0110	90.22	0.00	90.22	90.22	90.22	90.22	90.22	0.00	90.22	90.22	94.73	94.73	911.22
1-6520-0120	480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	480.00
1-6520-0130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	5.00
1-6520-0150	85.00	85.00	85.00	88.95	81.05	190.00	165.00	221.00	155.00	179.00	187.50	0.00	1,522.50
1-6520-0160	128.21	127.80	126.64	128.88	127.23	131.14	127.90	125.74	125.50	420.96	234.67	0.00	1,804.67
1-6520-0165	269.03	150.57	156.73	194.58	4,853.40	141.62	147.53	136.68	132.14	259.06	148.83	0.00	6,590.17
1-6520-0170	0.00	0.00	40.62	23.61	28.50	23.90	0.00	8.87	0.00	0.00	0.00	0.00	125.50
1-6520-0180	396.67	404.45	608.37	1,084.71	1,084.71	922.97	774.94	139.00	889.70	518.30	392.05	139.00	7,354.87
1-6520-0200	75.48	41.31	27.03	105.73	31.48	268.39	143.34	0.00	89.60	50.40	88.48	0.00	921.24
1-6520-0210	54.08	43.68	0.00	100.88	89.44	0.00	221.00	0.00	118.56	146.63	0.00	0.00	774.27
1-6520-0230	0.00	0.00	60.00	260.00	899.80	40.00	0.00	0.00	0.00	0.00	150.00	0.00	1,409.80
1-6520-0240	0.00	0.00	1.76	76.30	-75.00	0.00	0.00	0.00	0.00	151.45	0.00	0.00	154.51
1-6520-0280	257.54	0.00	30.00	0.00	982.80	0.00	0.00	0.00	0.00	0.00	0.00	6.50	1,276.84
1-6520-0285	18.89	0.00	0.00	0.00	129.17	98.89	53.09	0.00	0.00	0.00	0.00	0.00	300.04
1-6520-0290	34.88	34.87	95.95	34.91	56.19	62.01	34.79	7.63	172.15	306.73	18.80	81.97	940.88
1-6520-0300	268.51	0.00	176.21	100.06	0.00	56.36	236.67	580.34	167.25	82.77	50.75	0.00	1,718.92
1-6520-0320	22.23	39.40	21.72	47.59	21.98	22.59	54.69	58.89	21.42	31.82	65.05	0.00	407.38
1-6520-0330	0.00	0.00	127.74	112.58	48.71	112.58	112.58	112.58	112.58	112.58	112.58	112.58	1,077.09
1-6520-0340	173.81	338.81	322.00	430.67	289.90	0.00	680.36	0.00	677.62	336.54	338.81	0.00	3,588.52
1-6520-0350	100.00	100.00	100.00	100.00	100.00	50.00	100.00	50.00	150.00	100.00	100.00	0.00	1,050.00
1-6520-0400	462.24	0.00	0.00	0.00	540.66	695.64	0.00	0.00	0.00	0.00	0.00	0.00	1,698.54
1-6520-9000	373.00	0.00	0.00	0.00	2,334.20	0.00	0.00	0.00	0.00	0.00	25.00	0.00	2,732.20
1-6520-9999	3,289.79	1,365.89	2,069.99	2,979.67	11,714.44	2,906.31	2,942.11	1,440.73	10,901.74	2,786.46	2,012.25	434.78	44,844.16
1-6529-9999	49,536.05	38,214.54	44,639.19	62,313.30	60,722.20	55,604.65	66,260.67	73,600.24	73,457.11	85,745.96	53,214.01	-87,229.77	576,078.15
1-6530-000 MANAGEMENT FEES													
1-6530-0100	4,400.00	4,400.00	5,264.36	5,737.35	6,787.70	8,542.53	9,210.93	10,267.51	10,750.09	10,910.25	11,102.31	0.00	87,373.03
1-6530-9999	4,400.00	4,400.00	5,264.36	5,737.35	6,787.70	8,542.53	9,210.93	10,267.51	10,750.09	10,910.25	11,102.31	0.00	87,373.03
1-6600-000 INSURANCE													
1-6610-0000	17.30	17.30	17.30	14,997.79	8,038.95	7,824.81	8,364.45	15,304.32	8,094.63	8,364.45	8,094.63	0.00	79,135.93
1-6699-0000	17.30	17.30	17.30	14,997.79	8,038.95	7,824.81	8,364.45	15,304.32	8,094.63	8,364.45	8,094.63	0.00	79,135.93
1-6700-000 PROPERTY TAXES													
1-6710-0000	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	0.00	322,666.63

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1-6735-0000 Franchise and Excise Tax	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
1-6799-0000 TOTAL PROPERTY TAXES	29,333.33	29,333.33	29,433.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	29,333.33	0.00	322,766.63
1-7990-0000 TOTAL OPERATING EXPENSES	83,286.68	71,965.17	79,354.18	112,381.77	104,882.18	101,305.32	113,169.38	128,505.40	121,635.16	134,353.99	101,744.28	-87,229.77	1,065,353.74
1-7999-0000 NET OPERATING INCOME	32,295.51	59,784.64	77,083.58	61,662.73	100,351.86	151,461.71	166,025.38	174,667.81	162,420.70	185,369.47	226,763.20	417,709.42	1,815,596.01
1-8000-0000 CAPITAL ITEMS													
1-8050-0000 Access Gates	0.00	193.07	0.00	0.00	0.00	1,855.19	0.00	0.00	0.00	0.00	0.00	0.00	2,048.26
1-8100-0000 Appliances	0.00	0.00	0.00	0.00	0.00	336.09	0.00	0.00	0.00	0.00	0.00	0.00	336.09
1-8400-0000 Flooring - Carpet	0.00	0.00	0.00	0.00	0.00	0.00	702.95	0.00	0.00	0.00	0.00	524.51	1,227.46
1-8450-0000 Landscaping	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,499.99	0.00	0.00	2,499.99
1-8520-0000 Equipment	1,321.65	0.00	275.03	0.00	1,345.45	18,232.47	9,331.36	277.20	0.00	4,938.02	6,003.99	0.00	41,725.17
1-8650-0000 Recreational	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00	1,903.91	519.99	519.99	0.00	0.00	4,543.89
1-8660-0000 Property Upgrades	760.32	0.00	1,189.84	0.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	5,350.16
1-8775-0000 Lease Up Expenses	0.00	0.00	0.00	0.00	0.00	2,139.95	0.00	417.00	0.00	1,091.65	671.92	0.00	4,320.52
1-8999-9999 TOTAL CAPITAL ITEMS	2,081.97	193.07	1,464.87	0.00	1,345.45	22,563.70	15,034.31	2,598.11	519.99	9,049.65	6,675.91	524.51	62,051.54
1-9100-0000 DEBT SERVICE:													
1-9110-0000 1st Mortgage Interest	0.00	0.00	0.00	0.00	0.00	45,153.87	43,399.02	45,377.66	45,453.94	43,836.44	45,318.70	0.00	268,539.63
1-9180-0000 Other Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,575.00	0.00	0.00	0.00	2,575.00
1-9199-9998 TOTAL DEBT SERVICE	0.00	0.00	0.00	0.00	0.00	45,153.87	43,399.02	45,377.66	48,028.94	43,836.44	45,318.70	0.00	271,114.63
1-9199-9999 NET INCOME	30,213.54	59,591.57	75,618.71	61,662.73	99,006.41	83,744.14	107,592.05	126,692.04	113,871.77	132,483.38	174,768.59	417,184.91	1,482,429.84
1-9500-0000 NET CASH FLOW	30,213.54	59,591.57	75,618.71	61,662.73	99,006.41	83,744.14	107,592.05	126,692.04	113,871.77	132,483.38	174,768.59	417,184.91	1,482,429.84
9-9991-9999 COMBINED NET INCOME	30,213.54	59,591.57	75,618.71	61,662.73	99,006.41	83,744.14	107,592.05	126,692.04	113,871.77	132,483.38	174,768.59	417,184.91	1,482,429.84

Tapestry Northridge (2268)
Statement (12 months)
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	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Total
1-5010-0000 REVENUE													
1-5100-0000 RENT REVENUE													
1-5300-0000 Market Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	294,015.00	303,325.00	303,325.00	303,325.00	1,203,990.00
1-5310-0000 Gain (Loss) on Market Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-10.00	-1,450.00	-1,895.00	-2,260.00	-5,615.00
1-5500-0000 GROSS POTENTIAL RENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	294,005.00	301,875.00	301,430.00	301,065.00	1,198,375.00
1-5610-0000 Less: Vacancy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-292,100.00	-281,279.67	-249,366.67	-225,050.16	-1,047,796.50
1-5630-0000 Less: Models	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,400.00	-1,450.00	-1,450.00	-1,450.00	-5,750.00
1-5640-0000 Less: Employee Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-859.08	-1,736.25	-2,595.33
1-5650-0000 Less: Concessions (Move Ins)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-605.01	0.00	-1,112.50	-1,717.51
1-5799-9999 NET RENT REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	505.00	18,540.32	49,754.25	71,716.09	140,515.66
1-5800-0000 OTHER REVENUE													
1-5830-0000 Pet Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,700.00	0.00	1,200.00	2,900.00
1-5832-0000 Pet Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.58	75.00	108.39	210.97
1-5840-0000 Application Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	975.00	1,885.00	4,030.00	1,300.00	1,430.00	9,620.00
1-5845-0000 Late Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	284.50	374.00	658.50
1-5850-0000 NSF Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	100.00	250.00	400.00
1-5863-0000 Trash Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.00	472.74	1,184.00	1,734.20	3,403.94
1-5864-0000 Water & Sewer Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67.82	1,197.47	1,265.29
1-5867-0000 Pest Control Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.62	197.33	289.05	562.00
1-5868-0000 Renters Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00	89.49	261.54	362.03
1-5870-0000 Garage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00	609.69	1,790.00	2,380.65	4,810.34
1-5871-0000 Cable Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	10.00
1-5920-0000 Administration Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	4,325.00	8,120.00	2,750.00	3,105.00	19,800.00
1-5950-0000 Miscellaneous Income	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.00	0.00	400.00	100.00	100.00	600.30
1-5998-0000 TOTAL OTHER REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.30	2,475.00	6,253.00	15,496.63	7,938.14	12,440.30	44,603.37
1-5999-0000 TOTAL REVENUE	0.00	0.00	0.00	0.00	0.00	0.00	0.30	2,475.00	6,758.00	34,036.95	57,692.39	84,156.39	185,119.03
1-6000-0000 EXPENSES													
1-6210-0000 SALARIES													
1-6220-0000 Salaries - Administrative	0.00	0.00	0.00	0.00	0.00	510.00	5,023.35	10,184.49	8,563.23	15,157.70	10,391.09	10,024.04	59,853.90
1-6220-1000 Salaries - Courtesy Officer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92.30	92.30
1-6230-0000 Salaries - Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	634.56	1,840.00	6,160.00	4,000.00	4,000.00	16,634.56
1-6231-0000 Commissions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	2,900.00	1,400.00	4,500.00
1-6232-0000 Bonuses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,058.29	1,372.80	0.00	4,431.09
1-6233-0000 Overtime Pay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	112.50	0.00	0.00	129.00	129.00	370.50
1-6250-0100 Payroll Taxes	0.00	0.00	0.00	0.00	0.00	46.78	449.79	942.63	896.61	2,124.61	1,576.19	1,214.66	7,251.27
1-6250-0200 Insurance Benefits	0.00	0.00	0.00	0.00	0.00	0.00	485.24	1,370.30	885.06	885.06	895.32	885.06	5,406.04
1-6250-0250 HSA Contribution	0.00	0.00	0.00	0.00	0.00	0.00	20.83	41.66	0.00	0.00	0.00	0.00	62.49
1-6250-0300 401K Contribution	0.00	0.00	0.00	0.00	0.00	0.00	12.05	10.24	6.63	4.23	1.81	1.20	36.16
1-6250-0400 Workers Compensation Premium	0.00	0.00	0.00	0.00	0.00	0.00	18.15	0.00	0.00	937.82	0.00	0.00	955.97
1-6250-0500 Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	256.82	0.00	0.00	256.82
1-6250-0700 New Hire Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132.00	390.00	0.00	0.00	0.00	522.00
1-6250-4015 Payroll and 401k Admin Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	211.77	211.77
1-6250-9999 TOTAL SALARIES	0.00	0.00	0.00	0.00	0.00	556.78	6,009.41	13,428.38	12,581.53	28,784.53	21,266.21	17,958.03	100,584.87
1-6300-0000 UTILITY EXPENSES													
1-6310-0000 Electric Common Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	715.67	78.20	595.00	767.93	2,156.80
1-6311-0000 Electric Vacant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	226.08	-164.52	-2,731.45	-2,669.89
1-6330-0000 Water Common Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,631.00	3,631.00
1-6330-2000 Water Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	354.40	229.55	583.95
1-6340-0000 Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00	2,800.00
1-6345-0000 Trash Removal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	281.50	0.00	281.50
1-6399-0000 TOTAL UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	715.67	304.28	1,066.38	4,697.03	6,783.36
1-6420-0000 GENERAL REPAIRS & MAINTENANCE													
1-6420-0120 Cleaning - Common Areas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	112.00	1,200.00	1,700.00	1,200.00	4,212.00

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1-6420-0130 Cleaning - Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	347.64	396.05	225.92	384.84	1,354.45
1-6420-0170 Electrical - Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48.37	48.37
1-6420-0210 HVAC - Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96.37	96.37
1-6420-0220 Locks & Keys	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39.57	0.00	0.00	0.00	39.57
1-6420-0340 Maintenance Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	321.57	321.57
1-6420-9999 TOTAL GENERAL REPAIRS & MAINT.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	499.21	1,596.05	1,925.92	2,051.15	6,072.33
1-6430-0000 MAKE READY EXPENSES													
1-6430-0130 MR Cleaning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	75.00
1-6430-0195 MR Painting - Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	471.43	0.00	471.43
1-6430-9999 TOTAL MAKE READY EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00	471.43	0.00	546.43
1-6440-0000 EQUIPMENT													
1-6440-0100 Equipment-New	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	182.01	182.01
1-6440-0200 Equipment Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	140.00	140.00	280.00
1-6440-9999 TOTAL EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	140.00	322.01	462.01
1-6460-0000 LANDSCAPING & GROUNDS													
1-6460-0200 Landscaping Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,420.00	1,720.10	3,140.10
1-6460-9999 TOTAL LANDSCAPING & GROUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,420.00	1,720.10	3,140.10
1-6470-0000 AMENITIES													
1-6470-0300 Fitness Equipment Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,399.40	0.00	0.00	2,399.40
1-6470-0390 Amenity Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	173.93	497.56	385.56	1,057.05
1-6470-9999 TOTAL AMENITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,573.33	497.56	385.56	3,456.45
1-6480-0000 SAFETY SERVICES													
1-6480-0200 Fire Alarms & Monitoring	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193.50	193.50	0.00	387.00
1-6480-0310 Safety - Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	730.56	0.00	1,080.69	1,811.25
1-6480-0400 Security/Alarm Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.24	30.24
1-6480-0500 COVID-19 Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	847.99	25.39	776.19	204.00	100.58	1,954.15
1-6480-9999 TOTAL SAFETY SERVICES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	847.99	25.39	1,700.25	397.50	1,211.51	4,182.64
1-6510-0000 LEASING & MARKETING													
1-6510-0120 ADV-Production Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	112.99	0.00	0.00	0.00	0.00	112.99
1-6510-0140 ADV-Internet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,821.50	2,599.00	2,599.00	2,599.00	14,618.50
1-6510-0155 ADV-Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	440.00	992.50	0.00	1,432.50
1-6510-0160 Banners & Flags	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	340.20	0.00	0.00	340.20
1-6510-0170 Collateral & Promotions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	142.49	48.33	0.00	190.82
1-6510-0250 Prospect Refreshments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,131.27	733.30	248.08	2,112.65
1-6510-0260 Resident Retention	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	330.40	259.77	590.17
1-6510-0270 Resident Referrals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00	250.00
1-6510-0290 Signs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	104.57	0.00	0.00	104.57
1-6510-0300 Uniforms-Leasing Staff	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.09	0.00	31.27	15.45	77.81
1-6510-0310 Welcome Gifts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56.69	547.16	268.18	872.03
1-6510-9000 Leasing & Promotion - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	892.87	184.68	2,782.48	3,860.03
1-6510-9999 TOTAL LEASING & MARKETING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	144.08	6,821.50	5,738.36	5,450.82	6,407.51	24,562.27
1-6520-0000 ADMINISTRATIVE EXPENSES													
1-6520-0100 Accounting Services	0.00	0.00	0.00	0.00	0.00	0.00	1,750.00	0.00	0.00	0.00	0.00	0.00	1,750.00
1-6520-0110 Answering Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	156.38	90.22	90.22	90.22	427.04
1-6520-0150 Banking Fees	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	170.00	89.95	659.95
1-6520-0160 Technical Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126.74	129.07	255.81
1-6520-0165 License Fee (Yardi & DDL Business)	0.00	0.00	0.00	0.00	0.00	0.00	31.90	95.70	95.70	127.60	191.40	127.60	669.90
1-6520-0170 Consulting Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.85	36.56	0.00	23.71	88.12
1-6520-0180 Credit/Criminal Verification	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	529.23	813.50	384.72	294.09	2,021.54
1-6520-0190 Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	98.00	140.00	0.00	0.00	238.00
1-6520-0200 Employee Mileage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	322.32	13.97	170.34	134.74	0.00	641.37
1-6520-0210 Employee Recognition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	139.88	1,043.92	27.87	1,211.67

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1-6520-0220 Employee Recruiting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	427.12	0.00	0.00	0.00	0.00	427.12
1-6520-0230 Employee Training & Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72.61	0.00	72.61
1-6520-0280 Licenses, Fees & Permits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.04	0.00	0.00	0.00	500.04
1-6520-0285 Meals & Entertainment	0.00	0.00	0.00	0.00	0.00	106.36	94.11	267.19	0.00	37.07	91.68	0.00	596.41
1-6520-0290 Office Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.00	284.96	7.94	319.90
1-6520-0300 Office Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39.64	46.28	228.62	94.30	408.84
1-6520-0320 Postage	0.00	0.00	0.00	0.00	0.00	0.00	40.65	0.00	41.97	32.85	69.97	48.75	234.19
1-6520-0340 Telephone-Office	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	128.97	607.86	324.48	330.00	1,391.31
1-6520-0350 Telephone-Cell Phones	0.00	0.00	0.00	0.00	0.00	148.22	0.00	50.00	100.00	111.80	100.00	100.00	610.02
1-6520-0400 Travel Expense	0.00	0.00	0.00	0.00	0.00	1,640.56	626.43	922.73	0.00	469.69	504.09	0.00	4,163.50
1-6520-9999 TOTAL ADMINISTRATIVE EXPENSES	40.00	40.00	40.00	40.00	40.00	1,935.14	2,583.09	2,125.06	1,771.75	2,890.65	3,818.15	1,363.50	16,687.34
1-6529-9999 TOTAL CONTROLLABLE EXPENSES	40.00	40.00	40.00	40.00	40.00	2,491.92	8,592.50	16,545.51	22,415.05	43,662.45	36,453.97	36,116.40	166,477.80
1-6530-0000 MANAGEMENT FEES													
1-6530-0100 Management Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,800.00	4,400.00	35,200.00
1-6530-9999 TOTAL MANAGEMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,800.00	4,400.00	35,200.00
1-6600-0000 INSURANCE													
1-6610-0000 Property Insurance	0.00	0.00	0.00	0.00	0.00	22.48	14.99	14.99	14.99	14.99	30.38	17.30	130.12
1-6699-0000 TOTAL INSURANCE	0.00	0.00	0.00	0.00	0.00	22.48	14.99	14.99	14.99	14.99	30.38	17.30	130.12
1-6700-0000 PROPERTY TAXES													
1-6710-0000 Real Property Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,632.78	20,632.78
1-6799-0000 TOTAL PROPERTY TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,632.78	20,632.78
1-7990-0000 TOTAL OPERATING EXPENSES	40.00	40.00	40.00	40.00	40.00	2,514.40	8,607.49	16,560.50	22,430.04	43,677.44	67,284.35	61,166.48	222,440.70
1-7999-0000 NET OPERATING INCOME	-40.00	-40.00	-40.00	-40.00	-40.00	-2,514.40	-8,607.19	-14,085.50	-15,672.04	-9,640.49	-9,591.96	22,989.91	-37,321.67

EXHIBIT H

CD WITH THIRD-PARTY REPORTS

