

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
LRT HARDEEVILLE MULTIFAMILY 1 DST**

May 12, 2026

1% Interest Equals: \$210,000
Minimum Purchase: 0.4762% Interest, or \$100,000
Maximum Offering Amount: \$21,000,000

LRT Hardeeville Multifamily 1 DST, a Delaware statutory trust (the “*Trust*”), has been formed by LRT Development Company LLC (the “*Sponsor*”) for the purpose of acquiring and leasing that certain 17.18-acre plot of undeveloped land owned by the Trust located on 5 Island Gate Drive Hardeeville, Jasper County, South Carolina 29927 (the “*Land*”). The Land is leased to LRT Multi One Leasee LLC, a South Carolina limited liability company (the “*Ground Lessee*”), an affiliate of the Sponsor, pursuant to a fifty-year ground lease agreement between the Trust and the Ground Lessee (the “*Ground Lease*”). The Ground Lessee intends and is required under the terms of the Ground Lease, to design, develop, and construct a 216-unit multifamily apartment complex on the Land (the “*Project*”) (see “SUMMARY OF THE PROJECT”). The Ground Lessee is further expected to enter into a management services agreement (the “*Management Services Agreement*”) with a third-party nationally recognized property management company for operation of the Project following construction. During the term of the Ground Lease, the Ground Lessee will own a leasehold interest in the Land and will also own the improvements on the Land (see “SUMMARY OF THE GROUND LEASE”).

On May 8, 2026, the Trust acquired the Land from an Affiliate of the Sponsor pursuant to a purchase and sale agreement in exchange for 100% of the initial beneficial interests of the Trust, which the Sponsor requested be conveyed to the Sponsor’s wholly-owned subsidiary, LRT Multi One Holdings LLC (the “*Depositor*”). The Land is not encumbered by any debt. The Interests are being offered (the “*Offering*”) to certain investors (the “*Purchasers*” or “*Beneficial Owners*”) pursuant to this Confidential Private Placement Memorandum (with exhibits hereto, the “*Memorandum*”). Purchasers (hereafter defined) in the Trust will acquire a pro rata portion of the beneficial interests in the Trust (the “*Interests*”) on an all-cash basis. The Trust is managed by LRT Multi One ST LLC, a Delaware limited liability company (the “*Signatory Trustee*”). Sorenson Entity Services, LLC serves as the Delaware statutory trustee for the Trust (the “*Delaware Trustee*”). The Trust is governed by the trust agreement (“*Trust Agreement*”), the form of which is attached as Exhibit A. The principals and experience of the Sponsor are described below in the section entitled “MANAGEMENT.”

The Land was acquired in 2020 by an Affiliate of the Sponsor for approximately \$1.1 million. The Sponsor is expected to recognize significant gain on its sale of the Land to the Trust and subsequent syndication of Interests which is attributable in part to the execution of the Ground Lease by its Affiliate. See “COMPENSATION OF THE SPONSOR AND AFFILIATES.”

In connection with this Offering, the Sponsor obtained an appraisal dated March 20, 2026 (the “*Appraisal*”) prepared by Integra Realty Resources (the “*Appraiser*”). A copy of the Appraisal will be available upon request. The Appraisal sets forth the current value of the Land subject to the Ground Lease

of \$25,740,000 (the “*Appraised Value*”). The Appraised Value conclusion is based upon several assumptions. See “RISKS RELATED TO FORWARD-LOOKING STATEMENTS.”

Upon sale of the Land by the Trust (whether to a third-party purchaser or to the Ground Lessee pursuant to the Ground Lessee’s purchase option), the Beneficial Owners will be entitled, based on their respective Interests in the Trust, the net proceeds from such sale, after reimbursement of the Trustees for expenses, amounts necessary to pay anticipated ordinary current and future expenses of the Trust, and other commissions and fees. The Beneficial Owners will also be entitled, based on their respective Interests in the Trust, to the operating cash flow of the Trust. The Trust and its Beneficial Owners will not be entitled to any portion of the value of any buildings, attachments, and other improvements located on the Land. The Beneficial Owners will not receive any portion of profits related to the construction of improvements on the Land, which will be done at Ground Lessee’s sole expense and for Ground Lessee’s sole benefit.

Interests will be sold to the Beneficial Owners on the terms and conditions described in this Memorandum for a total cost (the “*Investment Cost*”) of \$21,000,000. The Investment Cost consists of the costs described herein, including: (i) the deemed value of the Land of \$18,795,000 (the “*Deemed Value*”), (ii) Total Selling Fees (defined below) equal to \$1,995,000, and (iii) Organization and Offering Expenses (defined below) equal to \$210,000. Each sale of Interests to the Beneficial Owners will reduce the ownership of the Depositor in the Trust by a proportional amount and the proceeds from this Offering will be used by the Signatory Trustee, in part, to redeem the Interests held by the Depositor. The Deemed Value was determined by the Sponsor based, in part, upon the Appraised Value of \$25,740,000. See “RISKS RELATED TO FORWARD-LOOKING STATEMENTS.”

For purposes herein, an “Affiliate” of any person (i.e., a natural person, corporation, partnership, trust, unincorporated association or other legal entity) shall be any person directly or indirectly controlling, controlled by, or under common control with, another person. **You should read this Memorandum in its entirety before making an investment decision.**

An investment in the Interests is highly speculative and involves substantial investment and tax risks, including, without limitation, the following risks:

- This is a “best efforts” offering with no minimum raise requirement.
- There are various risks associated with owning, financing, operating, and leasing commercial real estate in South Carolina.
- The Ground Lessee may face delays in, or be unable to complete, construction of the Project. Such delays or failure to complete the Project will adversely impact its ability to pay rent to the Trust.
- The Interests do not represent a diversified investment.
- The Beneficial Owners have no voting rights with respect to the management or operations of the Trust or in connection with the sale of the Land.
- The Land is 100% leased to a single tenant.
- There are various conflicts of interest among the Trust, the Sponsor, the Signatory Trustee, the Depositor and their Affiliates.
- The Interests are illiquid.
- There are tax risks associated with an investment in the Interests.

- There are risks related to competition from properties similar to and near the Land.
- There may be environmental risks related to the Land.

PURCHASERS MUST READ AND CAREFULLY CONSIDER THE MATTERS SET FORTH UNDER “RISK FACTORS” FOR A COMPLETE DISCUSSION OF THESE AND OTHER RISKS PERTAINING TO THIS INVESTMENT.

The purchase price for a 1% Interest is \$210,000. The minimum purchase requirement is approximately a 0.4762% Interest, or \$100,000 unless the Signatory Trustee, in its sole discretion, allows a smaller investment. See “SUMMARY OF THE PURCHASE AGREEMENT.” Each Beneficial Owner will be required to enter into the Trust Agreement with the other Purchasers. See “SUMMARY OF THE TRUST AGREEMENT.”

	Price to Purchasers	Total Selling Fees ⁽¹⁾ and Organization and Offering Expenses ⁽²⁾	Proceeds to Trust
Minimum Purchase Requirement	\$100,000	\$10,000	\$90,000
Maximum Offering Amount	\$21,000,000	\$2,205,000	\$18,795,000

⁽¹⁾Offers and sales of Interests will be made on a “best efforts” basis by (i) broker-dealers (each, a “*Broker-Dealer*” and collectively, the “*Broker-Dealers*” or “*Selling Group*”) which are members of the Financial Industry Regulatory Authority, Inc. (“*FINRA*”) and (ii) Metric Financial LLC (“*Metric*”), a member of FINRA, who will act as managing broker-dealer. Metric will receive: (i) selling commissions (“*Selling Commissions*”) of up to 6.0% of the gross equity proceeds from the sale of Interests (“*Gross Proceeds*”), which may be reallocated to the Selling Group in whole or in part, (ii) a managing broker-dealer fee of up to 1.5% of Gross Proceeds (“*Managing Broker-Dealer Fee*”), which may be re-allowed to affiliates of Metric; (iii) a wholesaling fee (“*Wholesaling Fee*”) up to 1.0% of the Gross Proceeds, which may be re-allowed to affiliates of Metric; and (iv) a non-accountable Due Diligence Allowance (“*Due Diligence Allowance*”) up to 1.0% of the Gross Proceeds in connection with its due diligence review of the Offering and facilitating regulatory compliance, which may be re-allowed to affiliates of Metric or the Selling Group. Selling Commissions, the Managing Broker-Dealer Fee, the Wholesaling Fee, and the Due Diligence Allowance are collectively, the “*Total Selling Fees*.”

⁽²⁾The Signatory Trustee will receive a non-accountable allowance of up to 1% of Gross Proceeds (the “*Organization and Offering Expenses*”) for expenses incurred in connection with the Offering, including, but not limited to, title, survey, legal and other closing costs incurred in connection with this Offering. The actual amount of these costs may be higher or lower than anticipated. To the extent that the amount included in Organization and Offering Expenses is not expended or otherwise used to cover other expenses in connection with the Offering, any such excess will be retained by the Sponsor. To the extent that actual Organization and Offering Expenses exceed this estimate, any such excess will be paid by the Sponsor. Total Selling Fees plus Organization and Offering Expenses will not exceed 10.5% of the Maximum Offering Amount.

The Signatory Trustee's mailing address is 10130 Perimeter Parkway, Suite #200, Charlotte, NC 28126, and email: jon.bartholomew@lrtc.com.

Inquiries regarding subscriptions, the Offering, or the Memorandum should be directed to Metric Financial, LLC, Attn: LRT Hardeeville Multifamily 1 DST, email: mark@metric-financial.com, and address: 1180 W Peachtree St NW, Suite 1910, Atlanta, GA 30309.

Neither the Securities and Exchange Commission ("SEC") nor the securities regulatory authority of any state have approved or disapproved these securities or passed upon the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offense.

The offer and sale of Interests pursuant to this Memorandum is limited to Accredited Investors (as defined in this Memorandum) who meet the requirements described in the "WHO MAY INVEST" section of this Memorandum. This Memorandum constitutes an offer only to those who meet the requirements set forth under "WHO MAY INVEST." Furthermore, this Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

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

The purchase of the Interests involves certain substantial risks, including material tax risks. Purchasers must read and carefully consider the discussion set forth below in "RISK FACTORS" and "FEDERAL INCOME TAX CONSEQUENCES." Purchase of the Interests is suitable only for persons of substantial financial means who satisfy certain suitability requirements and have no need for liquidity in their investment. See "WHO MAY INVEST."

The Trust is expected to offer the Interests until all interests are sold but no longer than the date that is one (1) year from the date of this Memorandum, which date may be extended in the sole and absolute discretion of the Trust (the "Offering Termination Date").

This Memorandum has been prepared solely for the benefit of prospective Purchasers (and their authorized representatives and advisors) interested in the Offering, and recipients of the Memorandum are required to keep such information confidential. 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 Signatory Trustee is expressly prohibited. By accepting delivery of this Memorandum, the recipient agrees to the foregoing, and agrees to return this Memorandum and all other documents furnished in connection with the Offering to the Signatory Trustee immediately upon request if the recipient does not elect to invest or if the Offering is withdrawn or terminated by the Signatory Trustee.

The Trust has not authorized anyone to make any representations or furnish any information regarding 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 you or your representative requests for the purpose of evaluating the merits and risks of this Offering.

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

Tax Notice. Prospective Purchasers are hereby notified that (a) any discussion of federal tax issues contained or referred to in this Memorandum is not intended or written to be used, and cannot be used, by prospective Purchasers for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code of 1986, as amended (the “Code”); (b) such discussion is written in connection with the promotion and marketing by the Signatory Trustee of the transactions or matters addressed in this Memorandum; and (c) prospective Purchasers should seek advice based on their particular circumstances from an independent tax adviser.

FOR FLORIDA RESIDENTS

The securities referred to in this Memorandum have not been registered under the Florida Securities Act. If sales are made to five or more investors in Florida, any Florida investor may, at his option, void any purchase hereunder within a period of three days after he (a) first tenders or pays to the Trust, an agent of the Trust, or an escrow agent the consideration required hereunder or (b) delivers his executed subscription documents, whichever occurs later. To accomplish this, it is sufficient for a Florida investor to send a letter or telegram to the Trust within such three-day period, stating that he is voiding and rescinding the purchase. If any Purchaser sends a letter, it is prudent to do so by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

FOR NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA-421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

FOR PENNSYLVANIA RESIDENTS

These securities have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom. Any sale made pursuant to such exemption is voidable by a Pennsylvania purchaser within two business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is not a written binding contract or purchase, within two business days after he or she makes the initial payment for the securities being offered. However, this right is not available to any purchaser who is a bank, trust company, savings institution, insurance company, securities dealer, investment company (as defined in the Investment Company Act), pension or profit-sharing trust, any qualified institutional buyer as defined in 17 C.F.R. 230.144A(a), under the Act, or such other financial institutions as defined by the Pennsylvania Securities Act of 1932 or regulation of the Pennsylvania Securities Commission.

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TABLE OF CONTENTS

	<u>Page</u>
WHO MAY INVEST	8
HOW TO SUBSCRIBE	13
SUMMARY OF THE OFFERING.....	15
FREQUENTLY ASKED QUESTIONS	22
RISK FACTORS	27
ESTIMATED USE OF PROCEEDS.....	47
MARKET OVERVIEW	48
SUMMARY OF THE GROUND LEASE.....	52
SUMMARY OF THE PROJECT	37
ACQUISITION TERMS AND FINANCING	58
PLAN OF DISTRIBUTION	59
MANAGEMENT.....	61
ORGANIZATIONAL CHART	63
FIDUCIARY DUTIES OF THE TRUSTEES	64
CONFLICTS OF INTEREST.....	65
COMPENSATION OF THE SPONSOR AND AFFILIATES	67
SUMMARY OF THE PURCHASE AGREEMENT.....	69
SUMMARY OF THE TRUST AGREEMENT.....	71
SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT	75
RESTRICTIONS ON TRANSFERABILITY	78
FEDERAL INCOME TAX CONSEQUENCES	80
TAX DISCLAIMER.....	91
ERISA CONSIDERATIONS	91
LITIGATION.....	92
REPORTS	92
TAX OPINION.....	93
ADDITIONAL INFORMATION.....	93

EXHIBITS

- A Form of Trust Agreement
- B Form of Ground Lease
- C Tax Opinion

WHO MAY INVEST

The securities offered in this Memorandum have not been registered under the Act or the securities laws of any state. They are being offered and sold in reliance on exemptions from the registration requirements of the Act and such laws. The securities are subject to restrictions on transferability and resale. They may not be transferred or resold except as permitted under the Act and such state securities laws pursuant to registration or exemption therefrom. Accordingly, distribution of this Memorandum is strictly limited to persons who meet the requirements and make the representations set forth below. The Signatory Trustee, in its sole discretion, reserves the right to declare any prospective Purchaser ineligible to purchase the Interests based on any information which may become known or available to the Signatory Trustee concerning the suitability of such prospective Purchaser or for any other reason or for no reason. The Interests may be sold only to Accredited Investors (as defined under Rule 501 of Regulation D of the Act).

In making an investment decision, you must rely on your 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 Interests are speculative, involve a significant risk, and are suitable only for persons of substantial financial means who have no need for liquidity in this investment. Interests will be sold only to prospective Purchasers who:

- (1) purchase a minimum of approximately a 0.4762% Interest or \$100,000, unless the Signatory Trustee, in its sole discretion, waives the minimum purchase requirement;
- (2) represent in writing that they are “Accredited Investors” (as defined by Rule 501 of Regulation D promulgated under the Act); and
- (3) satisfy the investor suitability requirements established by the Signatory Trustee and as may be required under federal or state law.

Each prospective Purchaser must represent in writing that he meets, among others, **ALL** of the following requirements:

- (a) He has received, read and fully understands this Memorandum, he is basing his decision to invest only on this Memorandum, he has relied only on the information contained in this Memorandum, and he has not relied upon any representations made by any other person or other means;
- (b) He understands that an investment in the Interests involves substantial risks and he is fully cognizant of, and understands, all of the risk factors relating to a purchase of the Interests, including, without limitation, those risks set forth below in the section entitled “RISK FACTORS”;
- (c) His overall commitment to investments that are not readily marketable or redeemable is not disproportionate to his individual net worth, and his investment in the Interests will not cause such overall commitment to become excessive;

- (d) He has adequate means of providing for his financial requirements, both current and anticipated, and has no need for liquidity in this investment;
- (e) He can bear, and is willing to accept, the economic risk of losing his entire investment in the Interests;
- (f) He is acquiring the Interests for his 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 Interests; and
- (g) He is an Accredited Investor (as defined under Rule 501 of Regulation D of the Act).

In addition to certain institutional entities and certain individuals who meet designated professional requirements (as outlined in applicable regulations), a prospective Purchaser that meets one of the following tests will qualify as an “Accredited Investor”:

- (i) The prospective Purchaser is a natural person who had individual income in excess of **\$200,000** in each of the two most recent years, or joint income with that person’s spouse in excess of **\$300,000** in each of these years, and has a reasonable expectation of reaching the same income level in the current year; or
- (ii) The prospective Purchaser is a natural person whose individual net worth (as defined below), or joint net worth with that person’s spouse, excluding the value of the primary residence, exceeds **\$1,000,000** at the time of purchase of the Interests; or
- (iii) The prospective Purchaser is an organization described under Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust or a partnership, not formed for the specific purpose of acquiring the Interests, with total assets in excess of **\$5,000,000**; or
- (iv) The prospective Purchaser is an entity in which each of the equity owners is an Accredited Investor; or
- (v) The prospective Purchaser is a trust with total assets in excess of **\$5,000,000**, not formed for the specific purpose of acquiring the Interests, whose purchase is directed by a “sophisticated person” as defined in Rule 506(b)(2)(ii) of Regulation D under the Act; or is a revocable trust whose settlor-trustees are all Accredited Investors; or
- (vi) A knowledgeable employee (as defined in Rule 3c-5(a)(4) under the Investment Company Act of 1940) of the Company; or
- (vii) The prospective Purchaser is an employee benefit plan within the meaning of the U.S. Federal Employment Rights and Income Security Act, U.S.C. Title 29, Section 18, or ERISA, in which the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA)

which is either a bank, savings and loan association, insurance company, or registered investment adviser; or the employee benefit plan has total assets in excess of \$5,000,000; or it is a self-directed plan in which investment decisions are made solely by persons who are Accredited Investors.

In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Interests.

Each prospective Purchaser will make representations with respect to the foregoing and certain other matters in the Purchase Agreement. Prospective Purchasers who are unable or unwilling to make these representations may not purchase Interests. The Signatory Trustee will rely on the accuracy of such representations, but may require additional evidence that the prospective Purchaser satisfies the applicable standards at any time before it accepts a prospective Purchaser's subscription. While Prospective Purchasers are not obligated to supply any information so requested by the Signatory Trustee, the Signatory Trustee may reject the Purchase Agreement from any prospective Purchaser who fails to supply any information so requested.

The investor suitability requirements stated above represent minimum suitability requirements, as established by the Signatory Trustee for prospective Purchasers. However, satisfaction of such requirements will not necessarily mean that the Interests are a suitable investment for the prospective Purchaser, or that the Signatory Trustee will accept the prospective Purchaser's Purchase Agreement. Furthermore, the Signatory Trustee, as appropriate, may modify such requirements, at its sole discretion from time to time, and any such modification may increase the suitability requirements for certain prospective Purchasers.

Bad Actor Disqualification. Certain Purchasers who would own 20% or more of the Interests as a result of their subscriptions must execute and deliver a Bad Actor Addendum and Irrevocable Proxy to the Signatory Trustee as a condition to such Purchasers' subscriptions for Interests.

THE INTERESTS MAY NOT BE A SUITABLE INVESTMENT FOR A QUALIFIED PLAN, AN IRA OR OTHER TAX-EXEMPT ENTITY. THEREFORE, THIS MEMORANDUM DOES NOT DISCUSS RISKS THAT MAY BE ASSOCIATED WITH AN INVESTMENT IN THE INTERESTS BY A QUALIFIED PLAN, AN IRA OR OTHER TAX-EXEMPT ENTITY.

Also, each Purchaser must represent in writing that he meets, among other requirements, the following additional investment requirements:

THE PURCHASER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS, ESPECIALLY THE QUALIFICATION OF THE INTERESTS UNDER INTERNAL REVENUE CODE SECTION 1031 AND THE RELATED TREASURY REGULATIONS, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER. FURTHER, THE PURCHASER REPRESENTS AND WARRANTS THAT: (I) HE HAS CONSULTED HIS OWN INDEPENDENT TAX ADVISOR REGARDING AN INVESTMENT IN THE INTERESTS AND THE QUALIFICATION OF THE TRANSACTION UNDER SECTION 1031 AND APPLICABLE

STATE TAX LAWS; (II) HE IS NOT RELYING ON THE SPONSOR, THE SIGNATORY TRUSTEE OR ANY OF ITS AFFILIATES OR AGENTS, INCLUDING THEIR GENERAL COUNSEL, TAX COUNSEL AND ACCOUNTANTS, OR OTHER INVESTMENT ADVISOR FOR TAX ADVICE REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031 OR ANY OTHER MATTER; (III) HE IS NOT RELYING ON ANY STATEMENTS MADE IN THIS MEMORANDUM REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031; (IV) HE UNDERSTANDS THE TAX OPINION IS TAX COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THERE IS NO GUARANTEE THAT THE INTERNAL REVENUE SERVICE ("IRS") WILL AGREE WITH SUCH OPINION; (V) HE IS AWARE THAT THE IRS HAS ISSUED REVENUE RULING 2004-86, 2004-2 C.B. 191 SPECIFICALLY ADDRESSING DELAWARE STATUTORY TRUSTS; THE REVENUE RULING IS MERELY GUIDANCE AND IS NOT A "SAFE HARBOR" FOR TAXPAYERS; AND, WITHOUT THE ISSUANCE OF A PRIVATE LETTER RULING ON A SPECIFIC OFFERING, THERE IS NO ASSURANCE THAT THE INTERESTS WILL NOT BE DEEMED PARTNERSHIP INTERESTS OR OTHERWISE NOT LIKE-KIND TO REAL ESTATE FOR FEDERAL INCOME TAX PURPOSES; AND (VI) HE SHALL, FOR FEDERAL INCOME TAX PURPOSES, REPORT THE PURCHASE OF THE INTEREST PURSUANT TO THE PURCHASE AGREEMENT AS A PURCHASE OF A DIRECT OWNERSHIP INTEREST IN THE LAND.

No person has been authorized by the Signatory Trustee to make any representations or furnish any information with respect to the Signatory Trustee or the Interests other than as set forth in this Memorandum or other documents or information furnished by the Signatory Trustee upon request as described herein. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the full text of 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 Offering and related documents and agreements, if readily available to the Trust, will be made available to a prospective Purchaser or its representatives upon request to the Signatory Trustee. During the course of this Offering and prior to sale, each prospective Purchaser is invited to ask questions of and obtain additional information from the Signatory Trustee concerning the terms and conditions of this Offering, the Signatory Trustee, the Interests and any other relevant matters, including, but not limited to, additional information necessary or desirable to verify the accuracy of the information set forth in this Memorandum. The Signatory Trustee will provide the information to the extent it possesses such information or can obtain it without unreasonable effort or expense.

If you do not meet the requirements described above, do not read further and immediately return this Memorandum to the Signatory Trustee. In the event you do not meet such requirements, this Memorandum does not constitute an offer to sell Interests to you.

Restrictions Imposed by the USA PATRIOT Act and Related Acts

The Interests may not be offered, sold, transferred or delivered, directly or indirectly, to any "Unacceptable Investor." "Unacceptable Investor" means any person who is a:

- (a) Person or entity who is a “designated national,” “specially designated national,” “specially designated terrorist,” “specially designated global terrorist,” “foreign terrorist organization,” or “blocked person” within the definitions set forth in the Foreign Assets Control Regulations of the U.S. Treasury Department;
- (b) Persons acting on behalf of, or any entity owned or controlled by, any government against whom the U.S. maintains economic sanctions or embargoes under the Regulations of the U.S. Treasury Department;
- (c) Person or entity who is within the scope of Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit or Support Terrorism, effective September 24, 2001; or
- (d) Person or entity subject to additional restrictions imposed by the following statutes or regulations and executive orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act and the Foreign Operation, Export Financing and Related Programs Appropriations Act or any other law of similar import as to any non-U.S. country, as each such act or law has been or may be amended, adjusted, modified or reviewed from time to time.

506(e) Disclosure

As of the date of this Memorandum, neither the Signatory Trustee nor any director, executive officer or other officer of the Signatory Trustee participating in any offering of securities of a private placement program sponsored by the Signatory Trustee is subject to any of the “Bad Actor” disqualifications described in Rule 506(d) and (e) under the Act.

On July 10, 2013, the SEC adopted bad actor disqualification provisions for Rule 506 of Regulation D under the Act to implement Section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The disqualification and related disclosure provisions appear as paragraphs (d) and (e) of Rule 506 of Regulation D. Under Rule 506(e), for disqualifying events that occurred before September 23, 2013, issuers may still rely on a Rule 506 but will have to comply with the disclosure provisions of Rule 506(e). Disqualification will not arise as a result of disqualifying events that occurred before September 23, 2013, the effective date of the rule amendments. Matters that existed before the effective date of the rule and would otherwise be disqualifying are, however, required to be disclosed in writing to investors.

HOW TO SUBSCRIBE

Purchasers who would like to subscribe for the Interests must carefully read this Memorandum, including all exhibits. Then, Purchasers must complete, execute and deliver the Purchaser Questionnaire which is available upon request.

After receipt of the completed and executed Purchaser Questionnaire, Purchasers will be sent the Purchase Agreement to complete and execute, along with any additional documents necessary for closing as provided by the Signatory Trustee. In addition, a Purchaser may be required, within five (5) days of executing and returning the Purchase Agreement, to fund a deposit in an amount equal to five percent (5%) of the equity amount of such Purchaser's investment, or as determined by the Signatory Trustee, by check or wire funds payable to LRT Hardeeville Multifamily 1 DST, which will be credited against the purchase price for the Interests or refunded, at the Purchaser's election (the "*Deposit*"). The Signatory Trustee may require this Deposit in its sole discretion. See "SUMMARY OF THE PURCHASE AGREEMENT." The Signatory Trustee may elect to retain the Deposit of a Purchaser who is in default under the Purchase Agreement and Escrow Instructions.

Purchasers who would like to subscribe must complete, execute and deliver the Purchaser Questionnaire, Purchase Agreement and all other required subscription materials. These documents should be mailed or delivered to:

Metric Financial, LLC
1180 W Peachtree St NW,
Suite 1910,
Atlanta, GA 30309
Attn: LRT Hardeeville Multifamily 1 DST
Email: mark@metric-financial.com

Such Purchasers may be required to deliver the Deposit to the escrow agent in accordance with the instructions set forth in the Purchase Agreement.

Accredited Investor Status. The Trust is offering and selling the Interests pursuant to the exemption from registration under the Securities Act provided for under Rule 506(c) of Regulation D. Therefore, the Trust must take reasonable steps to verify that each prospective Purchaser is an Accredited Investor prior to permitting an investment in the Trust. In order for the Trust to make that determination, each prospective Purchaser may include with his or her Purchase Agreement a certificate from a registered broker-dealer, a registered investment advisor, a certified public accountant or a licensed attorney that such person has taken reasonable steps to verify that he or she is an Accredited Investor within the three months immediately preceding the date of the investment.

In lieu of providing a certificate verifying that you are an Accredited Investor, each prospective Purchaser must provide the documentation required by the Purchase Agreement with respect to the type of Accredited Investor he/she is claiming to be and any additional information required by the Signatory Trustee.

If you are a natural person and you are claiming to be an Accredited Investor on the basis of having a net worth of at least \$1,000,000, you will be required to provide documentary evidence of your assets dated within three months of the date of your Purchase Agreement, including, without limitation: (i) bank statements; (ii) brokerage statements and other statements of securities holdings; (iii) certificates of deposit; (iv) tax assessments of real property; and (v) independent third party appraisals of assets. You will also be required to either: (a) provide a copy of a consumer or credit report dated within three months prior to the date of your Purchase Agreement from a nationwide consumer reporting agency such as Equifax, Experian or TransUnion (a “*Credit Report*”); or (b) consent to the Trust’s procurement of your Credit Report. You will also be required to represent that you have no other material liabilities other than those appearing on your Credit Report.

If you are a natural person and you are claiming to be an Accredited Investor on the basis of having individual income in excess of \$200,000, or joint income with you or your spouse in excess of \$300,000, in each of the two most recent years and a reasonable expectation of reaching the same income level in the current year, you will be required to provide all Internal Revenue Service forms you have received or completed with respect to your taxable income for the most recent two full calendar years including, without limitation, Forms W-2, 1099, 1040 and Schedule K-1 of Form 1065.

Prospective Purchasers who are not natural persons should review the information requested by the Purchase Agreement and respond accordingly.

In addition to the foregoing methods, the Trust may permit certain prospective Purchasers to satisfy the verification requirement through a self-verification process. The Trust may rely on written representations from a prospective Purchaser in lieu of third-party verification only if (i) the Purchaser makes a minimum investment of at least \$200,000 (if a natural person) or at least \$1,000,000 (if a legal entity), (ii) the Purchaser provides written representations that he, she or it is an Accredited Investor, and (iii) the Purchaser represents that such minimum investment amount is not financed, in whole or in part, by any third party for the specific purpose of making the investment.

Representations with respect to the foregoing and certain other matters will be made by each Purchaser in the Purchase Agreement, the form of which is available upon request. The Trust will rely on the accuracy of each Purchaser’s representations set forth in the Purchase Agreement and may require additional evidence that a Purchaser satisfies the applicable standards at any time prior to the acceptance of a Purchaser’s investment. A Purchaser is not obligated to supply any information so requested by the Trust, but the Trust may reject a subscription from any Purchaser for any reason, including failure to supply any information so requested.

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SUMMARY OF THE OFFERING

The following summary is intended to provide selected limited information regarding the Sponsor, the Depositor, the Signatory Trustee, the Ground Lease, the Trust and the Offering. It should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum. **EACH PROSPECTIVE PURCHASER OF INTERESTS SHOULD READ THIS ENTIRE MEMORANDUM.**

Securities Offered: The Trust has been formed for the purpose of acquiring the Land, consisting of a 17.18-acre plot of undeveloped land located on 5 Island Gate Drive Hardeeville, Jasper County, South Carolina 29927 subject to a long-term ground lease. The Land is 100% leased by the Ground Lessee pursuant to the Ground Lease, which has a remaining term of approximately fifty years. See “SUMMARY OF THE GROUND LEASE.”

The Ground Lessee intends, and is required under the terms of the Ground Lease, to design, develop, and construct a 216-unit multifamily apartment complex on the Land (see “SUMMARY OF THE PROJECT”). The Ground Lessee is further expected to enter into a property management agreement with a third-party nationally recognized property management company for operation of the Project following construction. During the term of the Ground Lease, the Ground Lessee will own a leasehold interest in the Land and will also own the improvements on the Land. Upon termination of Ground Lease, Ground Lessee is required to remove or demolish any improvements on the Land (including the Project).

The minimum purchase requirement is approximately a 0.4762% Interest, or \$100,000, unless the Signatory Trustee, in its sole discretion, allows a smaller investment. See “PLAN OF DISTRIBUTION.”

Offering Termination Date: The Trust will offer the Interests until the date that is one year from the date of this Memorandum, which date may be extended in the sole and absolute discretion of the Trust.

Who May Invest: This Offering is strictly limited to Accredited Investors who meet certain minimum suitability requirements. See “WHO MAY INVEST.”

Beneficial Owners: The Beneficial Owners of Interests will own beneficial interests in the Trust. Each Beneficial Owner will be subject to the terms of the Trust described in the Trust Agreement, the form of which is attached as Exhibit A.

Beneficial Owners will have no voting rights with respect to the affairs of the Trust and will not have legal title to any portion of the Land. Beneficial Owners will not be permitted to seek partition of the assets of the Trust, including the Land. Beneficial Owners will not be permitted to file a petition in bankruptcy on behalf of the Trust or

to otherwise take any action in support of the filing of an involuntary bankruptcy proceeding involving the Trust.

As set forth in the Trust Agreement as summarized in this Memorandum, the Beneficial Owners will be entitled, based on their respective Interests in the Trust, to receive distributions from the Trust as a result of the operations and sale of the Land. See “SUMMARY OF THE TRUST AGREEMENT.”

At no time may the number of Beneficial Owners exceed the number of persons constituting the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934, or any successor provision. See “SUMMARY OF THE TRUST AGREEMENT.”

The Trust:

The Trust Agreement governs the rights and obligations of the Beneficial Owners with respect to the Trust and the Trust’s interest in the Land. The Trust acquired the Land from the Sponsor at the direction of the Depositor. Sorenson Entity Services, LLC is appointed as the “Delaware Trustee” of the Trust and LRT Multi One ST LLC is appointed as the “Signatory Trustee” of the Trust. The Signatory Trustee has the power and authority to manage the activities and affairs of the Trust and has the sole power to determine when it is appropriate to sell the Land. The Signatory Trustee will distribute available cash to the Beneficial Owners on a monthly basis.

If the Signatory Trustee determines that the Ground Lessee has defaulted in paying Rent, the Land is in jeopardy of being lost, the Ground Lease is terminated or in certain other circumstances, then the Signatory Trustee may determine to terminate the Trust and title to the Land in question will transfer (the “*Transfer Distribution*”) to a limited liability company (the “*Springing LLC*”). The Beneficial Owners will become members in the Springing LLC and the Signatory Trustee will become the manager of the Springing LLC.

In lieu of a Transfer Distribution to the Springing LLC, the Trust may be converted to a tenancy in common arrangement (a “*TIC Arrangement*,” and such conversion, a “*TIC Conversion*”). In the event of a TIC Conversion, the Signatory Trustee would distribute the Land to the Beneficial Owners and establish agreements governing the TIC Arrangement and the Beneficial Owners’ ownership of the Land that, as determined in its sole discretion, are materially consistent with the terms and conditions set forth in IRS Revenue Procedure 2002-22 or such other guidance as may apply to the treatment of a TIC Arrangement as the direct ownership of its underlying property.

The Signatory Trustee may cause the Trust to sell the Land at any time after the date that is one year from the date the last Beneficial Owner is admitted to the Trust. The Trust will remain in effect until such time as the Land is sold. See “SUMMARY OF THE TRUST AGREEMENT.”

Description of the Land: The Land consists of a 17.18-acre plot of undeveloped land located on 5 Island Gate Drive Hardeeville, Jasper County, South Carolina 29927. The Land is 100% leased to the Ground Lessee. The Land is not encumbered by any debt. See “REAL ESTATE RISKS.” The Appraisal is available upon request.

Acquisition of the Land: Prior to the date of this Memorandum, the Trust acquired the land from an Affiliate of the Sponsor pursuant to a purchase and sale agreement, in exchange for 100% of the initial beneficial interests of the Trust, which the Sponsor requested be conveyed to the Depositor (Sponsor’s wholly-owned subsidiary).

Interests will be sold to the Purchasers on the terms and conditions described herein for a total Investment Cost of \$21,000,000. The Investment Cost consists of the costs described herein, including: (i) the Deemed Value of the Land of \$18,795,000, (ii) Total Selling Fees equal to \$1,995,000, and (iii) Organization and Offering Expenses equal to \$210,000. The Beneficial Owners will pay their pro rata share of the costs described above. The actual amounts paid for such items could vary from the Signatory Trustee’s estimates set forth below in “ESTIMATED USE OF PROCEEDS.”

Ground Lessee’s Financing of the Project: The Trust will not enter into any loan or other financing arrangement with respect to the Land. The Ground Lessee, however, may enter into loans or other financing arrangements secured by the Project. In the event that the Ground Lessee enters into any such loan, the Trust will not be a borrower, but the Ground Lessee’s obligations under the Ground Lease may be expressly subordinate to the Ground Lessee’s obligations to the provider of such loan. The Trust is required by the Ground Lease to subordinate its ownership interest in the Land to the provider of such debt. See “RISK FACTORS – Real Estate Risks – Subordination of Land Ownership; Land Foreclosure.”

Land Sale: The Trust Agreement requires that the Trust hold the Land until the date that is one year from the date the last Beneficial Owner is admitted to the Trust. The Trust expects to hold the Land for approximately five years, subject to modification based on market conditions at the time. The Beneficial Owners will not be entitled to approve a sale of the Land or any Transfer Distribution. The decision to sell or convey the Land will rest solely with the Signatory Trustee.” See “SUMMARY OF THE TRUST AGREEMENT” and “DELAWARE STATUTORY TRUST STRUCTURE RISKS – No Right to Control the Actions of the Trust.”

Purchaser Documentation: To purchase the Interests, a prospective Purchaser will be required to deliver to the Signatory Trustee a number of executed documents, including, but not limited to, the following:

1. Purchaser Questionnaire (available upon request);
2. Purchase Agreement (available upon request); and
3. any documents reasonably requested by the Signatory Trustee.

Escrow Arrangements:	Prospective Purchasers must complete, execute and deliver the Purchaser Questionnaire, a form of which is available upon request. When the Signatory Trustee has reviewed and approved the Purchaser Questionnaire and Purchaser's executed Purchase Agreement, the Signatory Trustee will then prepare all closing documents, including the Purchase Agreement. The Signatory Trustee may accept or reject a Prospective Purchaser at any time within thirty days after receiving the executed documents. In addition, Purchasers may be required, within five days of executing and returning the Purchase Agreement, to fund a Deposit in an amount equal to five percent (5%) of the equity amount of such Purchaser's investment, or as determined by the Signatory Trustee, made payable to "LRT Hardeeville Multifamily 1 DST." The Signatory Trustee may require the Deposit in its sole discretion. If the Signatory Trustee approves the prospective Purchaser's investment, the Purchaser must deliver the full amount of the purchase price in accordance with the instructions set forth in the Purchase Agreement, no later than five business days prior to the close of escrow and satisfy certain other closing conditions set forth in the Purchase Agreement.
Investor Suitability Standards:	This Offering is strictly limited to Accredited Investors who meet certain minimum suitability requirements. See "WHO MAY INVEST."
Purchase of an Interest:	To purchase an Interest, a prospective Purchaser must deliver to the Trust an executed copy of a complete and accurate Purchaser Questionnaire, a form of which is available upon request, and Purchase Agreement, a form of which is available upon request. A prospective Purchaser may be accepted or rejected by the Trust at any time and for any reason after delivering the Purchaser Questionnaire and Purchase Agreement, but prior to the receipt of funds for purchase. If rejected, a prospective Purchaser's funds will be returned to the prospective Purchaser or his, her, or its qualified intermediary.
Total Selling Fees	Offers and sales of Interests will be made on a "best efforts" basis by Broker Dealers which are members of FINRA and Metric Financial LLC, a member of FINRA, who will act as managing broker-dealer. Metric will receive: (i) the Selling Commissions of up to 6.0% of Gross Proceeds, which may be reallocated to the Selling Group in whole or in part; (ii) the Managing Broker-Dealer Fee of up to 1.5% of Gross Proceeds, which may be re-allowed to affiliates of Metric or the Selling Group; (iii) the Wholesaling Fee of up to 1.0% of the Gross Proceeds, which may be re-allowed to affiliates of Metric; and (iv) the Due Diligence Allowance of up to 1.0% of the Gross Proceeds, which may be re-allowed to affiliates of Metric or the Selling Group.
Organization & Offering Expenses	The Signatory Trustee will receive a non-accountable allowance of up to 1% of Gross Proceeds for expenses incurred in connection with the Offering. The actual amount of these costs may be higher or lower than anticipated. To the extent that the amount included in Organization and Offering Expenses is not expended or otherwise used to cover other expenses in connection with the Offering, any such excess will be retained by the Sponsor. To the extent that actual Organization and Offering Expenses exceed this estimate, any such excess will be paid by the Sponsor.

Investment Objectives:	The principal investment objectives of the Trust will be to: (i) realize income through the Ground Lease, and (ii) make monthly distributions to the Beneficial Owners from the Rent (as defined in Ground Lease) collected under the Ground Lease, which is intended to be passive income, and (iii) sell the Land at a profit approximately five years after the Trust acquires it. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THESE OBJECTIVES WILL BE ACHIEVED.
Compensation of the Sponsor and Affiliates:	<p>The Sponsor, the Depositor, the Signatory Trustee and their Affiliates will receive substantial fees and compensation from the Offering and for managing the Trust, as described elsewhere herein. See “COMPENSATION OF THE SPONSOR AND AFFILIATES.”</p> <p>The Sponsor will recognize significant gain on its sale of the Land to the Trust which is attributable to the execution of the Ground Lease.</p> <p>The Sponsor or its Affiliate will receive a disposition fee equal to two percent (2.0%) of the gross proceeds generated from the sale of the Land in addition to brokerage commissions (the “Disposition Fee”). However, the Sponsor or its Affiliate will not be entitled to such Disposition Fee in the event that the gross sales price of the Land is less than the amount of the Maximum Offering Amount.</p>
Cash from Operations:	Rent received under the Ground Lease will be distributed to the Beneficial Owners after payment of the Trust’s expenses and liabilities.
Cash from Capital Transactions:	All net cash from capital transactions (such as sale of the Land), after payment of the Disposition Fee and other obligations of the Trust, will be distributed 100% to the Beneficial Owners.
Risk Factors:	There are numerous material risk factors associated with the Offering. See “RISK FACTORS.”
Sale or Transfer of Interests:	The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state law. Accordingly, the Interests are subject to restrictions on transfer. The Trust Agreement contains additional restrictions on transfer. See “SUMMARY OF THE TRUST AGREEMENT.” If an Investor is able to sell his, her, or its Interests, the Purchaser and his, her, or its purchaser(s) will bear the costs, if any, of the sale or transfer.

Tax Opinion: Special tax counsel to the Trust, (“*Tax Counsel*”), will render a tax opinion that: (i) the Trust should be treated as an investment trust described in Section 301.7701-4(c) of the Treasury Regulations that is classified as a “trust” under Section 301.7701-4(a) of the Treasury Regulations, (ii) the owners (the “*Beneficial Owners*”) of beneficial interests in the Trust (the “*Interests*”) should be treated as “grantors” of the Trust, (iii) the Interests should not be treated as a “security” under Section 1031 of the Internal Revenue Code of 1986, as amended (the “*Code*”), (iv) as “grantors,” the Beneficial Owners should be treated as acquiring and owning a direct interest in real property for federal income tax purposes, (v) the Ground Lease should be treated as a “true lease” for tax purposes, (vi) the Ground Lease should not be recharacterized as a partnership agreement, and (vii) the Ground Lease should not be recharacterized as a management agreement. A copy of the Tax Opinion is attached hereto as Exhibit C. **The opinion, however, is subject to certain limitations and assumptions as described therein.** See “FEDERAL INCOME TAX CONSEQUENCES.”

Tax Considerations: Each owner of an Interest must report his, her, or its allocable share of taxable income or loss on his, her, or its own federal income tax return. For a more complete discussion of the tax consequences of ownership of Interests, see “FEDERAL INCOME TAX CONSEQUENCES.”

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

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

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

State Tax: Each prospective Purchaser should consult with his own tax advisor regarding the effect of state fees and taxes on an investment in the Interests. See “RISK FACTORS – Tax Risks.”

Tax-Exempt Purchasers: The Trust intends to limit investments by “benefit plan investors” to less than 25% of the total value of the Interests outstanding at any time in order to prevent the Signatory Trustee from being a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), to employee benefit plan investors. See “ERISA CONSIDERATIONS.” Prospective tax-exempt Purchasers should be aware that investment in the Trust is likely to generate income treated as unrelated business taxable income (“UBTI”) for U.S. federal income tax purposes. See “FEDERAL INCOME TAX CONSEQUENCES – Other Tax Consequences - Taxation of Tax-Exempt Investors.”

Defined Terms: Capitalized terms are defined throughout this Memorandum.

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FREQUENTLY ASKED QUESTIONS

Who is the Sponsor?

LRT Development Company LLC, is a development company with extensive experience surrounding ground-up development of multifamily and senior living facilities. See “MANAGEMENT” for greater detail regarding Sponsor’s principals and their experience.

What am I purchasing?

You are purchasing a beneficial interest in the Trust, which owns the Land subject to the Ground Lease. For federal income tax purposes, an Interest should constitute an interest in replacement property as part of a Code Section 1031 exchange.

Who is the Ground Lessee, LRT Multi One Leasee LLC?

The Ground Lessee is a newly formed entity which is wholly owned by the Sponsor. The Ground Lessee will enter into a development agreement and construction agreement in order to design, develop, and construct a 216-unit multifamily apartment complex on the Land. The Ground Lessee is further expected to enter into a Management Service Agreement with a third-party nationally recognized property management company for operation of the Project following construction.

Have the Interests been registered with the SEC and States?

No. The Interests have not been, and will not be, registered under the Act or any state securities laws. The Interests will be offered and sold pursuant to an exemption from the registration requirements of the Act, in accordance with Rule 506(c) of Regulation D, and in compliance with any applicable state securities laws. If the Trust fails to comply with the requirements of this exemption or fails to comply with the state securities laws, a Purchaser may have the right to rescind his purchase of the Interests.

Why is the Land being held in a Delaware statutory trust?

The DST structure, rather than a tenant in common structure, will be used for the ownership of the Land largely based on the following reasons:

- lower annual administrative costs for the Purchasers since no single member limited liability companies are required to be formed and maintained for each Purchaser; and
- lower transaction costs than a tenant in common structure, since the Purchasers do not obtain direct title to the Land.

There are certain risks related to the DST structure, including the risk that Purchasers have limited control over the Trust. See “DELAWARE STATUTORY TRUST STRUCTURE RISKS” for a discussion of the risks related to the DST structure.

How do I identify the Land for my 1031 exchange?

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

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

To the extent your investment in Interests generates taxable income or loss, such income or loss is expected to be passive income or loss. Generally, your passive income, if any, from an investment in the Interests may be offset by your other passive losses, and your passive losses, if any, from an investment in the Interests may be used to offset your other passive income. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Purchaser. You should consult with your own legal, tax, accounting and financial advisors regarding these and other tax issues relating to an investment in the Interests.

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

It is anticipated that your purchase of an Interest will be closed several days after the Signatory Trustee receives your completed Purchaser Questionnaire, Purchase Agreement and all required documentation. Accordingly, if you are acquiring an Interest as replacement property in a Section 1031 tax-deferred exchange, you must have sufficient time remaining in your 180-day period for acquiring your replacement property to accommodate the period necessary for the closing to occur.

Will there be debt on the Land?

No. The Trust will not obtain any debt in connection with the Land. The Ground Lessee, however, may obtain debt in connection with the Project. In the event that the Ground Lessee obtains such debt, the Trust would not be a co-borrower, but the Trust is obligated under the Ground Lease to subordinate its ownership interest in the Land to the provider of such debt. In connection with such subordination, the Sponsor will guarantee the indemnification of certain losses resulting from the subordination. See “SUMMARY OF THE GROUND LEASE” and “RISK FACTORS – Sponsor-Prepared Financial Statements.”

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

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

How do I find a qualified intermediary?

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

How long is the projected holding period and what are the Trust’s exit strategies?

The Trust Agreement requires that the Trust hold the Land for a minimum of one year from the date the last Beneficial Owner is admitted to the Trust. The Trust is expected to hold the Land for approximately five years, subject to modification based on market conditions at the time. The Signatory Trustee will continually evaluate capital markets, local, regional, and national economic trends, tenant performance, length of remaining lease terms and other broad economic factors that influence the value of single tenant net lease properties when considering a potential sale of the Land. Potential buyers of the Land can range from individuals, private equity firms, and institutional capital from both private and public forums. The sale of the Land may be pursuant to the purchase option in Ground Lease. See “SUMMARY OF THE GROUND LEASE.”

Can I keep some of the proceeds from the sale of my relinquished property or do all of the proceeds have to be reinvested?

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

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

The Trust intends to limit investments by “benefit plan investors” to less than 25% of the total value of the Interests outstanding at any time to prevent the Signatory Trustee from being a fiduciary under ERISA to employee benefit plan investors. See “ERISA CONSIDERATIONS.” Prospective tax-exempt Purchasers should be aware that investment in the Trust is likely to generate income treated as UBTI for U.S. federal income tax purposes. See “FEDERAL INCOME TAX CONSEQUENCES – Other Tax Consequences - Taxation of Tax-Exempt Purchasers.”

What should I do if I want to sell my Interest in the Trust before the Land is sold?

The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state securities laws. Accordingly, the Interests are subject to restrictions on transfer. The Trust Agreement has additional restrictions on transfer. If you are able to sell your Interest, you and/or your purchaser(s) will bear the costs, if any, of the sale or transfer. The Sponsor will charge a reasonable processing fee for any transfer. See “RISK FACTORS – Risks Relating to the Purchasers – Restrictions on Transferability” for additional discussion related to the restrictions on transfer.

How often will distributions be made to the Purchasers?

The Signatory Trustee intends to make monthly distributions, payable on or about the 15th day of the month.

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

The Trust is not expected to be taxed at the organization level per the IRS. Therefore, each owner of any fractional interest in the Trust must report their share of taxable income and expenses on the individual ownership level tax return. Annually, the Signatory Trustee will provide a “tax package” that will include any and all activity that will be sufficient for each beneficial owner to file the appropriate tax returns to the IRS and/or State agency.

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

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

Is there an additional form that must be returned to the IRS when I acquire replacement property in a Section 1031 exchange?

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

How do I purchase the Interests?

If you would like to subscribe for the Interests, you must carefully read this Memorandum, including all exhibits. Then, investors may complete, execute, and deliver the Purchaser Questionnaire, the form of which is available upon request and the Purchase Agreement, a form of which is available upon request. The Purchaser Questionnaire and all other required documentation must be executed and delivered in accordance with the instructions set forth in the section entitled “HOW TO SUBSCRIBE.”

After the Signatory Trustee has received your completed and executed Purchaser Questionnaire and Purchase Agreement, you may be sent a request for additional documents necessary for closing. In addition, you may be required, within five (5) days of executing and returning the Purchase Agreement, to fund a Deposit in an amount equal to five percent (5%) of the equity amount of your investment, or as determined by the Signatory Trustee, by check or wire funds payable to “LRT Hardeeville Multifamily 1 DST,” which will be credited against the purchase price for the Interests or refunded, at the Purchaser’s election. You should submit these documents to the Signatory Trustee via email at mark@metric-financial.com.

The Signatory Trustee will review the signed Purchaser Questionnaire and the Purchase Agreement before sending closing documents to the Purchaser for Signature. The Signatory Trustee will have the right, in its sole discretion, to accept or reject your subscription. The Signatory Trustee will notify you in writing whether your subscription has been accepted or rejected. If your subscription has been rejected, the Signatory Trustee will immediately return the Deposit to you (if applicable), subject to its rights to retain the Deposit as liquidated damages if you have defaulted under the Purchase Agreement.

Is there a fee to transfer my Interests to a trust, heirs, a limited liability company, etc.?

Yes, you are responsible for the expenses associated with any transfer of your Interests, which may include a reasonable processing fee to the Sponsor for any transfer.

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

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

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RISK FACTORS

Purchase of the Interests is speculative and involves a high degree of risk. It is difficult to accurately predict the results to a Purchaser from an investment in the Land because of general uncertainties associated with the ownership of real estate. In addition to the various risk factors set forth below in this “RISK FACTORS” section, which each prospective Purchaser must read prior to subscribing for the Interests, each prospective Purchaser should consult with his own legal, tax and financial advisors with respect thereto.

RISKS RELATING TO FORWARD-LOOKING STATEMENTS

Specified matters discussed in this Memorandum are forward-looking statements. The Signatory Trustee has based these forward-looking statements on its current expectations and predictions about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Land, including, among other things, factors discussed below:

- general economic performance of the local and national economy;
- required capital expenditures at the Land;
- competition from properties similar to and near the Land;
- adverse changes in local population trends, market conditions, neighborhood values, and local economic and social conditions;
- supply and demand for property such as the Land;
- demand for multifamily housing;
- interest rates and real estate tax rates;
- governmental rules, regulations and fiscal policies;
- the enactment of unfavorable real estate, rent control, environmental, zoning or hazardous material laws;
- uninsured losses; and
- anticipated market capitalization rates at the time of sale.

The Signatory Trustee intends to identify forward-looking statements in this Memorandum by using words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “objective,” “plan,” “predict,” “project,” “may be” and “will be” and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. All forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual transactions, results, performance or achievements of the Land to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. The cautionary statements set forth under the caption “Risk Factors” and elsewhere in this Memorandum identify important factors with respect to such forward-looking statements.

ALTHOUGH THE SIGNATORY TRUSTEE BELIEVES THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, IT CANNOT ASSURE PURCHASERS THAT ITS EXPECTATIONS WILL BE ATTAINED OR THAT ANY DEVIATIONS WILL NOT BE

MATERIAL. THE SIGNATORY TRUSTEE UNDERTAKES NO OBLIGATION TO RELEASE THE RESULT OF ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS THAT MAY BE MADE TO REFLECT ANY FUTURE EVENTS OR CIRCUMSTANCES.

MISCELLANEOUS RISKS RELATING TO THE OFFERING

Limited Experience of Sponsor, Depositor and Signatory Trustee. The Offering is the first for the Depositor and Signatory Trustee. However, the Sponsor and the principals of the Sponsor have substantial prior real estate investment, management and syndication experience (see “MANAGEMENT”). Nevertheless, there is no assurance that the Sponsor will be successful in selling some or all of the Interests. There is no assurance that the Trust will be successful in these activities nor is it possible to know how much the Trust will recover of its original capital. The Sponsor, the Signatory Trustee and their respective Affiliates are, and may in the future become, involved in other real estate projects and may make guarantees of other equity or debt offerings or property-related loans in the future.

Loss of Deposit. The Signatory Trustee may on behalf of the Trust retain a Purchaser’s Deposit if such Purchaser is in default under the Purchase Agreement. See “SUMMARY OF THE PURCHASE AGREEMENT – Deposit; Liquidated Damages.”

No Representation of Beneficial Owners. Each Beneficial Owner acknowledges and agrees in the Purchase Agreement that legal counsel representing the Trust, the Depositor, the Signatory Trustee, and their respective Affiliates do 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 Beneficial Owners.

Receipt of Compensation Regardless of Profitability. The Sponsor, the Signatory Trustee, and their respective Affiliates are entitled to receive certain significant fees and other significant compensation, payments and reimbursements from the acquisition and operation of the Land regardless of whether the Land operates at a profit. See “ESTIMATED USE OF PROCEEDS” and “COMPENSATION OF THE SPONSOR AND AFFILIATES.”

Sale of the Land. The Signatory Trustee intends to list the Land for sale after the anticipated holding period of approximately five years. The net proceeds realized from the sale of the Land will be distributed among the Beneficial Owners, but only after payment of the Disposition Fee and satisfaction of the claims of the Trust’s creditors (which may include Affiliates of Sponsor). The ability of a Beneficial Owner to recover all or any portion of its investment, accordingly, will depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. There can be no assurance that the Beneficial Owners will realize gains on sale of the Land.

No Fiduciary Duty. The Trust, the Signatory Trustee, and their respective Affiliates will not have a fiduciary duty to the Beneficial Owners as would be applicable to a limited liability company, partnership, or corporation and, therefore, may take actions that would not be in the best interests of one or more of the Beneficial Owners. As permitted under applicable Delaware law, the Signatory Trustee and the Delaware Trustee have expressly disclaimed all duties to the Beneficial Owners except for the duties expressly contained under the Trust Agreement.

Limited Transferability of and no Secondary Market for Purchasers' Interests. Each Purchaser will be required to represent that he is acquiring the Interests for investment and not with a view to distribution or resale, that such Purchaser understands the Interests are not freely transferable and, in any event, that such Purchaser must bear the economic risk of investment in the Interests for an indefinite period of time because: (i) the Interests have not been registered under the Act or applicable state securities laws; and (ii) 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 the Purchasers cannot expect to be able to liquidate their investment in case of an emergency. Also, a Purchaser can only transfer an Interest if permitted under and in accordance with the Trust Agreement. See "RESTRICTIONS ON TRANSFERABILITY." Finally, the sale of the Interests may have adverse federal income tax consequences. See "FEDERAL INCOME TAX CONSEQUENCES."

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

Private Offering - Lack of Agency Review. Since this is a nonpublic offering and, as such, is not registered under federal or state securities laws, prospective Purchasers will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

Private Offering Exemption - Compliance with Requirements. The Interests are being offered, and will be sold, in reliance upon a private offering exemption from registration provided in the Act and state securities laws. See "HOW TO SUBSCRIBE." If the Signatory Trustee should fail to comply with the requirements of such exemption, including, without limitation, the "bad actor" provisions of Rule 506(d), which became effective on September 23, 2013, Purchasers may have the right, if they so desire, to rescind their purchase of the Interests. It is possible that one or more Purchasers seeking rescission would succeed. This might also occur under the applicable state securities or "Blue Sky" 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 Purchasers were to be successful in seeking rescission, the Trust would face severe financial demands that would have a direct adverse effect on the Trust and an indirect adverse effect on the other Purchasers.

No Audited Results of Prior Operation; No Guaranteed Cash Flow. The Trust does not intend to provide to prospective Purchasers audited operating statements regarding the operations of the Land. It is possible that information relied upon by the Trust with respect to the acquisition of the Land may not have been accurate, and the Trust makes no warranties as to the accuracy or completeness of the information supplied. If the Land does not generate sufficient cash flow, then Purchasers' returns may be materially and adversely affected.

The Projections Assume Full Subscription. In order for the Trust to be able to make all distributions, the Trust must sell Interests equal to the Maximum Offering Amount. If the Offering is not fully subscribed, it may adversely impact the Trust's ability to make distributions to the Purchasers in the full amounts set forth in the Projections. See "FEDERAL INCOME TAX CONSEQUENCES – Possible Adverse Tax Treatment for Closing Costs."

No Future Cash Flow Audits. With respect to the future operations of the Land, the Trust does not intend to obtain an audit of the Land's cash flow (income and expenses). Beneficial Owners must be willing to rely on financial information provided by the Trust.

Inflation. It is possible that certain actions by the federal government may create significant increased inflation, which reduces purchasing power of money over time. The Sponsor cannot predict changes in inflation, which could have a negative impact on a Purchaser's return.

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. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries, as well as global pandemics, have created an air of uncertainty concerning the security and the stability of the United States economy. Any negative change in the general economic conditions in the United States or in Jasper County, South Carolina, and its surrounding communities, could adversely affect the financial condition and operating results of the Land. Circumstances such as conflicts or pandemics could disrupt lending, financial markets, real estate markets, supply chains, and business in the future. Specifically, a pandemic similar to COVID 19, could have a severe impact on the Land and the Ground Lessee's ability to pay rent. Similarly, high unemployment at the local level could negatively impact the underlying Ground Lessee's ability to pay rent, thereby increasing the chances that distributions to investors are negatively affected. Additionally, there is no assurance that the value of the investment as described in the Offering has not declined, and there is no assurance that it will not drop in the future. The occurrence of such events or other related matters could adversely affect the overall performance and value of the Land, which may cause Purchasers to lose all or a portion of their investment in the Offering.

Labor Shortages. Companies across the United States are struggling to hire and retain employees, and employers and governments are facing pressure to increase wages. This pressure may result in local, state, or federal minimum wage laws that affect the Trust, the Signatory Trustee and third-party contractors and vendors. The current employment market may result in high employee turnover, which may negatively affect the Ground Lessee's financial performance, which may affect its ability to pay rent due under the Ground Lease. It is possible that the inability to hire and retain employees may cause delays in the intended construction of the Project. Such delays may adversely impact the Ground Lessee's ability to pay rent due under the Ground Lease.

No Minimum Offering. There is no minimum offering amount of Gross Proceeds that must be raised or minimum number of Purchasers required in connection with this Offering. Accordingly, if the Sponsor is unable to sell all of the Interests, the Sponsor will retain unsold Interests or may transfer unsold Interests to its Affiliates. The ownership of the Interests by the Sponsor or its Affiliates involves certain risks that potential Purchasers should consider, including, but not limited to, the fact that there may be

conflicts of interest between the objectives of the Purchasers and that of the Sponsor, or, if the Offering is not fully subscribed, that a significant amount of the Interests will not have been acquired by disinterested investors after an assessment of the merits of the Offering.

Speculative Investment. No assurance can be given that the Beneficial Owners will realize their investment objectives. No assurance can be given that Beneficial Owners of Interests will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Trust. For this reason, each prospective Purchaser should carefully read this Memorandum, including all exhibits hereto. **ALL SUCH PERSONS OR ENTITIES SHOULD CONSULT WITH THEIR ATTORNEY OR BUSINESS ADVISOR PRIOR TO MAKING AN INVESTMENT.**

DELAWARE STATUTORY TRUST STRUCTURE RISKS

Beneficial Owners Have No Control over the Trust. The Trust is operated and managed only by its Delaware Trustee and the Signatory Trustee. The Beneficial Owners will have no right to participate in the management of the Trust or in the decisions made by such Trustees. The decision to sell or convey the Land will rest solely with the Signatory Trustee. The Beneficial Owners will likely be required to waive any right to file a petition in bankruptcy on behalf of the Trust or to consent to any filing of an involuntary bankruptcy proceeding involving the Trust. The Signatory Trustee will collect Rent from the Ground Lessee and make distributions pursuant to the Trust Agreement. The Signatory Trustee will sell the Land in accordance with the provisions of the Trust Agreement, which provides that the Signatory Trustee has the sole power to determine when it is appropriate to sell the Land after a specified number of years. The Delaware Trustee may remove the Signatory Trustee only for willful misconduct, bad faith, fraud, or gross negligence of the Signatory Trustee.

Beneficial Owners Do Not Have Legal Title. The Beneficial Owners will not have legal title to the Land. The Beneficial Owners will not have any right to seek an in-kind distribution of the Land, divide or partition the Land, or sell the Land.

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

Limited Powers of Trustees; Risk of Termination of Trust. The Delaware Trustee and the Signatory Trustee have limited powers, and the Trust may therefore face increased termination risk. In order to comply with the tax law regarding investment trusts and exchanges under Code Section 1031, the Trust Agreement expressly prohibits the Delaware Trustee and the Signatory Trustee from taking a number of actions, including the following: (a) selling, transferring or exchanging the Land except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Land or in short-term liquid assets; (c) entering into new financing, except in the case of the Ground Lessee's bankruptcy or insolvency; (d) renegotiating the Ground Lease or the

Land or entering into a new Ground Lease, except in the case of the Ground Lessee's bankruptcy or insolvency; (e) making modifications to the Land (other than minor non-structural modifications) unless required by law; (f) accepting any capital from a Beneficial Owner except funds contributed by the Depositor or by the Purchasers in connection with the purchase of the Interests that will be distributed to redeem the Depositor or fund any reserves in connection with the Offering or fund Offering-related expenses; or (g) taking any other action that would in the opinion of Tax Counsel to the Trust cause the Trust to be treated as a business entity for federal income tax purposes if the affect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under applicable tax law. As a result, the Trust may be required to effect a Transfer Distribution in order to take the actions necessary to preserve and protect the Land or sell the Land at a time when the market may not be optimal for the Purchasers. See "SUMMARY OF THE TRUST AGREEMENT." The Beneficial Owners will no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Land.

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

Untested Form of Ownership. The utilization of a Delaware statutory trust (such as the Trust in this Offering) to acquire and hold property for purposes of an exchange that complies with Code Section 1031 (a "1031 Exchange") is relatively untested under the tax laws. This ownership structure is based primarily on Revenue Ruling 2004-86, 2004-2 C.B. 191, which sets forth terms under which a trust will be treated as an "entity" that is taxable as a "trust" rather than taxable as a partnership. It is possible that the IRS could modify or revoke Revenue Ruling 2004-86 or, in the alternative, determine that the Trust does not comply with the requirements of that ruling. A determination that the Trust is not taxable as a trust (within the meaning of Treas. Reg. § 301.7701-4) could have a significant adverse impact on the Beneficial Owners and would likely have an adverse impact on any Beneficial Owners completing a Section 1031 exchange for an Interest.

Sale of the Land. The Signatory Trustee may cause the Trust to sell the Land at any time after the date that is one year from the date the last Beneficial Owner is admitted to the Trust. This sale will occur without regard to the tax position, preferences or desires of any of the Beneficial Owners, and the Beneficial Owners will have no right to approve or disapprove of the sale of the Land. The Beneficial Owners will not have the right to sell the Land. A Beneficial Owner 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 law, Interests in the Trust should constitute interests in real estate and, therefore, a sale of the Land should qualify for non-recognition of gain under a 1031 Exchange provided that the requirements of a 1031 Exchange are met. The Signatory Trustee and the Delaware Trustee are expressly instructed to take all reasonable actions that would enable the sale to qualify, with respect to each Beneficial Owner, as a like-kind exchange within the meaning of Section 1031 of the Code.

Transfer to the Springing LLC. If the Signatory Trustee determines that it is necessary to effectuate a Transfer Distribution, the Trust will transfer the Land to the Springing LLC, which will be treated as a partnership for federal income tax purposes, and the Beneficial Owners will become members in the Springing LLC. Unlike interests in the Trust, interests in the Springing LLC will not be treated as interests in real property for federal income tax purposes (including for purposes of a 1031 Exchange). Thus, if the Trust transfers the Land to the Springing LLC in a Transfer Distribution, it is unlikely that any of the Beneficial Owners will thereafter be able to defer the recognition of gain under Section 1031 of the Code. The transfer of the Land to the Springing LLC will occur under the circumstances set forth in the Trust Agreement without regard to the costs incurred as a result of such transfer. It is possible that such transfer will result in the imposition of (i) state and/or local transfer, sales or use taxes, or (ii) federal income tax (although no federal income tax would be imposed under current law).

Conversion to TIC Arrangement. In lieu of a conversion of the Trust (in whole or in part) to a Springing LLC, the Trust may be converted to a TIC Arrangement. In the event of a TIC Conversion, the Signatory Trustee would distribute the Land to the Beneficial Owners and establish a co-ownership agreement and other agreements governing the TIC Arrangement and the Beneficial Owners' ownership of the Land that, as determined in its sole discretion, are materially consistent with the terms and conditions set forth in IRS Revenue Procedure 2002-22 or such other IRS guidance as may apply to the treatment of a TIC Arrangement as the direct ownership of its underlying property. Nevertheless, there can be no assurance that the TIC Arrangement would not be classified as a partnership (rather than as direct undivided ownership of the Land) if challenged by the IRS.

No Right to Control the Actions of the Trust. The Beneficial Owners each will acquire Interests in the Trust. The Signatory Trustee and the Delaware Trustee will manage the operations of the Trust pursuant to the Trust Agreement, the form of which is attached as Exhibit A. The Ground Lessee will manage the operations of the Land pursuant to the terms of the Ground Lease, the form of which is attached as Exhibit B. The Beneficial Owners will have no voting rights with respect to the operations of the Trust or the Land. None of the Beneficial Owners will have the right to direct ownership of any assets of the Trust, including the Land. The Signatory Trustee is under no obligation to make its decision with respect to such prospective sale in accordance with the wishes of the Beneficial Owners.

The Trust is Not a Diversified Investment. An investment in the Interests effectively represents an investment in one specific real property. Therefore, an investment in the Interests is not a diversified investment. Accordingly, the poor performance of the Land will adversely affect the profitability of the Trust. Moreover, the poor performance of the Land would also adversely affect the ability of the Trust to pay distributions, and the overall returns to the Beneficial Owners may be adversely impacted. This return may be lower than if the Beneficial Owners owned an interest in many properties. Therefore, the poor performance of the Land could significantly and adversely impact the ability of the Beneficial Owners to satisfy their financial objectives.

REAL ESTATE RISKS

Complete Reliance on a Single Tenant at the Land. The Project is to be developed and operated by the Ground Lessee and its agents. The Ground Lessee, in turn, pays the Rent to the Trust. There can be

no assurance that the Ground Lessee will be successful in development or operation of the Land, in which case the Ground Lessee may be unable to pay the Rent under the Ground Lease.

Guaranty for the Ground Lease Indemnity Obligations. In connection with the Ground Lease indemnification provisions, the Sponsor has signed a guaranty (the “*Guaranty of Indemnity Obligation*”), the form of which is attached as Exhibit B to the Ground Lease. In connection with the Guaranty of Indemnity Obligation, the Sponsor has prepared financial statements, which are available upon request. Such financial statements reflect the current value of Sponsor’s assets solely based upon Sponsor’s estimates and have not been prepared in accordance with generally accepted accounting principles (“*GAAP*”). In addition, such assets are comprised largely of illiquid investments which may adversely impact Sponsor’s ability to make payments due under the Guaranty of Indemnity Obligation. See “RISK FACTORS – Real Estate Risks – Sponsor-Prepared Financial Statements.” In the event of a breach of the Ground Lease and subsequent breach of the Guaranty of Indemnity Obligation by Sponsor, the Trust will be materially adversely impacted.

Sponsor-Prepared Financial Statements. In connection with the Guaranty of Indemnity Obligation, the Sponsor has prepared financial statements, which are available upon request and execution of a nondisclosure agreement. Such financial statements reflect the current value of Sponsor’s assets solely based upon Sponsor’s estimates and have not been prepared in accordance with generally accepted accounting principles. The Sponsor has not obtained third-party appraisals of the value of its investments.

Reliance Upon a Single Lease. The ability of the Land to generate sufficient cash flow to pay the Rent due under the Ground Lease depends upon the terms of the Ground Lease which in turn is reliant solely upon the terms and conditions of the lease with the occupying tenant. In the event any provision in the lease or applicable law provides the occupying tenant with an opportunity to abate, suspend or otherwise cease or set-off against the payment of Rent, due to the limited capitalization of the Ground Lessee, the Trust would be without other means of cash-flow generation and it would likely become necessary for the Trust to spring into an LLC in order to engage in leasing activities, which would be likely to have adverse tax consequences to Purchasers, including rendering it unlikely that Purchasers could complete a future Section 1031 Exchange of their investment in the Trust. This would also be likely to adversely impact the ability of Purchasers to achieve a return.

Financial Performance of the Land Depends Upon the Ground Lessee. The financial performance of the Land is dependent upon the Ground Lessee, a newly-formed limited liability company and affiliate of the Sponsor. The Ground Lessee is not yet capitalized and has no reserve or other contingency reserve upon which Purchasers may rely. Moreover, the Ground Lessee’s ability to pay rent throughout the term of the Ground Lease is dependent upon the completion, and ongoing financial success, of the Project. Some of the Gross Proceeds being used for the purchase price of the Land are expected to be used by the Sponsor with construction financing. If the Sponsor does not raise enough construction financing, then the chances go down that the Purchasers will get their investments in the Trust back. Therefore, the Trust is indirectly subject to some of the risks ordinarily associated with development and operation of multifamily apartment complexes. If the Ground Lessee becomes unable to fulfil its obligations under the Ground Lease, the Trust’s financial performance may be materially and adversely impacted, and the Trust may be required to implement a Transfer Distribution.

Risks Associated with Construction and Development. Construction and development activities by the Ground Lessee expose the Trust and the Purchasers to a variety of risks, including, but not limited to: inability or delay in obtaining any approvals required to construct the planned multifamily apartment complex; increased construction costs for the proposed building that exceed original estimates due to increases in materials, labor or other costs, which could negatively impact the anticipated business operations of the Ground Lessee; construction or building materials delays, which may increase development costs or delay construction of the building; claims for construction defects after the building has been completed; poor performance or nonperformance by the Ground Lessee; health and safety incidents and site accidents; easement restrictions or other covenants or encumbrances which may impact the development costs, and compliance with building codes and other local regulations. If any of these risks were to occur during the construction or development of the Land, it could have a substantial negative impact on the commencement of payments to the Trust under the Ground Lease or the Ground Lessee's success and result in a material adverse effect to the financial condition or results of operations of the Ground Lessee, and, as a result, the Trust.

Potential Construction Delays and Unforeseen Cost Overruns. Purchaser returns will depend upon the successful construction, development, stabilization, and the subsequent results of operations of the proposed multifamily apartment complex, which will be subject to those risks typically associated with real estate construction, development, ownership and disposition. Construction and material delays may significantly impact the overall timing of delivery of the completed building, which may in turn delay rent or other payments. No assurance can be given that certain assumptions as to operations or future levels of occupancy of the proposed multifamily apartment complex will be accurate, since such matters will depend on events and factors beyond the control of the Trust and the Manager.

Delays Could Postpone the Occupancy Date. Any delays incurred in completion of construction by the Ground Lessee and its agents, such as supply chain issues, availability of labor and materials, would likely delay issuance of a certificate of occupancy. Any delays in the issuance of a certificate of occupancy could significantly impact the Ground Lessee's financial performance, which could delay payments due or cause an event of default under the Ground Lease.

The Ground Lessee may face competition in the market that may adversely affect its ability to remain timely on payments due under the Ground Lease. The Ground Lessee will compete with other owners, managers and developers of multifamily apartment complexes. Some of the Ground Lessee's competitors' properties may be better located or better capitalized than the Project. Competition for tenants could have an adverse effect on the Ground Lessee's ability to remain timely on payments due. If the Ground Lessee's competitors adversely impact its ability to operate the Project profitably, it may fail to make payments due under the Ground Lease, and the Trust's cash flows, operating results and financial condition will suffer.

No Operating History of the Ground Lessee. The Ground Lessee is newly formed and has no prior operating history. There is no assurance that the Ground Lessee will manage the Project successfully, or that any related third-party property managers subcontracted for by the Ground Lessee will manage the Project adequately. If the Ground Lessee is unable to operate and lease the Project profitably, the Ground

Lessee may not be able to pay the Rent. If the Ground Lessee is unable to pay the Rent and is bankrupt or insolvent, the Trust will terminate the Ground Lease, which may necessitate the conversion of the Trust into the Springing LLC, which likely would have adverse tax consequences to the Purchasers. There is no assurance that the Trust will be successful in these activities

Bankruptcy of the Ground Lessee. A bankruptcy or similar insolvency proceeding with respect to the Ground Lessee will adversely affect the Trust. For example, the bankruptcy trustee of the Ground Lessee might attempt to reject the sublease between the Ground Lessee and the occupying tenant of the Land. Further, as a result of the automatic stay provided for under the applicable bankruptcy laws, the Trust might not be able to enforce the Ground Lessee's obligations under the Ground Lease, or be able to reach rental payments being made by the tenant under the Ground Lease, or other subtenants under other subleases, thereby affecting the Trust's ability to receive Rent. In the event of the bankruptcy or insolvency of the Ground Lessee, the Trust will be able to terminate the Ground Lease and negotiate a new Ground Lease with a new Ground Lessee, and will be able to attempt to refinance the Land. Re-leasing the Land to a new Ground Lessee, or obtaining a loan, requires incurring transactional costs which would adversely affect income to the Purchasers. In addition, there is no guarantee that the Trust will be successful in re-leasing the Land to a new Ground Lessee, or obtaining a new loan. Additionally, obtaining a new loan or re-leasing of the Land (or bankruptcy of the Ground Lessee) may require the Trust to convert to a Springing LLC, and any such conversion would likely have adverse tax consequences to the Purchasers.

Default Under the Ground Lease will Adversely Impact the Value of the Land. In the event that the Ground Lessee fails to make payments due, or otherwise defaults, under the Ground Lease, such failure to make payments or default would likely materially adversely impact the value of the Land. The Appraisal contains certain assumptions which would no longer be true in the event that the Ground Lease is terminated. Following a termination of, or default under, the Ground Lease, the value of the Land will likely substantially decrease unless the Trust is able to enter into a new ground lease on substantially similar terms. There can be no assurance that the Trust will be able to enter into a new ground lease on substantially similar terms.

Subordination of Land Ownership; Foreclosure. The Trust expects that the Ground Lessee will finance the construction of the Project in part with a construction loan. In the event that the Ground Lessee obtains a construction loan, the Trust is obligated under the Ground Lease to subordinate its ownership interest in the Land to the provider of such debt. In the event that the Ground Lessee defaults under its construction loan, it is possible that the provider of such debt may foreclose on the Land together with the Project. In such case, the Trust would no longer be entitled to ownership of the Land. However, in connection with such subordination, the Guaranty of Indemnity Obligation will provide for indemnification of certain losses resulting from the subordination. In connection with the Guaranty of Indemnity Obligation, the Sponsor has prepared financial statements, which are available upon request. Such financial statements reflect the current value of Sponsor's assets solely based upon Sponsor's estimates and have not been prepared in accordance with GAAP. See "RISK FACTORS – Real Estate Risks – Sponsor-Prepared Financial Statements."

General Risk of Investment in the Land. The economic success of the Interests will depend upon the results of operations of the Land, which will be subject to those risks typically associated with real estate

investments. Future costs of operating the Land, or future capitalization rates will be accurate since such matters will depend on events and factors beyond the control of the Trust and Beneficial Owners. Such factors include continued validity and enforceability of the Ground Lease, vacancy rates for properties similar to the Land, financial resources of Ground Tenant, rent levels near the Land, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property similar to the Land, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations, and fiscal policies, the enactment of unfavorable real estate, rent control, environmental, zoning or hazardous material laws, uninsured losses, effects of inflation and other risks.

Turmoil in the Markets. During the last recession, the lending and capital markets experienced considerable turmoil and many financial institutions sought assistance or failed. In the event of a failure of a lender or counterparty to a financial contract, its obligations to the Ground Lessee and/or its Affiliates under the financial contract might not be honored. Should a financial institution fail to fund its committed amounts when contractually obligated to do so, the Ground Lessee's abilities to meet its respective obligations could be materially impacted, which could materially and adversely affect the Trust and the Beneficial Owners.

Availability of Financing and Market Conditions. Market fluctuations in real estate financing may affect the availability and cost of funds needed by the Ground Lessee for the Project in the future. Restrictions upon the availability of real estate financing or high interest rates for real estate or construction loans could adversely affect the Ground Lessee, including its ability to pay rent under the Ground Lease. Such fluctuations may also impact the Trust's ability to sell the Land at a favorable price.

Failure by Ground Lessee to Obtain Financing. The Ground Lessee expects to finance the Project in part with the proceeds of a construction loan. Fluctuations in interest rates or other market conditions may adversely impact the Ground Lessee's ability to obtain a construction loan, which may prevent the Ground Lessee from completing the Project. Any such failure to complete the Project would likely adversely impact the Ground Lessee's ability to pay rent due under the Ground Lease.

Title and Survey Matters. The Land is subject to various matters affecting title, including, but not limited to, certain property agreements and all the matters set forth on any title commitment and survey, zoning ordinances and building codes. The title commitment, title documents listed as exceptions on the title commitment (including the property agreements), and the surveys will be made available upon request. Such matters may include, for example, easements, declarations, restrictions and other limitations on the right of the Trust to construct, develop and use the Land. In addition, other issues that are not disclosed by the title commitments or the surveys may affect title and/or the use of the Land. In connection with the acquisition of the Land, the Trust is expected to obtain title insurance or be covered by policies originally purchased by the Sponsor's Affiliate in connection with its acquisition of the Land. The policy limits of such coverage were determined prior to execution of the Ground Lease, and are expected to be significantly less than the Appraised Value. In the event that a known or new matter arises with respect to a Land, however, there is no guarantee that title insurance will sufficiently protect the Trust against all title issues affecting the Land, that the title company will pay any claim, that the title insurance is sufficient to cover any damages, or that the Trust will not incur costs in making a title insurance claim.

Limited Capitalization of the Ground Lessee. The Ground Lessee's capitalization is supported solely by capital contributions from the Sponsor as its member and by the cash flow from operation of the Project, which has not yet been completed. The Sponsor is not under any obligation to contribute capital to the Ground Lessee. If the Ground Lessee needs funds to pay the Rent or satisfy its other obligations under the Ground Lease, it may not have adequate capital to enable the Ground Lessee to pay the Rent or to fund its obligations under the Ground Lease. If the Ground Lessee is unable to pay the Rent or satisfy its obligations under the Ground Lease, the Ground Lessee would be in default on the Ground Lease and the Trust would likely terminate the Ground Lease. In such event, the Trust may not be able to lease the Land to a new tenant on terms similar to the Ground Lease. If the Trust were unable to enter into a new lease for the Land, the returns to Purchasers would likely be materially adversely affected. In addition, if the Trust were to have to terminate the Ground Lease, it would likely become necessary for the Trust to utilize a Transfer Distribution in order to engage in leasing activities, which would be likely to have adverse tax consequences to Purchasers, including rendering it unlikely that Purchasers could complete a future 1031 exchange of their investment in the Trust. Absent a bankruptcy by the Ground Lessee, the Signatory Trustee would not be empowered to execute such a replacement Ground Lease. Furthermore, if the Ground Lessee is unable to pay the Rent or satisfy its obligations under the Ground Lease, the Trust's financial performance would be materially adversely impacted. In such event, the Purchasers could lose their entire investment in the Trust and suffer adverse tax consequences.

Easements. The Land may be subject to certain utility, access and maintenance easements. The presence of the easements could limit operations and/or development at the Land, which also could have an adverse financial impact on the Land.

Uncertainty of Receiving Ground Lease Rent. The Trust expects that any cash flow available for distribution to Purchasers will be derived primarily from rent payments made by the Ground Lessee pursuant to the Ground Lease, after payment of the Trust's fees, expenses and liabilities. Accordingly, the Trust's ability to make distributions to Purchasers will depend on, among other things, the Ground Lessee's timely payment of rent and other amounts due under the Ground Lease, the Ground Lessee's successful development and operation of the Property, and the absence of defaults or other events that may adversely affect the Ground Lease or the value of the Land. There can be no assurance that the Ground Lessee will perform its obligations under the Ground Lease or that the Trust will generate cash flow sufficient to make distributions to Purchasers at any particular time or in any particular amount.

Any statements in this Memorandum regarding the potential cash flow of the Trust are forward-looking in nature and are subject to numerous risks, uncertainties and assumptions, many of which are beyond the control of the Trust, the Sponsor and their Affiliates. Actual results may differ materially from any expectations described herein. Potential Purchasers should not rely on any statement, written or oral, regarding anticipated cash flow or investment performance that is not expressly set forth in this Memorandum. No representation or warranty is made by the Sponsor, the Signatory Trustee, their Affiliates, or any other person or entity as to the future profitability of the Land, the performance of the Ground Lease, or the results of an investment in the Interests.

Affiliated Transaction. The determination of the Deemed Value of the Land was not the result of an arms-length negotiation. The price for the sale of Interests to the Purchasers is also not the result of arms-length negotiations. Sponsor did, however, obtain an independent Appraisal from Integra Realty Resources dated March 20, 2026. A copy of the Appraisal will be available upon request. As set forth in the Appraisal, the Appraiser concluded that the Appraised Value is approximately \$25,740,000. The Appraised Value conclusion is based upon several assumptions.

Total Purchase Price for the Interests is higher than the Deemed Value of the Land. On May 8, 2026, the Trust acquired the Land from the Sponsor, pursuant to a purchase and sale agreement. In connection with this Offering, the Deemed Value was determined by the Sponsor based, in part, upon the Appraised Value of \$25,740,000. See “ACQUISITION TERMS AND FINANCING.” The purchase price for the Interests is determined unilaterally by the Signatory Trustee, does not reflect the current market value of the Land, and was not based on an arm’s-length negotiation with the Sponsor.

Earthquake, Wind and Flood Exposure. To the Signatory Trustee’s knowledge, the area in which the Land is located has not been identified as being at high risk for earthquake or other seismic activity. However, the Signatory Trustee makes no representation as to whether the Land is located within such a flood plain or a high-risk area for wind or seismic activity. There can be no assurances that the Land will not be damaged in the future by seismic or flood activity. Prospective Purchasers should consider these risks in their evaluation of the Land, particularly since the Trust does not anticipate obtaining insurance against these risks. See “RISK FACTORS – Risks Relating to the Purchasers – Uninsured Losses/Unlimited Liability.”

Strict Liability for Toxic and Hazardous Materials; No Environmental Indemnity. Federal, state, and local laws impose liability on a landowner for releases, or the otherwise improper presence on the premises, of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought onto property before it acquired title and for hazardous materials that are not discovered until after it sells such property. Similar liability may occur under applicable state law. It is expected that the Sponsor will make only limited, if any, representations as to the absence of hazardous substances. Similarly, the Depositor is expected to make no representations regarding any environmental matters and will not agree to indemnify the Purchasers for any environmental liabilities. If any hazardous materials are found within the Land in violation of law at any time, the Trust and, possibly, the Beneficial Owners may be jointly and severally liable for all cleanup costs, fines, penalties and other costs. This potential liability will continue after the Trust sells the Land and the Beneficial Owners sell their Interests and may apply to hazardous materials present within the Land before the Trust acquires the Land and the Beneficial Owners acquires their Interests. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Land may be substantially affected. In extreme cases, the Land may be rendered worthless, or worse, where the owners are obligated to pay cleanup costs in excess of the value of the Land. Hazardous substance contamination in the Land could adversely affect the ability of the Trust to make distributions to Purchasers. In extreme cases, Purchasers could lose their entire investment in the Trust.

Risk of Mold Contamination. Mold contamination has been linked to a number of health problems, resulting in recent litigation by tenants seeking various remedies, including damages and ability to terminate their leases. No assurance can be given that a mold condition will not arise in the future, with the risk of substantial damages, legal fees, and possibly loss of the tenant. It is unclear whether such mold claims would be covered by the customary insurance policies to be obtained for the Trust.

Environmental Assessment. If any hazardous substances are found at any time on the Land, even after the Trust may have sold the Land, the Trust may be held liable for all cleanup costs, fines, penalties and other costs regardless of whether they owned the Land when the releases occurred or when the hazardous substances were discovered. Under one such law, the Comprehensive Environmental Response, Compensation, and Liability Act (“*CERCLA*”), a purchaser of property may qualify for certain defenses to, and exemptions from, liability under CERCLA by obtaining a new Phase I Environmental Assessment that qualifies as an “All Appropriate Inquiry” under CERCLA, as long as the assessment was conducted, or updated, within 180 days of the purchase of the property.

Although various reports were obtained in connection with the Land, it is not anticipated that any such evaluations will constitute “All Appropriate Inquiry” under CERCLA. Therefore, the Trust may not have protections under CERCLA. The presence or contamination of the Land, or the failure to properly remediate the Land if it is contaminated, could give rise to a lien in favor of the government for costs it may incur to address the contamination. Moreover, if contamination is discovered at the Land, environmental laws may impose restrictions on the manner in which the Land may be used or business may be operated, and these restrictions may require substantial expenditures, which could materially adversely impact the Trust.

No Purchaser Reliance on Third-Party Reports. Reference is made in this Memorandum to third-party Reports. They will be provided to Purchasers for reference purposes only and individual Purchasers will have no contractual rights against the preparers of the third-party reports. In addition, because the third-party reports will not be addressed to the Trust, the Trust will not have any contractual rights against the preparers of those third-party reports. Copies of the third-party reports will be available upon request when they are received.

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. If the Project were not in compliance, the Ground Lessee may be required to pay for improvements to effect compliance with the ADA. To comply with the ADA requirements, the Ground Lessee could be required to remove access barriers at significant cost, and noncompliance could result in the imposition of fines by the federal government or an award of damages to private litigants. The cost of such changes or fines may be substantial and materially impact the Ground Lessee’s ability to pay the Rent under the Ground Lease. State and federal laws in this area are constantly evolving and any changes in such laws could place a greater cost or burden in the future on the Trust, as the owner of the Land, or the Ground Lessee, as the tenant of the Land. While the Signatory Trustee believes the Project will comply with the ADA in all material respects, the Signatory Trustee cannot provide any assurance to potential Purchasers that ADA violations do not or will not exist at the Land.

RISKS RELATING TO THE PURCHASERS

Liability of Beneficial Owners. The liability shield afforded to a Beneficial Owner of an Interest is generally respected for most purposes, barring unusual circumstances. Liability associated with the Trust, such as a claim against the Land, should be limited to the Beneficial Owners' capital and distributions from the Trust. However, under a concept known as "piercing" (commonly used by courts to prevent a fraud on creditors), it is possible that a court could disregard such liability shield and impose personal liability on the Beneficial Owners. Prospective Purchasers should be aware that Delaware statutory trusts are a relatively untested form of legal entity and the law on "piercing" and certain other matters is still evolving. If the liability shield were disregarded, the liability associated with an investment in the Trust would not be limited to the investment of the Beneficial Owners, the amount of distributions to the Beneficial Owners, or otherwise.

Uninsured Losses/Unlimited Liability. The Ground Lessee will attempt to maintain adequate insurance coverage against liability for personal injury and property damage on the Land. However, there can be no assurance that insurance will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as terrorism, floods, and/or earthquakes, may be unavailable or available only at an unacceptable cost or in amounts that are less than the full market value or replacement costs of the Land, and the Ground Lessee does not intend to obtain terrorism, flood or earthquake insurance. In addition, there can be no assurance that particular risks that currently are insurable will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Beneficial Owners may lose all of their investment in the Trust. In addition, the Beneficial Owners may be personally and jointly and severally liable for any uninsured or underinsured personal injury, death or property damage claims. In such cases, each of the Beneficial Owners may be subject to unlimited liability (however, see "Liability of Beneficial Owners" above).

Bankruptcy of a Purchaser. A bankruptcy or similar insolvency proceeding relating to any Purchaser may adversely affect returns from the Trust to the other Purchasers. For example, the bankrupt Purchaser, or its trustee in a bankruptcy proceeding, may attempt to reject and terminate the Trust Agreement or other relevant agreements. A bankruptcy filing by or against a Purchaser generally will automatically stay all action or proceedings against such Purchaser. The stay generally will prevent the Trust from pursuing any claims against the bankrupt Purchaser and may otherwise jeopardize the Trust. Claims of the Trust probably will be treated as general unsecured claims and it is unlikely that such claims would be paid in full, if at all.

Limitation of Liability/Indemnification of the Signatory Trustee and Delaware Trustee. The Signatory Trustee and the Delaware Trustee may not be liable to the Purchasers for errors of judgment or other acts or omissions not constituting gross negligence or fraud as a result of certain indemnification provisions in the Trust Agreement. See "SUMMARY OF THE TRUST AGREEMENT." If Trust assets are used to pay a successful claim for indemnification of the Signatory Trustee or the Delaware Trustee, the value of the Interests would be depleted by the amount paid in satisfaction of such claim.

No Guaranteed Cash Flow. There can be no assurance that cash flow or profits will be generated by the Land. If the Project does not generate anticipated cash flow, the Ground Lessee may not be able to pay the Rent to the Trust.

Restrictions on Transferability. The Interests are not freely transferable by the Beneficial Owners. The rights to transfer, assign, encumber, or pledge an Interest will be subject to conformity with the Trust Agreement. Any transferee shall take such Interest subject to the Trust Agreement. In addition, each Beneficial Owner will be responsible for compliance with applicable securities laws with respect to any sale of his Interest. See “RESTRICTIONS ON TRANSFERABILITY.”

RISKS RELATING TO THE MANAGEMENT OF THE LAND

Conflicts of Interest. The Ground Lessee, Signatory Trustee and Depositor are Affiliates of the Sponsor and its principals. This may lead to a conflict of interest between their various roles as owners or officers of the Ground Lessee, Signatory Trustee and Depositor, including conflicts with the Purchasers regarding decisions related to the Ground Lease and the Land. The principals of the Sponsor are employed independently of this Offering and engage in other activities, including ownership and management of other properties. As such, the principals of the Sponsor will have conflicts of interest in allocating management time, services, and functions between the Ground Lessee’s, Signatory Trustee’s and Depositor’s responsibilities, on the one hand, and their various other existing enterprises and future enterprises on the other. In addition, the Sponsor and its Affiliates may continue to own and organize other business ventures that compete directly with the Land. This may result in the interests of the Sponsor and its principals and the interests of the Purchasers not always being aligned. See “CONFLICTS OF INTEREST.”

Sale of the Land. The proceeds realized from the sale of the Land will be distributed among the Purchasers in accordance with their respective Interests after satisfaction of the claims of other third-party creditors. The ability of any Purchaser to recover all or any portion of its investment will, accordingly, depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. There can be no assurance that the Purchasers will receive any proceeds from the sale of the Land.

TAX RISKS

General. An investment in an Interest entails Federal income tax risks, some of which are described immediately below. (A general description of the Federal income tax consequences associated with ownership of an Interest is described in “Federal Income Tax Consequences.”) **Because the tax consequences from the ownership of an Interest are complex, may vary from Purchaser to Purchaser depending on individual circumstances, and entail legal issues that are not settled, each prospective Purchaser is strongly encouraged to consult his own tax advisor about his tax consequences from the purchase of an Interest. No representation or warranty of any kind can be given that the IRS will accept any claim that a Purchaser may make regarding his Interest.**

Classification as Real Property Under Code Section 1031. An Interest must be considered real estate and not a partnership interest, security or some other form of property in order to qualify as

replacement property for a like-kind exchange of real estate under Code Section 1031. The Signatory Trustee has attempted to structure the Trust in a manner that will cause the Interests to qualify as real property and counsel has given an opinion that an Interest should be considered an interest in real estate and not a partnership interest for federal income tax purposes, subject to conditions and assumptions set forth in such opinion. Tax Counsel's opinion also concludes that (i) the Trust should be treated as an investment trust described in Section 301.7701-4(c) of the Treasury Regulations that is classified as a "trust" under Section 301.7701-4(a) of the Treasury Regulations, (ii) the Beneficial Owners should be treated as "grantors" of the Trust, (iii) the Interests should not be treated as a "security" under Section 1031 of the Internal Revenue Code of 1986, as amended (the "*Code*"), (iv) as "grantors," the Beneficial Owners should be treated as acquiring and owning a direct interest in real property for federal income tax purposes, (v) the Ground Lease should be treated as a "true lease" for tax purposes, (vi) the Ground Lease should not be recharacterized as a partnership agreement, and (vii) the Ground Lease should not be recharacterized as a management agreement.

Tax Counsel's opinion is based in part on Revenue Ruling 2004-86, 2004-2 C.B. 191. However, as described below, the transaction that is the subject of the Offering contains facts and terms that were not present in the transaction that is the subject of Revenue Ruling 2004-86. Moreover, Tax Counsel's opinion is not binding on the IRS and the Signatory Trustee will not apply for an IRS ruling. Thus, no assurance can be given that an Interest will qualify as a real property interest under Section 1031 of the Code. A Purchaser is not entitled to rely on statements of the Signatory Trustee, any of its Affiliates or its agents, any investment advisor, or the Trust's accountant or counsel regarding such qualification. Each Purchaser must consult his own tax advisor regarding the qualification of the Interests as like-kind to real property under Section 1031 and state tax law.

Possible Adverse Tax Treatment for Closing Costs. A portion of the proceeds of the Offering will be used to pay each Purchaser's pro-rata share of closing costs, expenses, and other costs of the Offering. Because the tax treatment of certain expenses of the Offering is unclear and may vary, depending upon the circumstances, Tax Counsel cannot give any advice or opinion regarding the tax treatment of such costs, which may be considered taxable "boot" to a Purchaser who purchases his Interests as part of a 1031 Exchange. Therefore, each Purchaser should obtain the advice of a qualified tax advisor as to the proper treatment of such items.

Replacement Property Identification. Section 1031 requires a taxpayer in a deferred like-kind exchange to formally identify replacement properties and to do so not later than 45 days after disposition of his relinquished property. Regulation §1.1031(k)-1(c)(4) permits a taxpayer to identify multiple replacement properties. A taxpayer may (i) identify up to three properties without regard to the fair market value of the properties (the "*three-property rule*") or (ii) identify multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (the "*200% rule*") or (iii) identify any number of properties if the taxpayer acquires at least 95% in value of the properties identified (the "*95% rule*"). The identification rules of Section 1031 are strictly construed and an exchange will be completely disqualified if the identification rules are violated. (The identification requirement is deemed to be satisfied if replacement property is acquired by the last day of the identification period.) A prospective Purchaser should obtain the advice of his tax advisor before subscribing for an Interest or identifying the Land as a possible replacement property.

Delayed Closing; Inability to Close. Under Code Section 1031, closing on the acquisition of replacement property must occur on or before the earlier of (i) 180 days after the sale of the relinquished property or (ii) the due date (determined with regard to extension) for the taxpayer's return for the year in which transfer of the relinquished property occurred. See I.R.C. § 1031(a)(3)(B). The IRS is not authorized to extend any deadline or grant other relief from the deadline for acquiring replacement property. There is a possibility that the Trust might not close on the Land. If a Purchaser identifies the Land as one of its replacement properties and the Trust fails to close on the acquisition of the Land, such Purchaser should face adverse tax consequences, including the loss of its ability to complete a Section 1031 exchange.

Use of Exchange Funds. A Purchaser will be obligated to pay his *pro rata* share of various fees and costs described herein. Certain of these items may constitute the acquisition of property that is not like-kind to real estate for purposes of Section 1031 and, consequently, may represent taxable boot. Each Purchaser must consult his own tax advisor regarding the tax consequences of such designated uses of exchange funds. A Purchaser may elect to pay such expenses from his own funds.

State Law. The availability of tax-deferred like-kind exchanges under state law varies from state to state. Some states have adopted Section 1031 in whole, other states have adopted Section 1031 in part, and still other states have their own requirements for qualifying for such deferral. In addition, while many states follow federal tax law by treating the owner of an interest in a fixed investment trust as owning an interest in the assets held by the Trust, other state laws may differ and could result in the imposition of income or other taxes on such entities. Generally, the law of the state where the relinquished property was located and the law of the state where an investor resides govern the state law tax consequences from the disposition of an investor's relinquished property and the acquisition of an Interest. Each Purchaser should consult his own tax advisor regarding the qualification of the transaction for like-kind exchange treatment under state law.

Transfer Distribution to the Springing LLC. If a Transfer Distribution occurs, the Signatory Trustee will transfer title to the Land from the Trust to the Springing LLC and the Purchasers will acquire membership interests in the Springing LLC. Under current law, such a transfer generally would not be subject to federal income tax pursuant to Section 721 of the Code but could be subject to state or local income tax or transfer tax. In addition, no assurance can be given that such a transfer will not be taxable under federal income tax law at the time that the transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of a Purchaser's tax consequences from a Transfer Distribution. **A PURCHASER SHOULD CONSULT HIS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE TAX CONSEQUENCES OF A SALE OF THE LAND BY THE SPRINGING LLC RATHER THAN THE TRUST.**

No Deferral of Tax upon Sale of Springing LLC Membership Interests. Unlike an interest in the Trust, an interest in a Springing LLC is not considered an interest in real property for purposes of the like-kind exchange rules under Section 1031 of the Code but is considered a partnership interest. **Under current law, a partnership interest is not eligible for like-kind exchange treatment under Section 1031 of the Code. THUS, IF THE TRUST TRANSFERS THE LAND TO A SPRINGING LLC IN A**

TRANSFER DISTRIBUTION, A PURCHASER WHO RECEIVES AN INTEREST IN THE SPRINGING LLC LIKELY WILL NOT BE ABLE TO DEFER GAIN FROM A FUTURE SALE OF SUCH INTEREST OR FROM THE SPRINGING LLC'S FUTURE SALE OF THE LAND.

Passive Activity Limitation. The ownership of an Interest will be considered a passive activity for each Purchaser and any income or loss that a Purchaser recognizes from the Land will be considered passive income and loss for purposes of the rules. The passive loss rules limit the amount of loss from operation of the Land that a taxpayer may deduct if the taxpayer is an individual, an estate, a trust or a certain kind of C corporation. Under the passive loss rules, a taxpayer may not use his passive losses to shelter wages, income from an activity in which the taxpayer is an active participant, or portfolio income. Portfolio income includes dividend and interest income, income from an annuity and certain capital gains.

Losses under the At-Risk Rules. A Purchaser that is an individual or a closely held corporation may not deduct taxable loss arising from the ownership of an Interest to the extent that such loss exceeds the amount by which the Purchaser is considered at-risk. Such disallowed losses may be carried forward and deducted in future years subject to the same limitation.

Taxable Income in Excess of Cash Receipts. It is possible that the income tax that a Purchaser owes each or any year from the ownership of an Interest will exceed the amount of the cash distribution that the Purchaser receives from the Land.

Penalties. The Code imposes a penalty of 20% on an underpayment of tax that is attributable to negligence, a substantial understatement of income tax or a valuation misstatement. See "Federal Income Tax Consequences – Accuracy-Related Penalties and Penalties for the Failure to Disclose."

Variation Among Purchasers. The tax consequences of an investment in an Interest could vary widely among Purchasers as a result of differences in their particular circumstances. The Memorandum describes only general consequences and does not address the effect of such consequences on particular situations. Therefore, each investor must consult his own tax advisor to determine how the consequences of an investment in Interests will affect his particular situation.

Tax Notice. The statements in this Memorandum are not intended to be used and may not be used for the purpose of avoiding penalties that might be imposed on an investor as a taxpayer. The statements were written to support the marketing of the transaction described in this Memorandum. An investor should seek advice regarding his tax consequences from the purchase of an Interest from an independent tax advisor.

State Income Tax. Income from the Land may be subject to income tax in one or more states, including the state where the Land is located, and the state where a Purchaser resides (subject, possibly, to a credit for income tax paid in the state where the Land is located). Each Purchaser is solely responsible for filing tax returns and paying taxes attributable to the Interest owned by such Purchaser. Therefore, each Purchaser should consult his own tax advisor regarding the income tax consequences under the laws of the states, of owning an Interest. See FEDERAL INCOME TAX CONSEQUENCES – State and Local Taxes.

Tax Penalties. The opinion of Tax Counsel attached as Exhibit C to this Memorandum was not intended or written to be used, and it cannot be used, by any Purchaser for the purpose of avoiding penalties that may be imposed under the Code. The opinion was written to support the promotion or marketing of this transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

ERISA Risks. ERISA and Code Section 4975 impose certain fiduciary restrictions, including prohibited transaction restrictions, on funds that hold "plan assets."

The DOL Plan Asset Rules provide that, subject to certain exceptions outlined in the rules, the assets of an entity (such as the Trust) in which a Benefit Plan Investor (as hereinafter defined) holds an ownership interest may be treated as assets of an investing plan, in which event the assets of the Trust (and transactions involving such assets, such as a sale of the Land) would be subject to ERISA's fiduciary provisions, including any prohibited transaction provisions under ERISA or Code Section 4975. One of the exceptions in the Plan Asset Rules will apply if ownership in the Trust is limited so that only a percentage of the Interests that is less than 25% may be owned by "benefit plan investors" (as defined in the Plan Asset Rules, and hereinafter, "*Benefit Plan Investors*"). The Sponsor and the Signatory Trustee will use reasonable best efforts to qualify the Trust for this exception to the Plan Asset Rules. If, nevertheless, Benefit Plan Investors acquire 25% or more of the Interests and the Plan Asset Rules apply to the Trust, ERISA's fiduciary standards and prohibited transaction rules would apply to the operation of the Trust, which would likely impose substantial additional compliance expenses upon the Trust, thereby potentially reducing amounts distributable by the Trust to the Purchasers. Finally, if the Trust is subject to the Plan Asset Rules and is not able to comply with ERISA or Code Section 4975, Benefit Plan Investors may be at risk of breaching fiduciary duties owed to their sponsoring plan.

Employee benefit plans such as governmental and non-United States plans, while not subject to ERISA, may be subject to laws regulating employee benefit plans that contain rules substantially similar to ERISA and may contain other rules relating to permissible investments. Such plans should conclude that an investment in the Interests would satisfy all such laws before making such an investment (and, as indicated above, may be required to make certain assurances to the Trust).

ESTIMATED USE OF PROCEEDS

This table assumes the Maximum Offering Amount of \$21,000,000 is raised.

	Amount	Percentage of Total Funds
Sources of Funds		
Purchasers' Equity	\$21,000,000.00	100.00%
Uses of Funds		
Deemed Value of the Land ⁽¹⁾	\$18,795,000.00	89.50%
Organization and Offering Expenses ⁽²⁾	\$210,000.00	1.00%
Selling Commissions ⁽³⁾	\$1,260,000.00	6.00%
Managing Broker-Dealer Fee ⁽³⁾	\$315,000.00	1.50%
Due Diligence Allowance ⁽³⁾	\$210,000.00	1.00%
Wholesaling Fee ⁽³⁾	\$210,000.00	1.00%
Total Use of Equity Funds	\$21,000,000.00	100.00%

⁽¹⁾The Deemed Value was determined by the Sponsor based, in part, upon the Appraised Value of \$25,740,000. The Sponsor will recognize significant gain with respect to the Land which gain is attributable to the execution of the Ground Lease (see "COMPENSATION OF THE SPONSOR AND AFFILIATES").

⁽²⁾The Signatory Trustee will receive a non-accountable allowance for expenses incurred in connection with the Offering, including, but not limited to, title, survey, legal and other closing costs incurred in connection with this Offering, which are estimated to be approximately \$210,000. The actual amount of these costs may be higher or lower than anticipated. To the extent that the amount included in Organization and Offering Expenses is not expended or otherwise used to cover other expenses in connection with the Offering, any such excess will be retained by the Sponsor. To the extent that actual Organization and Offering Expenses exceed this estimate, any such excess will be paid by the Sponsor.

⁽³⁾Offers and sales of Interests will be made on a "best efforts" basis by Broker Dealers which are members of FINRA and Metric Financial LLC, a member of FINRA, who will act as managing broker-dealer. Metric will receive: the Selling Commissions of up to 6.0% of Gross Proceeds, which may be reallocated to the Selling Group in whole or in part, (ii) the Managing Broker-Dealer Fee of up to 1.5% of Gross Proceeds, which may be re-allowed to affiliates of Metric; (iii) the Wholesaling Fee of up to 1.0% of the Gross Proceeds, which may be re-allowed to affiliates of Metric; and (iv) the Due Diligence Allowance of up to 1.0% of the Gross Proceeds, which may be re-allowed to affiliates of Metric or the Selling Group.

MARKET OVERVIEW

Unless otherwise noted below, the information in the following sections has been excerpted and adopted from the Appraisal, and from other available sources and third-party reports. While the Sponsor believes that these documents are generally accurate, the Sponsor has not engaged in any independent review to verify the same, and the Sponsor notes that the scope of such materials is limited as described therein. Therefore, the Sponsor does not warrant the accuracy or completeness of information in such materials.

Location

The Land is located in the Hilton Head Island-Bluffton-Port Royal, SC Metropolitan Statistical Area (the “Area”). The Area is 1,231 square miles in size.

Population

The Area has an estimated population of 243,737, which is a 2% average annual growth rate since the 2020 census of 215,908, and an average yearly increase of 4,638 residents per year. The annual growth of the Area exceeded South Carolina’s average annual growth rate of 1.5%.

Employment

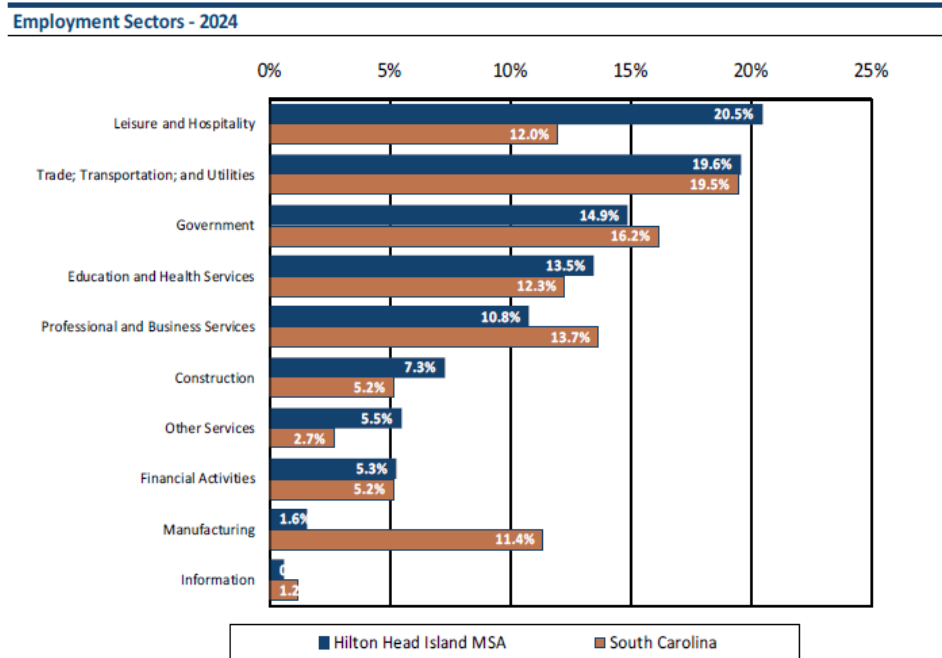
Total employment in the Area was estimated at 81,201 jobs at year-end 2024. Between year-end 2014 and 2024, employment rose by 13,123 jobs, equivalent to a 19.3% increase over the entire period. There were gains in employment in eight out of the past ten years. Although the Area’s employment rose over the last decade, it underperformed South Carolina, which experienced an increase in employment of 19.5% or 376,638 jobs over this period.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Hilton Head		South Carolina		Hilton Head	
	Island MSA	% Change	South Carolina	% Change	Island MSA	South Carolina
2014	68,078		1,933,292		5.5%	6.3%
2015	70,271	3.2%	1,988,582	2.9%	5.4%	5.9%
2016	71,672	2.0%	2,026,929	1.9%	4.4%	4.9%
2017	73,580	2.7%	2,061,054	1.7%	3.7%	4.2%
2018	76,949	4.6%	2,118,556	2.8%	3.0%	3.4%
2019	78,284	1.7%	2,150,692	1.5%	2.4%	2.8%
2020	75,438	-3.6%	2,075,815	-3.5%	5.1%	6.0%
2021	77,755	3.1%	2,149,077	3.5%	3.3%	3.9%
2022	79,667	2.5%	2,219,777	3.3%	3.0%	3.2%
2023	81,698	2.5%	2,279,240	2.7%	2.7%	3.0%
2024	81,201	-0.6%	2,309,930	1.3%	3.8%	4.1%
Overall Change 2014-2024	13,123	19.3%	376,638	19.5%		
Avg Unemp. Rate 2014-2024					3.8%	4.3%
Unemployment Rate - September 2025					4.5%	4.5%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Area’s job market is depicted in the following chart, along with that of South Carolina. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of the Area’s jobs in each category.



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Major Employers

Major employers in the Area are shown in the following table.

Major Employers - Hilton Head Island MSA	
Name	Number of Employees
1 Berkeley Hall Club	5,000 to 9,999
2 Sea Pines Resort	1,000 to 4,999
3 Beaufort Memorial	1,000 to 4,999
4 Naval Hospital Beaufort	1,000 to 4,999
5 Mals 31 Headquarters	500 to 999
6 Westin Hilton Head is Resort-Sp	500 to 999
7 Hilton Head Medical Center	500 to 999
8 Greenery, Inc.	500 to 999
9 Cypress of Hilton Head	250 to 499
10 Marriott's Surfwatch	250 to 499

Source: <https://jobs.scworks.org/vosnet/default.aspx>

Economic Growth

Gross Domestic Product (“GDP”) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in GDP are a gauge of economic growth. Economic growth, as measured by annual changes in GDP, has been considerably higher in the Area than South Carolina overall during the past decade. The Area has grown at a 3.4% average annual rate while the State of South Carolina has grown at a 2.7% rate. The Area continues to perform better than South Carolina. GDP for the Area rose by 4.2% in 2023 while South Carolina's GDP rose by 3.1%.

Gross Domestic Product				
Year	(\$,000s)		(\$,000s)	
	Hilton Head Island MSA	% Change	South Carolina	% Change
2013	8,168,919	–	200,147,300	–
2014	8,412,320	3.0%	206,077,900	3.0%
2015	8,560,666	1.8%	213,212,400	3.5%
2016	8,817,628	3.0%	220,559,300	3.4%
2017	8,876,622	0.7%	224,937,600	2.0%
2018	9,319,395	5.0%	231,663,300	3.0%
2019	9,762,165	4.8%	239,021,300	3.2%
2020	9,971,047	2.1%	233,650,100	-2.2%
2021	10,324,401	3.5%	245,752,100	5.2%
2022	10,974,028	6.3%	254,504,500	3.6%
2023	11,429,484	4.2%	262,298,500	3.1%
Compound % Chg (2013-2023)		3.4%		2.7%
GDP Per Capita 2023	\$49,137		\$48,684	

Source: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics; data released December 2024.
The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

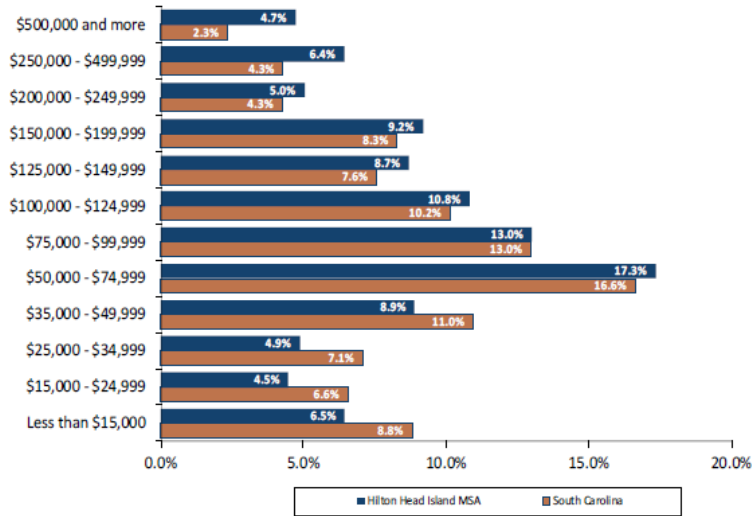
The Area is more affluent than South Carolina. Median household income for the Area is \$90,206, which is 20.5% greater than the corresponding figure for South Carolina.

Median Household Income - 2026	
	Median
Hilton Head Island MSA	\$90,206
South Carolina	\$74,877
Comparison of Hilton Head Island MSA to South Carolina	+ 20.5%

Source: Claritas 360

The following chart shows the distribution of households across twelve income levels. The Area has a greater concentration of households in the higher income levels than South Carolina. Specifically, 25% of the Area’s households are at the \$150,000 or greater levels in household income as compared to 19% of South Carolina households. A lesser concentration of households is apparent in the lower income levels, as 25% of the Area’s households are below the \$50,000 level in household income versus 33% of South Carolina households.

Household Income Distribution - 2026

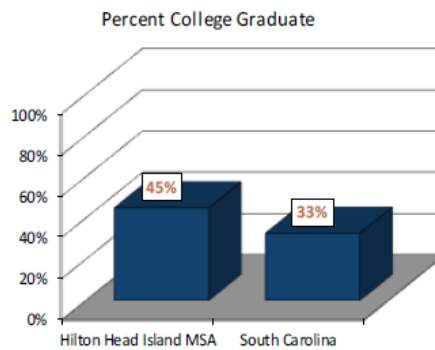


Source: Claritas 360

Education

Residents of the Area have a higher level of educational attainment than those of South Carolina. An estimated 45% of the Area’s residents are college graduates with four-year degrees, versus 33% of South Carolina residents.

Education Levels - 2026



Source: Claritas 360

SUMMARY OF THE GROUND LEASE

The following is only a summary of some of the significant provisions of the Ground Lease and is qualified in its entirety by reference thereto. If a prospective Purchaser would like to review a copy of the Ground Lease, such Purchaser should please notify the Signatory Trustee. Capitalized terms used but not otherwise defined in this “Summary of the Ground Lease” section shall have the meanings given to them in the Ground Lease. With respect to the Ground Lease, the “Landlord” is expected to be the Trust.

Key Lease Terms:

Ground Owner:	LRT Hardeeville Multifamily 1 DST, a Delaware statutory trust
Ground Tenant:	LRT Multi One Leasee LLC, a South Carolina limited liability company.
Guaranty:	LRT Development Company LLC (the “ <i>Indemnification Guarantor</i> ”) has signed a guaranty to indemnify the Trust for costs and liabilities related to the Subjected Fee Mortgage.
Indemnity Cap	The liability of the Indemnification Guarantor shall not exceed an amount equal to the sum of (i) the Purchase Option Land Price and \$250,000; and with respect to costs and Liabilities accrued by Ground Owner after the expiration of the Option Period, the sum of (i) the Land Value and (ii) \$250,000.
Indemnification Guarantor:	LRT Development Company, LLC
Lease Date:	May 8, 2026.
Commencement Date:	May 8, 2026.
Premises:	17.18-acre plot of undeveloped land owned by the Trust located on 5 Island Gate Drive Hardeeville, Jasper County, South Carolina 29927.
Lease Type:	Triple Net Ground Lease
Term:	50 years beginning on the Commencement Date
Expiration Date:	May 8, 2076
Approval Date:	The date that all of the Approvals are issued for the construction of the Facility and all appeal periods for the Approvals have expired with either (i) no appeal having been filed or (ii) all appeals having been resolved in a manner satisfactory to Ground Owner and Ground Tenant
Construction Commencement Date:	One month following the Approval Date.
Construction Completion Date:	Twenty-four months following the Approval Date

Construction
Preconditions:

Ground Lessee must satisfy the following conditions prior to commencing construction: (a) Ground Lessee has provided to the Trust written evidence that Ground Lessee has sufficient funds available to it to complete the construction of the Facility, (b) the Trust has been provided copies of the final Plans in accordance with Section 7.05 of the Ground Lease, (c) Ground Lessee has delivered to the Trust the fully executed Guaranty, (d) Ground Lessee has delivered to the Trust a fully executed assumption of the Development Agreement and the Construction Agreement meeting the requirements of Article VII of the Ground Lease, (e) Ground Lessee has provided to the Trust copies of all Approvals required by all applicable Governmental Authorities, (f) Subject to the requirements of any Leasehold Mortgagee, an assignment of all of Ground Lessee's right, title, and interest in and to the Development Agreement, Construction Agreement, the Plans, the Contract Documents, and all intellectual property rights related thereto, such assignment to be in form and substance reasonably acceptable to the Trust, and (g) Ground Lessee has obtained, and has caused its general contractors, construction managers, architects, and subcontractors to obtain, the insurance required under Article X of the Ground Lease and has delivered to the Trust certificates (or certified copies of policies, if requested by Ground Owner) evidencing such insurance.

Construction:

The Ground Lessee intends, and is required under the terms of the Ground Lease, to design, develop, and construct a 216-unit multifamily apartment complex on the Land. All construction will be performed in accordance with a construction schedule subject to Unavoidable Delays and in a good and workmanlike manner, only by contractors and subcontractors that are properly licensed (as required by the State or municipality), registered, and insured in South Carolina, in the amounts required under applicable Laws and as required pursuant to the Ground Lease, to perform their respective work. The Trust reserves the right to monitor such construction, from its inception to its completion.

The title to all Improvements located at the Land shall be vested in Ground Lessee throughout the duration of the Term. Following the expiration or earlier termination of the Term, Ground Tenant shall be required, at its sole cost and expense, to demolish the Improvements, remove all debris and restore the Land to the condition in which it existed on the Commencement Date. Ground Tenant shall obtain all approvals and any permits required for such demolition and the demolition shall be conducted in accordance with all applicable Laws.

Construction Default:

Ground Lessee's failure to comply with the requirements of the Schedule of Performance and to Substantially Complete the Facility by

the Completion Date (subject to Unavoidable Delays) shall be deemed to be a material default under the Ground Lease and the Trust shall have the right to pursue any and all of its remedies as set forth in Section 14.02 of the Ground Lease and any and all of its rights and remedies at law and in equity.

Purchase Option:

Ground Tenant has the option to purchase the Land by delivering written notice of such election to Ground Owner (the "*Purchase Option Election Notice*") during the 30-day period immediately following the Purchase Option Commencement Date (as defined below) and each anniversary of the Purchase Option Commencement Date until the end of the Option Period (as defined in the Ground Lease). Commencing on the fourth anniversary of the Commencement Date (such date, the "*Purchase Option Commencement Date*") and continuing until the end of the term.

Within 10 days after Ground Tenant delivers the Purchase Option Election Notice to Ground Owner, Ground Tenant and Ground Owner shall mutually agree on a date upon which Ground Owner will convey to Ground Tenant fee simple title to the Land (the "*Purchase Option Closing*"). The scheduled date for the Purchase Option Closing shall not be later than 60 days following Ground Owner's receipt of the Purchase Option Election Notice.

Purchase Option Price:

The Purchase Option Price shall be a purchase price equal to the fair market value of the Ground lessor's Ground Lessor interest as determined by an appraisal performed by an independent qualified appraiser selected by Ground Owner. If Ground Tenant disputes the Ground Owner's determination of fair market value, Ground Tenant may submit the dispute to arbitration in accordance with the terms hereof, such sum, herein shall be referred to as the "*Purchase Option Land Price*").

Ground Tenant shall maintain a "Purchase Option" to acquire the Land from Ground Owner at a Purchase Option price equal to the fair market value of the Land as determined by an appraisal performed by an independent qualified appraiser selected by Ground Owner, provided, however, that the purchase price cannot be less than \$25,200,000 (the "*Minimum Option Land Price*").

Monthly Rent:

Monthly installments of Base Rent shall be due and payable on the first day of each calendar month. The total annual Base Rent shall be in the amount of \$1,323,000 for the first lease year, which annual rent shall increase as set forth in the Ground Lease.

Additional Rent: Ground Tenant shall also pay as Additional Rent all expenses of every kind and nature whatsoever relating to or arising from the Premises, including Impositions (a) property taxes of every kind and nature; (b) property assessments (whether general, special, business improvement district, or otherwise); (c) personal property taxes; (d) occupancy and rent taxes; (e) water, water meter, sewer rents, rates, and charges; and (f) any and all other governmental levies, fees, rents, assessments, or taxes and charges), and all expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Premises, except as otherwise expressly provided in this Lease.

Insurance: Ground Tenant shall maintain, or cause to be maintained, insurance: (a) such insurance shall be primary coverage without reduction or right of offset or contribution on account of any insurance provided by Ground Owner to itself or its officers, officials, or employees; (b) such insurance shall not be altered or cancelled without 10 days' written notice to Ground Owner; (c) such insurance shall name Ground Owner as an additional insured; (d) any Fee Mortgagee, Subjected Fee Mortgagee, and Leasehold Mortgagee shall be named as: (i) a loss payee or mortgagee on Ground Tenant's property damage insurance policy under a standard mortgagee clause; and (ii) an additional insured on Ground Tenant's liability insurance policies.

Maintenance/Ground Tenant's Obligations: Ground Tenant shall, at all times during the Term of this Lease, at Ground Tenant's sole cost and expense, keep and maintain the Premises, including the Improvements, appurtenances, and every part thereof that may exist on, in, or be made a part of the Premises, in good order and condition, ordinary wear and tear excepted, and make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. If Ground Tenant fails to keep and maintain the Premises as required by this Lease, Ground Owner may (but shall not be required to) perform and satisfy same, and Ground Tenant hereby agrees to reimburse Ground Owner, as Additional Rent, for the reasonable cost thereof promptly upon demand. Ground Tenant shall not permit any material waste of the Premises. Ground Tenant shall keep the entire Premises, including adjoining sidewalks, substantially free of any accumulation of dirt, rubbish, snow, and ice. Unless otherwise expressly provided in this Lease, Ground Owner is not required to maintain, repair, clean, alter, or improve the Premises, or to provide any services to the Premises.

Assignment/Subletting: Ground Tenant shall have the right, subject to the applicable provisions of this Article XII, to enter into an Assignment, Transfer, or Sublease with a Person (hereinafter called the "*Transferee*") provided that: (a) the Facility is Substantially Completed; (b) the Transferee is not a debtor or

debtor-in-possession in a voluntary or involuntary bankruptcy proceeding; and (c) with respect to an Assignment or a Transfer, the Transferee assumes all of Ground Tenant's obligations under this Lease thereafter arising and Ground Owner is provided with a fully executed copy of the assignment and assumption agreement.

Tenant Estoppels:

Tenant shall provide estoppel when given no less than 10 days prior written notice from Landlord

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SUMMARY OF THE PROJECT

The Ground Lessee will own the improvements comprising the Project, and the Trust will not be entitled to any profits from operation of the Project. The Trust and its Beneficial Owners will not be entitled to any portion of the value of any buildings, attachments, and other improvements located on the Land. The Beneficial Owners will not receive any portion of profits related to the construction of improvements on the Land, which will be done at Ground Lessee's sole expense and for Ground Lessee's sole benefit. As set forth in the Ground Lease, any improvements (including the Project) must be demolished or removed upon termination.

Description of the Project

The Ground Lease contemplates that the Ground Lessee will design, develop, and construct a 216-unit multifamily apartment complex on the Land. In order to do so, it is expected that the Ground Lessee will enter into a development agreement and construction agreement, and the Sponsor will serve as the developer. It is further expected that the Project will be financed by a construction loan and the proceeds of this Offering. See "RISK FACTORS – Real Estate Risks - Failure by Ground Lessee to Obtain Financing."

Property Management Agreement

It is expected that the Ground Lessee will enter into the Management Services Agreement for operation of the Project following construction. Under the terms of the Management Services Agreement, property manager will be responsible for, or assist with, preparing annual budgets, accounting and bookkeeping, obtaining licenses, human resources, payroll, and other responsibilities related to the day-to-day operation of a multifamily apartment complex. The property manager will receive significant compensation from the Ground Lessee in connection with its role under the Management Services Agreement.

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ACQUISITION TERMS AND FINANCING

The Land

Prior to the date of this Memorandum, the Trust acquired the Land from the Sponsor pursuant to a purchase and sale agreement, in exchange for 100% of the initial beneficial interests of the Trust, which the Sponsor requested be conveyed to the Depositor (Sponsor's wholly-owned subsidiary). Interests will be sold to the Purchasers on the terms and conditions described herein for a total Investment Cost of \$21,000,000. The Investment Cost consists of the costs described herein, including: (i) the Deemed Value of the Land of \$18,795,000, (ii) Total Selling Fees equal to \$1,995,000 and (iii) Organization and Offering Expenses equal to \$210,000. See "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND AFFILIATES."

Closing Costs

The Signatory Trustee will be reimbursed from the Gross Proceeds for all closing costs, including title insurance premiums, escrow fees, pro-rations, document preparation fees, miscellaneous recording fees and charges and legal fees. See "ESTIMATED USE OF PROCEEDS."

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PLAN OF DISTRIBUTION

Capitalization

The Offering is for a maximum of \$21,000,000 of Interests in the Trust. If a prospective Purchaser elects to purchase Interests and the Trust accepts his purchase, he will become a Purchaser in the Trust upon payment in full of the purchase price and acceptance of the Purchaser's Purchaser Agreement by the Signatory Trustee. A minimum purchase requirement of approximately a 0.4762% Interest, or \$100,000 is required, except that the Signatory Trustee, in its sole discretion, may permit certain Purchasers to purchase a lesser Interest. Interests will be sold on an individual basis, and the net proceeds from the sale of Interests will be used for the purposes set forth in this Memorandum. The Signatory Trustee intends to continue the Offering until the Offering Termination Date.

Qualifications of Purchasers

The Interests may be purchased only by Purchasers who satisfy certain suitability requirements. See "WHO MAY INVEST."

Marketing of Interests

Offers and sales of Interests will be made on a "best efforts" basis by the Signatory Trustee and its Affiliates. There is no guarantee that the Maximum Offering Amount will be sold. The Signatory Trustee will receive reimbursement of Organization and Offering Expenses incurred in connection with the Offering, including, but not limited to, title, survey, legal and other closing costs incurred in connection with this Offering, which are estimated to be approximately \$210,000. The Organization and Offering Expenses are based on certain assumptions made by the Signatory Trustee. If the actual expenses are less than this figure, any excess shall be retained by the Sponsor or its affiliates. The Signatory Trustee, in its sole discretion, may accept purchases of Interests net (or partially net) of the Organization and Offering Expenses and other items of compensation due to the Signatory Trustee or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion, including by way of illustration, but not limitation, from Purchasers who are Affiliates of the Signatory Trustee.

Inquiries regarding subscriptions should be directed to Metric Financial via email at mark@metric-financial.com. Subscriptions must be delivered in accordance with the instructions set forth in "HOW TO SUBSCRIBE."

Subscription Procedures

Purchasers desiring to purchase Interests must carefully read this Memorandum (including the exhibits hereto). Then, prospective Purchasers must follow the instructions set forth in "HOW TO SUBSCRIBE" in this Memorandum.

Ownership by Affiliates

In their sole discretion, Affiliates of the Signatory Trustee may purchase any number of the Interests in the Trust. The ownership of the Interests by such Affiliates involves certain risks that potential Purchasers should consider, including, but not limited to, the following:

- (1) Affiliates will receive distributions as Purchasers.
- (2) Affiliates may have a conflict of interest, for example, because Affiliates may have an interest in disposing of the Land at an earlier date than other Purchasers, so as to recover their investments in the Interests.
- (3) Purchases of the Interests by Affiliates will mean that the Maximum Offering Amount will not have been invested by disinterested investors after an assessment of the merits of the Offering.
- (4) There are additional tax risks associated with purchases of the Interests by Affiliates.

Limitation of Offering

The offer and sale of the Interests offered hereby are made in reliance upon exemptions from the Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons satisfying the Investor 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 qualifications.

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MANAGEMENT

The Sponsor and the Signatory Trustee

Sponsor specializes in the development, ownership, and operation of a wide array of commercial and residential real estate, including the development of senior living facilities. In addition to the Project, Sponsor, or its subsidiaries, currently own and are in the process of developing four senior living facilities.

The principal members of the Sponsor's management team and their roles are as follows:

Lawrence W. Labonte – Chief Executive Officer. Lawrence LaBonte has been a real estate professional for his entire career which began in 1986 with the Thomas J. Flatley in Braintree Ma. as a Management Trainee for the Schraft Building in Charlestown, Ma. and eventually held other positions within the company including Assistant Property Manager, before becoming an Asset Manager for the Bartlett Group in Danvers, Ma.

During the recession and banking crisis in 1990 Mr. LaBonte relocated to Chicago, IL. and specialized in working for court appointed bank Trustees, where he turned around distressed multi-family assets by repositioning them for disposition. He also served as a General Manager for American Invsco who was one of the largest condo converters in the United States at the time. The position required overseeing construction budgets in excess of \$35 million per project, and during his 7 years of employment, oversaw the re-development of 900 condominium units on Michigan Ave. and Lake Shore Dr.

In 2001 he continued his career back on the east coast working for a family-owned auction and liquidation company, whose principal was appointed to the United States Bankruptcy Court. Mr. LaBonte oversaw the disposition of distressed corporations and assets in the New England region until 2008.

Mr. LaBonte opened his own family office for real estate investing and has developed or redeveloped \$20 million of multi-family properties in New England ranging from 12-50 unit properties. Since 2015, his primary Office focus has been on discovering emerging senior living and multi-family markets. His broad range of experience, with a specialty in land acquisition, entitlements and public finance makes him well suited to execute successful projects where he is actively engaged in all development activity alongside industry leaders in senior housing and development.

Mr. LaBonte is graduate of Babson College with a degree in Business Administration.

Charles Anderson – Development Director. Mr. Anderson is a Partner with Senior Living Access Care Group and President of Atlantic Capital Real Estate Inc., which is a land development business. They are or have developed primarily residential communities in Rhode Island, Massachusetts, Connecticut, South Carolina, Louisiana, New York and Florida totaling in excess of 2,400 units and commercial space in excess of 1,000,000 sq. ft.

Senior Living: Mr. Anderson is also strategically involved in the permitting and design of four Continuing Care Communities. They include 152-unit facilities in Leesburg, FL, Hardeeville, SC and Leander, TX., and a fourth facility that consists of 202 units in Coventry, RI.

Residential: Other projects include two condominium projects totaling 104 units in the town of Coventry and West Warwick, RI. Previously he was associated with Coastal Capital in Providence, RI. At Coastal Capital he advised, structured and arranged debt and equity for real estate transactions in excess of \$500 million. He also sourced and participated as a principal in the acquisition, restructuring and redevelopment of many troubled real estate assets with a value in excess of \$80 million.

Prior to his association with Coastal Capital, Mr. Anderson was a principal in Anderson Associates Inc. and Wildfield Associates Inc. In this capacity he identified prime real estate for acquisition and development. This included the permitting and development of over 1200 home sites and 400 condominiums.

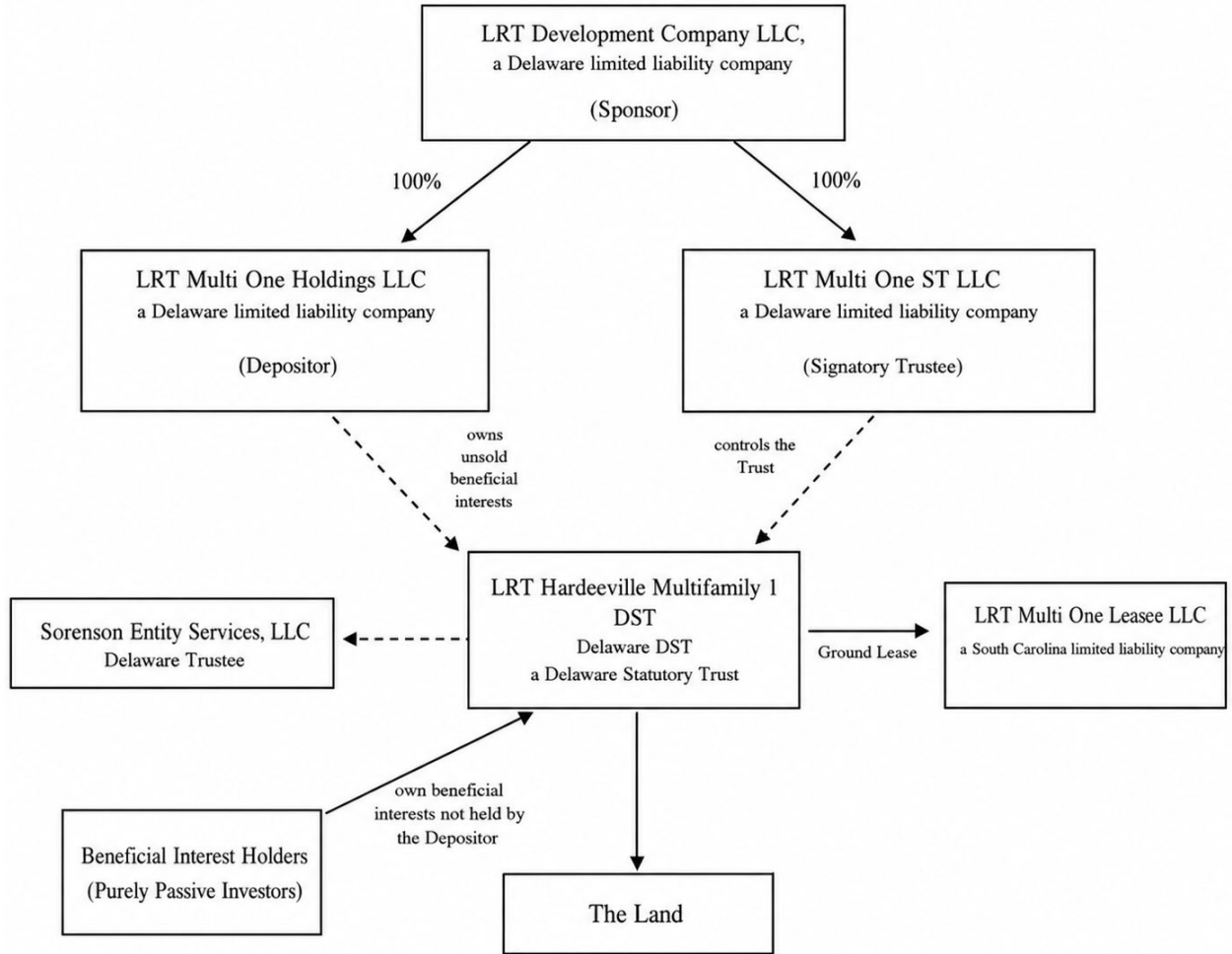
Earlier in his career, Mr. Anderson was a regional director for Mutual Benefit Financial Service Company. In that role he oversaw the broker-dealer network in the Southwest and was involved in structuring and placing over \$500 million in equity for private placement investments.

Mr. Anderson is a graduate of the University of Rhode Island with a degree in Business Administration.

Jon Bartholomew – Director of Capital Markets. Mr. Bartholomew has decades of experience in private equity and alternative investment offerings. He has been responsible for national growth with many recognized firms.

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ORGANIZATIONAL CHART



FIDUCIARY DUTIES OF THE TRUSTEES

Under Delaware law, the Delaware Trustee and/or the Signatory Trustee may (or may not) owe duties (including fiduciary duties) to the Trust or the Purchasers. Delaware law, however, permits the trust agreement of a Delaware statutory trust to expand or restrict the duties (including fiduciary duties) of trustees, managers, or other persons managing the business and affairs of a Delaware statutory trust owed by the trustee to the trust or its Purchasers or owed by such managers or other persons to the trust, its Purchasers or its trustees. In the present case, the Trust Agreement provides that the Delaware Trustee's duties, and the Signatory Trustee's duties (including fiduciary duties) and liabilities relating thereto to the Trust and the Purchasers are limited to those duties expressly set forth in the Trust Agreement and the liabilities relating thereto. Further, the Trust Agreement provides that a Purchaser does not have any power to give direction to the Delaware Trustee, the Signatory Trustee, or any other person, and any attempt to exercise power shall not cause such Purchaser to have duties (including fiduciary duties) or liabilities relating thereto, to the Trust or to any other Purchaser. These duties may be less than are applicable to other investments, such as a partnership, limited liability company or corporation.

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CONFLICTS OF INTEREST

The Sponsor and its Affiliates act, and will continue to act, as the trustee, Purchaser, member or manager of other Delaware statutory trusts, limited liability companies and other entities from time to time. The Sponsor and its Affiliates have existing responsibilities and may have additional responsibilities in the future to provide management and services to a number of other entities. The Purchasers will not have any interest whatsoever in any such future entities or properties by virtue of their investment in the Trust.

The principal areas in which conflicts may be anticipated to occur are as follows:

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the Sponsor, the Depositor, the Signatory and their Affiliates to the Trust, the Purchasers and similar obligations to other entities. Moreover, it is expected that the Trust will not have independent management and that it will rely on the Sponsor and its Affiliates for all management decisions. Other investment entities in which the Sponsor and its Affiliates participate, for example, other investment programs sponsored by the Sponsor or its Affiliates, may compete for the time and resources of the Sponsor and its Affiliates. Therefore, the Sponsor and its Affiliates will have conflicts of interest in allocating management time, services, and functions among the Depositor, the Trust, the Signatory Trustee, and other existing companies and businesses, as well as the various companies or business entities with which they are currently engaged and others that may be organized in the future.

Interests in Other Activities

The Sponsor and its Affiliates may engage for their own account, or for the account of others, in other business ventures, and no Purchaser shall be entitled to any interest therein solely by reason of an investment in this Offering. Some of these other business activities may compete directly with the Land.

Receipt of Compensation by the Sponsor and its Affiliates

The payments to the Sponsor, the Signatory Trustee, and their Affiliates set forth under “COMPENSATION OF THE SPONSOR AND AFFILIATES” have not been determined by arm’s-length negotiations.

Legal Representation

Tax Counsel has been retained by the Sponsor and the Trust as U.S. federal income tax counsel with respect to the Offering. Tax Counsel may represent additional entities formed by the Sponsor and its Affiliates in the future. Tax Counsel does not represent the Purchasers and Purchasers are encouraged to consult their own legal counsel and tax advisors regarding an investment in Interests.

Resolution of Conflicts of Interest

None of the Sponsor, the Signatory Trustee, the Trust, or the Ground Lessee has developed, or expects to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Purchasers, the Sponsor and its Affiliates, in their sole discretion, will attempt to mitigate such potential adversity by the exercise of their business judgment. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest described above.

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COMPENSATION OF THE SPONSOR AND AFFILIATES

The following is a description of compensation that may be received by the Sponsor and its Affiliates from the Purchasers or in connection with the use of the proceeds of the Offering of Interests. Other than as specified herein, no compensation will be paid to the Sponsor or its Affiliates. These compensation arrangements have been established by the Sponsor and its Affiliates and are not the result of arm's-length negotiations.

<u>Form of Compensation</u>	<u>Description and Entity Receiving</u>	<u>Estimated Amount of Compensation</u>
Offering and Organization Stage:		
Organization and Offering Expenses:	The Signatory Trustee will receive a non-accountable allowance of up to 1% of Gross Proceeds for expenses incurred in connection with the Offering, including, but not limited to, title, survey, legal and other closing costs incurred in connection with this Offering. The actual amount of these costs may be higher or lower than anticipated. To the extent that the amount included in Organization and Offering Expenses is not expended or otherwise used to cover other expenses in connection with the Offering, any such excess will be retained by the Sponsor. To the extent that actual Organization and Offering Expenses exceed this estimate, any such excess will be paid by the Sponsor.	\$210,000, assuming the Maximum Offering Amount is raised.
Gain on Sale of the Land to the Trust:	The Sponsor will recognize significant gain with respect to the Land which gain is attributable to the execution of the Ground Lease.	The Sponsor will receive an amount equal to the Deemed Value of the Land of \$18,795,000.

Operating Stage:

Ground Lease	The Ground Lessee will retain operating	Impossible to determine at
Operating Profit:	revenues from the Project that exceed rent due the Trust under the Ground Lease.	this time.

Liquidation Stage:

Disposition Fee:	The Trust will be obligated to pay the Sponsor a disposition fee equal to 2.0% of the gross sales price of the Land upon the sale of the Land. However, the Sponsor or its Affiliate will not be entitled to such Disposition Fee in the event that the gross sales price of the Land is less than the amount of the Maximum Offering Amount.	Impossible to determine at this time.
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SUMMARY OF THE PURCHASE AGREEMENT

General

Each Purchaser will be provided and will be required to execute a Purchase Agreement in the form which is available upon request. Each prospective Purchaser should review the entire Purchase Agreement with his own independent legal counsel before submitting an offer to purchase. The following description is merely a summary of some of the significant provisions of the Purchase Agreement and is qualified in its entirety by the full text thereof.

Deposit; Liquidated Damages

Purchasers may be required, within five days of executing and returning the Purchase Agreement, to fund a Deposit in an amount equal to five percent (5%) of the equity amount of such Purchaser's investment, or as determined by the Signatory Trustee, by check or wire funds payable to "LRT Hardeeville Multifamily 1 DST." The Signatory Trustee may agree to a delay in receipt or waiver of such Deposit in its sole discretion. Upon the close of escrow, the Deposit (if applicable) will be credited against the purchase price for the Interests or refunded, at the Purchaser's election. The Signatory Trustee may elect to retain the Deposit of a Purchaser who is in default under the Purchase Agreement.

Review and Acceptance or Rejection of Purchaser Questionnaire

The Signatory Trustee will review the signed Purchaser Questionnaire and the Purchase Agreement. Additional documents may be required in the Signatory Trustee's sole discretion. The Signatory Trustee will have the right, in its sole discretion, to accept or reject any prospective Purchaser's subscription. The Signatory Trustee will notify each prospective Purchaser in writing whether its subscription has been accepted or rejected. If the Purchaser's subscription is rejected, the Signatory Trustee will return the Deposit to the Purchaser, subject to its rights to retain the Deposit as liquidated damages if the Purchaser has defaulted under the Purchase Agreement.

Submission of Offer to Purchase

A summary of the escrow arrangements for the offer and purchase of the Interests is set forth in the section entitled "HOW TO SUBSCRIBE." Purchasers should read that section in its entirety.

"As-Is" Purchase

Except as to any specific representations and warranties contained therein, the Purchase Agreement provides limited representations or warranties to the Purchasers. Consequently, the Purchasers must rely on their own investigations and analysis of the Trust and the Land and are encouraged to seek the advice of their own independent legal counsel, accountant or real estate advisor. As described in "ADDITIONAL INFORMATION," each Purchaser is encouraged to ask questions about the Trust, the Land, and related matters and to request and review any additional information to the extent the Signatory Trustee possesses such information or can acquire such information without unreasonable effort or expense.

No Tax Advice

The Purchasers also will acquire their Interests without any representations from the Signatory Trustee and its Affiliates regarding tax implications of the transaction. Each Purchaser should consult his own independent attorneys and other tax advisors regarding the tax implications of the acquisition of the Interests, including whether or not such acquisition will qualify as part of a tax-deferred exchange under Section 1031 of the Code, 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 the Purchaser’s approval of the physical and financial condition of the Land, payment of the purchase price by Purchaser, compliance with the 1031 Exchange requirements in order for the Purchaser to complete its exchange, including entry into the Ground Lease by the Trust, and the absence of any defaults or events that could mature into a default under the Ground Lease. If the Purchase Agreement are terminated, the Purchaser will have no right to acquire any portion of the Land and will have no claims against the Depositor, the Signatory Trustee or the Trust for damages, expenses, lost profits or otherwise. However, the Deposit (if applicable) will be returned to the Purchaser if the Purchase Agreement is terminated for any reason other than the Purchaser’s default.

Closing Procedure

Within a reasonable time after closing the purchase of Interests by a Purchaser, a confirmation statement reflecting the Interests purchased will be delivered to such Purchaser.

Indemnity

The Purchase Agreement contains an indemnity provision whereby each Purchaser will be required to indemnify, defend and hold harmless the Sponsor, the Signatory Trustee, the Depositor, escrow holder, certain Sponsor affiliates and certain other parties of and from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) that they may incur by reason of the Purchaser’s failure to fulfill all of the terms and conditions of the Purchase Agreement or untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained therein. Each prospective Purchaser should review Section 7.5.11 of the Purchase Agreement prior to subscribing for the Interests.

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SUMMARY OF THE TRUST AGREEMENT

The Purchasers will take Interests in the Trust subject to the Trust Agreement. The rights and obligations of the Purchasers will be governed by the Trust Agreement. The Trust will hold the Land. Each prospective Purchaser should review the entire Trust Agreement before investing. The following is a summary of some of the significant provisions of the Trust Agreement and is qualified in its entirety by reference to the full text of the Trust Agreement.

Purchasers

The Purchasers will be the Purchasers who purchase Interests in the Trust. The Depositor is expected to initially acquire all of the beneficial interests in the Trust for its assignment of its rights to acquire the Land. All cash contributed by the Purchasers in exchange for Interests will reduce the Depositor's ownership of the beneficial interests in the Trust. With respect to each purchase of Interests by a Purchaser and the related purchase from the Depositor by the Trust, the reduction of the percentage share of the beneficial interests held by the Depositor will be equal to the percentage share purchased from the Trust by the Purchaser.

Term

The Trust is expected to remain in effect until such time as the Land is sold or a Transfer Distribution has occurred, either of which is expected to occur within approximately five years of the closing, or until such time that it is dissolved and wound up in accordance with the Delaware Statutory Trust Act. In no event shall the Trust continue beyond the term permitted by law. The death, incapacity, dissolution, termination, or bankruptcy of any Purchaser will not result in the termination or dissolution of the Trust.

The Delaware Trustee

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

The Delaware Trustee will receive compensation for its services under the Trust Agreement and will be reimbursed for out-of-pocket expenses, fees and disbursements, counsel fees and expenses, and services of an unanticipated or extraordinary nature. The Delaware Trustee may resign at any time by giving written notice to the Signatory Trustee. The Trust will indemnify the Delaware Trustee for all actions taken on behalf of the Trust except for willful misconduct, bad faith, fraud, and gross negligence of the Delaware Trustee. The Signatory Trustee may remove the Delaware Trustee at any time, but only for the willful misconduct, bad faith, fraud or gross negligence of the Delaware Trustee.

The Signatory Trustee

The Signatory Trustee has the power and authority to manage the investment activities and affairs of the Trust as permitted under the Trust Agreement. The Signatory Trustee has the primary responsibility for performing the administrative actions set forth in the Trust Agreement, including collecting rents and making distributions. The Signatory Trustee may, at its election, enter into one or more service agreements with third parties, including its Affiliates, to assist it in providing such services. The Signatory Trustee has the sole power to determine when it is appropriate to sell the Land after a specified number of years. The Signatory Trustee shall not have any liability to any Person except for its own willful misconduct, bad faith, fraud or gross negligence. Pursuant to the Trust Agreement, the Signatory Trustee will receive fees for its services and reimbursement of reasonable and necessary expenses paid or incurred by the Signatory Trustee in the future in connection with the operation of the Trust, including any legal and accounting costs and allocated office and administration overhead expenses, all of which will be paid from operating revenue. The Signatory Trustee may resign at any time by giving written notice to the Delaware Trustee. The Trust will indemnify the Signatory Trustee for all actions taken on behalf of the Trust except for willful misconduct, bad faith, fraud, and gross negligence of the Signatory Trustee. The Delaware Trustee may remove the Signatory Trustee at any time, but only for the willful misconduct, bad faith, fraud or gross negligence of the Signatory Trustee.

Power of Delaware Trustee and Signatory Trustee

The Trust Agreement expressly prohibits the Delaware Trustee and the Signatory Trustee from taking a number of actions, including the following: (a) selling, transferring or exchanging the Land except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Land or in short-term liquid assets; (c) obtaining a new loan, except in the case of the Ground Lessee's bankruptcy or insolvency; (d) renegotiating the Ground Lease on the Land or entering into a new lease, except in the case of the Ground Lessee's bankruptcy or insolvency; (e) making modifications to the Land (other than minor nonstructural modifications) unless required by law; (f) accepting any capital from a Purchaser except funds contributed by the Depositor or by the Purchasers in connection with the purchase of the Beneficial Interests that will be distributed to redeem the Depositor or fund any reserves in connection with the Offering or fund offering related expenses; or (g) taking any other action that would in the opinion of Tax Counsel to the Trust cause the Trust to be treated as a business entity for federal income tax purposes if the affect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under applicable tax law.

As a result, the Trust may be required to effectuate a Transfer Distribution in order to take the actions necessary to preserve and protect the Land. The Purchasers will no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Land.

Transfer Rights

Each Purchaser may transfer, assign, encumber or pledge its Interests, subject to the terms of the Trust Agreement and applicable securities laws. The consent of the Signatory Trustee and/or the Delaware

Trustee is not required. At no time shall the number of Purchasers exceed the lesser of the number of persons constituting the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934, or any successor provision. Any permitted assignee of a Purchaser may become a Purchaser upon such assignee's execution and delivery to the Signatory Trustee of an acceptable assumption agreement, a copy of which is attached to the Trust Agreement as an exhibit.

Waivers

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

Distributions

The Signatory Trustee will distribute all available cash to the Purchasers on a monthly basis, after paying or reimbursing the Signatory Trustee for any fees or expenses paid by the Signatory Trustee on behalf of the Trust and retaining such additional amounts as the Signatory Trustee determines are necessary to pay anticipated ordinary current and future Trust expenses. Distributions shall begin on the 15th day of the first month following receipt by the Trust of rent due under the Ground Lease.

Termination of the Trust to Protect the Land

If the Signatory Trustee determines that the Ground Lessee has defaulted in paying the Rent, or in certain other circumstances, the Signatory Trustee may determine to terminate the Trust and title to the Land will transfer to the Springing LLC. The Purchasers shall become members in the Springing LLC and own membership interests in proportion to their ownership of Interests. See "SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT" below. The Trust termination and transfer to the Springing LLC is referred to as a "Transfer Distribution." See "RISK FACTORS – Delaware Statutory Trust Structure Risks – Sale of the Land" and "RISK FACTORS – Delaware Statutory Trust Structure Risks – Transfer to the Springing LLC."

Sale of the Land

The Signatory Trustee may cause the Trust to sell the Land at any time after the Land has been held by the Trust for at least two years measured from the date of the sale of the first Interest. The Signatory Trustee shall be responsible for (a) determining the fair market value of the Land, (b) conducting the sale of the Land, and (c) after paying all amounts due to the Delaware Trustee, if any, distributing the balance of the proceeds (net of any closing costs payable by the Trust including any fee due to the Signatory Trustee) to the Purchasers. The Signatory Trustee and the Delaware Trustee shall take all reasonable action that

would enable the sale to qualify, with respect to each Purchaser, as a like-kind exchange within the meaning of Section 1031 of the Code. Any sale of the Land shall be on an “as is, where is” basis and without any representations or warranties by the Delaware Trustee or the Signatory Trustee (other than as to ownership of the Land and authority to enter into the sale).

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SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT

The following is a summary of some of the more significant provisions of the Limited Liability Company Agreement to be entered into with respect to the Springing LLC upon a Transfer Distribution. A form of the Limited Liability Company Agreement is attached to the Trust Agreement and should be referred to for a complete statement of the rights and obligations of the members. A prospective Purchaser should carefully review the Limited Liability Company Agreement before subscribing for Interests.

Management

The Springing LLC will be formed upon the occurrence of a Transfer Distribution and the Signatory Trustee, or an entity controlled by the Signatory Trustee, will become the manager of the Springing LLC upon a Transfer Distribution. The Limited Liability Company Agreement will grant to the manager broad authority in the exercise of the management and control of the Springing LLC, including complete power to do all things necessary or incident to the management and conduct of the Springing LLC's business.

Rights of Members

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, however, will have the right to receive information required for federal income tax reporting and certain other financial information and to inspect certain Springing LLC records. The members will be entitled to vote on the following matters, and the vote of a majority interest shall be required to undertake any such actions: (i) entering into an agreement to sell the Land, (ii) entering into an agreement to modify, amend, extend or terminate the Ground Lease, (iii) entering into an agreement to borrow additional funds, (iv) admitting new members to the Springing LLC, (v) dissolving or winding up the Springing LLC, or (vi) amending the Limited Liability Company Agreement of the Springing LLC (other than with respect to the admission of a new member or the resignation or withdrawal of an existing member.)

Limited Liability

No member will be liable for the Springing LLC's debts or other obligations, except to the extent of such member's share of undistributed profits, if any, and the amount of any distributions made to such member by the Springing LLC constituting a return of such member's capital contribution.

Transfer of Membership Interests

No transfer of a membership interest or any interest therein may be made unless the manager, in its sole discretion, has consented to such transfer. In addition, no transfer may be made if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded partnership for federal income tax purposes or that would otherwise result in the loss of an applicable securities exception or result in the Springing LLC having to register as an investment company or an investment advisor under the Investment Advisors Act of 1940. Further, no assignment of any membership interests may be made if the membership

interests to be assigned, when added to the total of all other membership interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Springing LLC, result in the termination of the Springing LLC under the Code. The manager may require an opinion of counsel that is acceptable to the manager that such transfer will not violate any federal or state securities laws or any provisions of any underlying loan agreements. A Person to whom a transfer is to be made will not become a substituted member in the Springing LLC unless (i) the manager, in its sole discretion, has consented to such substitution, (ii) the Person to whom the transfer is to be made has assumed any and all of the obligations under the Limited Liability Company Agreement with respect to the membership interests to which the transfer relates, (iii) all reasonable expenses required in connection with the transfer have been paid by or for the account of the Person to whom the transfer is to be made, and (iv) all agreements, certificates or amended certificates and all other documents have been executed and filed and all other acts have been performed which the manager deems necessary to make the Person to whom the transfer is to be made a substituted member in the Springing LLC and to preserve the Springing LLC's status.

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 Certificate of Formation;
- (ii) a determination by the manager and members holding a majority interest to terminate the Springing LLC; or
- (iii) the sale of the Land held by the Springing LLC.

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

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

Meetings

The manager may call a meeting of the members at any time with respect to any matter. Members whose combined membership interests constitute 25% or more of all membership interests then outstanding may request the manager to call a meeting to vote and take action with respect to any issue on which the members may vote pursuant to the Limited Liability Company Agreement. Upon receiving a proper written request stating the purpose of the meeting, the manager will be required to mail, within 10 days after receipt of such request, written notice to all members of the meeting, stating the purpose of such meeting.

Resignation of Manager

The manager may not be removed by the members. The manager may, at its election, resign as manager.

Amendment of the Limited Liability Company Agreement

The manager shall have the right to modify and amend the Limited Liability Company Agreement of the Springing LLC to admit new members and to reflect the removal of existing members. The Limited Liability Company Agreement of the Springing LLC may be modified and amended upon the vote of a majority in interest of the members.

Books and Records

The Limited Liability Company Agreement will require the manager to distribute to each member, within 90 days following the close of the Springing LLC's fiscal year on December 31, annual information necessary for tax purposes.

Indemnification and Exoneration

Subject to certain conditions, the Springing LLC will indemnify the manager against certain claims or lawsuits arising out of the Springing LLC's activities or operations of the Springing LLC. The foregoing notwithstanding, the manager will not be relieved from liability resulting from any act or omission of the manager due to willful misconduct, intentional wrongdoing or gross negligence.

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RESTRICTIONS ON TRANSFERABILITY

There are restrictions on the transferability of the Interests imposed by state and federal securities laws. The Interests offered hereby have not been registered under the Act or by the securities regulatory authority of any state. The Interests may not be resold unless they are registered under the Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available. There currently is no market for the Interests and none is expected to develop. Prospective Purchasers should view the Interests as being a long-term investment. In addition, a sale of the Interests must be consummated in accordance with the Trust Agreement.

Each prospective Purchaser who or which purchases an Interest shall be required, as a condition to such purchase, to execute and deliver to the Sponsor a Purchase Agreement. The Purchase Agreement provides, among other things, that a Purchaser represents and warrants that the Purchaser is purchasing the Interests for the Purchaser's own account for investment only, and without any view to the distribution thereof or resale to others and that such Purchaser will not sell or transfer any or all of the Interests without registration under the Act and registration or qualification under applicable state securities laws unless exemptions from such registration or qualification requirements are available. The Sponsor and its Affiliates have no obligation to affect such registration or qualification. Generally speaking, an exemption from the registration requirements of the Act would not be available to a Purchaser attempting to resell its Interests except pursuant to Rule 144 under the Act. The Interests will be "restricted securities" as that term is defined in Rule 144.

In general, under Rule 144, a person (or persons whose securities are aggregated), including an "affiliate," who has beneficially owned securities of an issuer that is not a public reporting company for at least one year (including the holding period of any prior owner except an "affiliate"), is entitled to sell in "broker's transactions" or to market makers, within any three-month period, a number of securities that does not exceed the greater of (i) 1% of the then outstanding securities or, (ii) generally, the average weekly trading volume of the securities during the four calendar weeks preceding the filing of a notice with respect to such sale. Certain other limitations, restrictions, and requirements apply, including the requirement that certain information about the securities and the Trust be publicly available. The Trust has no present intention of making such information publicly available. In addition, a person who is not deemed to have been an "affiliate" of the Trust at any time during the three months preceding a sale and who has beneficially owned the securities proposed to be sold for at least one year would be entitled to sell such securities under Rule 144 without regard to the limitations described above. An "affiliate" is defined in Rule 144 as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer of the securities." The foregoing is intended only as a brief summary of Rule 144 and does not address a number of important aspects of the exemption provided thereunder. Purchasers are encouraged to seek additional information about Rule 144 and the characterization of the securities as "restricted securities" thereunder from qualified securities counsel.

Moreover, even if Rule 144 is available, sales and transfers of Interests are restricted by the Trust Agreement.

The foregoing descriptions of the Purchase Agreement and the Trust Agreement are qualified by reference to the complete terms and conditions thereof, copies of which are set forth elsewhere in this Memorandum.

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FEDERAL INCOME TAX CONSEQUENCES

This section of the Memorandum addresses whether an Interest qualifies as a real property interest for purposes of completing a like-kind exchange of real property under Code Section 1031. This section also contains a summary of the federal income tax principles applicable to the ownership of an Interest. The statements in this section are based on law in effect on the date of this Memorandum. A Purchaser's actual tax consequences from owning an Interest will depend on facts about the Land's operations and on the Purchaser's personal circumstances. Such consequences also may be affected by a change in the law or the IRS's disallowance of one or more tax positions that a Purchaser may take. The summary addresses only income tax principles that are generally applicable to the ownership of an Interest. Factors that may apply and be of material significance to a particular Purchaser may not be addressed herein. Therefore, this summary is not intended as a substitute for careful individual tax planning by a Purchaser. Each Purchaser must consult his own tax advisor about such income tax consequences before making an investment in Interests. See "RISK FACTORS – Tax Risks."

Tax notice: Purchasers are hereby notified that: (1) any description of tax issues in the Memorandum is not intended or written to be used, and cannot be used, by Purchasers for the purpose of avoiding penalties that may be imposed on them under the Code; (2) such description is written in connection with the Trust's promotion or marketing of the Interests; and (3) Purchasers should obtain advice based on their particular circumstances from an independent tax advisor.

Section 1031 of the Code provides that a taxpayer shall not recognize gain (or loss) from a disposition of qualifying property if the taxpayer acquires like-kind property in exchange. A taxpayer must meet numerous requirements to be eligible for the tax deferral provided by Section 1031. This section of the Memorandum addresses only one such requirement. A Purchaser must consult his own tax advisor regarding the other requirements of Section 1031. In order to purchase an Interest, a Purchaser must represent and warrant the following matters:

- (i) he has consulted his own independent tax advisor regarding an investment in the Interests and the qualification of the transaction under Section 1031 of the Code and applicable state tax laws;
- (ii) he is not relying on any statement of the Signatory Trustee or any of their Affiliates or agents, including Tax Counsel and their accountants, or any other Advisor for tax advice regarding the qualification of the Interests under Section 1031 of the Code or any other matter;
- (iii) he is not relying on any statements made in this Memorandum regarding the qualification of an Interest as real property under Section 1031 of the Code;
- (iv) he understands that the tax opinion is Tax Counsel's view of the anticipated tax treatment and there is no guarantee that the IRS will agree with such opinion;
- (v) he is aware that the IRS has issued Revenue Ruling 2004-86, 2004-2 C.B. 191 addressing Delaware statutory trusts and that the Revenue Ruling constitutes authority only for the specific facts

contained therein. Because the Trust will not obtain an IRS letter ruling, no assurance can be given that an Interest will qualify as a real property interest for federal income tax purposes; and

- (vi) he shall report the purchase of an Interest pursuant to the Purchase Agreement as the purchase of a direct interest in the Land for federal income tax purposes.

Real Property Interests Under Code Section 1031.

In order to qualify for nonrecognition under Code Section 1031, a Purchaser who has disposed of real property must acquire other real property in exchange. If the replacement property that such a Purchaser acquires is considered a partnership interest, a security or some other form of property interest other than a real property interest, the Purchaser will not be eligible to defer gain under Section 1031.

Tax Counsel has issued a tax opinion, a copy of which is attached to the Memorandum as Exhibit C. Tax Counsel's opinion contains the conclusion that, if challenged and litigated, an Interest should be considered a direct interest in the Trust's assets for purposes of the like-kind exchange rules under Code Section 1031. Such opinion is based on Tax Counsel's related opinions that for federal income tax purposes (i) the Trust should be treated as an investment trust described in Section 301.7701-4(c) of the Treasury Regulations that is classified as a "trust" under Section 301.7701-4(a) of the Treasury Regulations, (ii) the owners (the "*Beneficial Owners*") of beneficial interests in the Trust (the "*Interests*") should be treated as "grantors" of the Trust, (iii) the Interests should not be treated as a "security" under Section 1031 of the Internal Revenue Code of 1986, as amended (the "*Code*"), (iv) as "grantors," the Beneficial Owners should be treated as acquiring and owning a direct interest in real property for federal income tax purposes, (v) the Ground Lease should be treated as a "true lease" for tax purposes, (vi) the Ground Lease should not be recharacterized as a partnership agreement, and (vii) the Ground Lease should not be recharacterized as a management agreement. Tax Counsel also has opined that for purposes of Section 1031 of the Code, an Interest should not be considered an ineligible "security." However, Tax Counsel's opinion is expressly limited to the foregoing matters, and Tax Counsel does not opine as to the portion of an investor's purchase price that should be considered real property in a Section 1031 exchange.

Tax Counsel's opinion concludes, first, that the Trust will be considered a "trust" rather than a partnership or a corporation for federal income tax purposes. Despite its designation as a trust for state law purposes, an arrangement will not qualify as a trust for tax purposes unless (a) the trust is recognized as an entity, (b) the trustee's power is limited to the role of preserving and protecting the trust's property and (c) the beneficiaries have no power to participate in the trustee's responsibilities. Treasury Regulation 301.7701-4 provides that for tax purposes a trust is an arrangement whereby a trustee takes title to property for the purpose of protecting it or conserving it for the beneficiaries. An arrangement will not be classified as a trust if the trustee has the power under the trust agreement to vary the investment of the beneficiaries. If an entity is created by the beneficiaries themselves, it will be considered a trust for tax purposes only if it can be shown that the purpose of the arrangement is to vest in the trustee the responsibility to protect and conserve property for beneficiaries and if the beneficiaries lack the power to share in the discharge of the trustee's responsibility and are not associates in a joint enterprise for the conduct of business. *Commissioner v. North American Bond Trust*, 122 F.2d 545 (2d Cir.1941). (An arrangement is not a trust where the trustee has the power to vary the trust's investment property.) Revenue Ruling 78-371, 1978-2 C.B. 344. (An

arrangement is not a trust where the trustee has the power to purchase property, construct and raze a building and borrow money. *Elm Street Realty Trust v. Commissioner*, 76 T.C. 803 (1981).) (Where beneficiaries lack the power to share in the trustee's responsibilities, an arrangement is recognized as a trust for tax purposes.) In Revenue Ruling 2004-86, 2004-2 C.B. 191, the IRS ruled that an arrangement involving a DST that held title to real property was a trust for tax purposes because the trustee's power was limited to the collection and distribution of income and the beneficiaries lacked the power to participate in the discharge of the trustee's responsibilities. Based on the foregoing authority, Tax Counsel's opinion is that the Trust should be respected as a trust for tax purposes.

Tax Counsel also has concluded that the Trust should be characterized as a grantor trust under Section 671 of the Code. Under Section 671, if a trust's income may be held for the benefit of the grantor (that is, the person who contributes money or other property to the trust) and the grantor possesses a reversionary interest in the trust, the trust will be considered a grantor trust. Section 671 further provides that the grantor of a trust that is considered a grantor trust will be considered the direct owner of the trust's property for income tax purposes. In Revenue Ruling 2004-86, the IRS ruled that because the grantors of a DST possessed the right to receive the DST's income and the proceeds from a sale of the DST's property, the trust would be considered a grantor trust and the trust beneficiaries would be considered the grantors and the direct owners of the DST's real property even though such property was titled in the DST's name. Accordingly, the IRS ruled that beneficiaries' DST interests would qualify as real property in a like-kind exchange of real property under Section 1031 of the Code. Based on Section 671 and Revenue Ruling 2004-86, Tax Counsel has concluded that a Purchaser should be considered a grantor of the Trust because the Purchaser transferred cash to the Trust in exchange for an Interest. Because each Purchaser will have the sole and exclusive right to receive his share of the Trust's income and its corpus, Tax Counsel has concluded that a Purchaser should be considered to directly own the Land for federal income tax purposes.

Tax Counsel has further concluded that the Ground Lease should be respected as a true lease, should not be recharacterized as a partnership agreement, and should not be recharacterized as a management agreement.

The Trust has been structured to be substantially similar to the DST described in Revenue Ruling 2004-86. However, the transactions that are part of the Offering contain certain facts and terms that were not present in the transaction that was the subject of Revenue Ruling 2004-86, including the following: (i) the Signatory Trustee or its Affiliate will have an ongoing role as signatory trustee of the Trust (but will not have powers other than those that the Trust Agreement allows the Trustee to exercise), (ii) the Trust may terminate as the result of a Transfer Distribution, (iii) the Trust is expected to receive multiple contributions over time rather than a single contribution, although the Trust will not retain such multiple contributions and (iv) under limited circumstances, the Signatory Trustee will have the discretion to cause a transfer of the Land to a Springing LLC. Such terms were not part of the transaction that is the subject of the Revenue Ruling. However, Tax Counsel has concluded that based on applicable authority, such differences will not alter Tax Counsel's opinion.

Tax Counsel's opinion is based on the Code, the Income Tax Regulations, cases, rulings and in particular, Revenue Ruling 2004-86. Tax Counsel's opinion is subject to qualifications and is based on the assumptions stated therein that depend on representations and covenants that the Sponsor has made to Tax

Counsel. Any one or more of such representations and covenants may prove to be inaccurate. In addition, the IRS will not be bound by the Tax Counsel's opinion and the Trust will not obtain a ruling from the IRS on this matter. Therefore, no assurance is given that an Interest will be considered a real property interest for purposes of Section 1031.

Role of Special Tax Counsel. Tax Counsel has acted as tax counsel to the Trust with respect to the Offering. Tax Counsel has not conducted any independent due diligence with respect to the Land, or any financial projections or similar information with respect to the Land or the Offering. Tax Counsel's opinion and advice to the Sponsor and the Trust relates solely to U.S. federal income tax issues, and does not include advice on state or local income tax issues, property taxes, transfer taxes, stamp duty, lease tax or other non-income taxes, or any other non-tax issues. Tax Counsel does not represent the prospective Purchasers. Prospective Purchasers seeking legal advice should retain their own counsel, consult their own advisors about an investment in the Interests and conduct any due diligence they deem appropriate to verify the accuracy of the representations or information in this Memorandum.

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

Significant Tax Costs If Interests Do Not Qualify as Real Property. If the IRS successfully claimed that a Purchaser has acquired an interest in a partnership or other asset type rather than real property, a Purchaser would not be eligible to defer gain in a like-kind exchange of real estate under Section 1031 of the Code and immediately would recognize such gain and be subject to federal income tax thereon. Because the IRS would not make such a determination until after such a Purchaser had acquired his Interest, the Purchaser would have no cash sale proceeds from the disposition of his relinquished real property to use to pay the tax. Given the illiquid and long-term nature of an investment in an Interest, a Purchaser would not be able to obtain sufficient cash from an Interest to pay the tax. In such a case, a Purchaser would have to use funds from other sources to satisfy his tax liability.

Section 1031 Nonrecognition Treatment

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

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

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

Other Requirements of Section 1031 of the Code. Section 1031 of the Code provides for nonrecognition of gain or loss only if property held for use in a trade or business or for investment is exchanged for other property of like kind held for use in a trade or business or for investment. There are numerous requirements contained in the applicable provisions of the Code and Treasury Regulations concerning qualification for nonrecognition under Section 1031 of the Code. Each Purchaser will have to determine with such Purchaser’s own tax advisors whether an exchange engaged in by the Purchaser satisfies the requirements of Section 1031 of the Code.

Treatment as a “Security.” Section 1031 of the Code expressly excludes a “security” from the categories of property that may qualify for nonrecognition. Thus, if the IRS were to classify the Interests as “securities” for federal income tax purposes, the Interests would not qualify as replacement property for a 1031 Exchange. The term “security” is not defined in Section 1031 of the code or the Treasury Regulations promulgated thereunder. Based on an analysis of relevant authorities, however, Tax Counsel has concluded that, in all material respects, an Interest should not be considered a security for purposes of Section 1031 of the Code even though an Interest may be a “security” under applicable federal and state securities laws.

Other Tax Consequences

Taxation of the Trust. Tax Counsel’s opinion that a Purchaser should be treated as a grantor of the Trust means that the Trust will not be subject to tax on its income. Instead, each Purchaser will be required to take into account, in computing his income tax liability, his proportionate share of all items of the Trust’s income, gain, loss, deduction and credit and a Purchaser’s separately computed depreciation. The following discussion assumes that the Trust is a grantor trust and that each Purchaser is a grantor of the Trust for federal income tax purposes.

Tax Basis. Each Purchaser will have a tax basis in his Interest. Generally, a tax basis for purchased property equals the property’s cost. However, if a property has been acquired in a like-kind exchange, such tax basis is determined instead by reference to the tax basis of the property disposed of, the additional cash invested and the debt (if any) incurred to purchase the replacement property and the amount of gain recognized from the actual or constructive receipt of boot. All mortgage and other liabilities incurred by the Trust will be allocated, for federal income tax purposes, to the Purchasers in proportion to their Interests. For purposes of determining the purchase price of replacement property in a 1031 Exchange, each Purchaser will be able to include his proportionate share of the liabilities that encumber the Land at the time of the acquisition of an Interest.

Liabilities Under Code Section 1031. The determination of whether an item is treated as a liability is crucial in determining the amount of boot received and the gain recognized on a 1031 Exchange. Debt secured by a taxpayer’s relinquished property or debt secured by a replacement property clearly are “liabilities” to which the liability netting rule applies. However, these are not the only forms of debt to which the rule applies. In TAM 8328011, the IRS determined that non-mortgage liabilities are netted against

mortgage liabilities under Section 1031 and that items listed in the escrow account that “relate to sums certain, due at a fixed or determinable date of maturity,” are liabilities for purposes of Section 1031. In addition, Reg. Section 1.1031(j)-1(b)(2)(ii) provides that all liabilities assumed by a transferee are taken into account under the multiple property rules, regardless of whether they are secured or not secured, or whether they relate in any way to the assets transferred. In the preamble to proposed regulations, the IRS stated that all liabilities from which a taxpayer is relieved in an exchange are offset against all liabilities assumed by the taxpayer in the exchange, regardless of whether the liabilities are recourse or non-recourse and regardless of whether the liabilities are secured by or otherwise relate to the specific property transferred or received as part of the exchange. IA-12-89, 1990-1 CB 656. Tax Counsel will not render an opinion on tax basis matters and prospective Purchasers should seek the advice of their own tax advisors prior to subscribing for the Interests or identifying the Land as “replacement property” for a Section 1031 Exchange.

Allocation of Purchase Price. Each Purchaser will be required to allocate the purchase price that it pays to acquire an Interest, or his basis as otherwise determined under the like-kind exchange rules, between depreciable personal property (if any), buildings and non-depreciable land based on their relative values. If an asset is depreciable, the purchase price allocated to such asset is recoverable through deductions over the asset’s recovery period as prescribed in the Code, and such deductions will reduce and effectively shelter a taxpayer’s taxable income but may be subject to recapture on a sale as described below. The recovery period for property acquired as replacement property in a like-kind exchange generally carries over from the relinquished property. To the extent of cash in excess of exchange proceeds invested, the taxpayer is considered to have acquired new property for purposes of the depreciation rules.

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

Passive Activity Limitation. The ownership of an Interest will be considered a passive activity for a Purchaser, and any income or loss that a Purchaser recognizes from the Land will be considered passive income and loss for purposes of the rules. The passive loss rules limit the amount of loss from operation of the Land that may be deducted by an individual, an estate, a trust and certain C corporations. Under the passive loss rules, a taxpayer may not use his passive losses to shelter wages, income from an activity in which the taxpayer is an active participant, or portfolio income. Portfolio income includes dividend and interest income, income from an annuity and certain capital gains. A taxpayer may use passive losses only to offset income realized (in the same or future years) from the same or other passive activities. Unused passive losses from an activity may be deducted in full without regard to their passive nature only when a taxpayer disposes of all of his property interest in a fully-taxable transaction to an unrelated taxpayer.

Payments to the Sponsor and its Affiliates. The Sponsor and its Affiliates will receive various fees described elsewhere in this Memorandum. The tax treatment of some of these fees is set forth below. Although each Purchaser should be treated for federal income tax purposes as buying an undivided interest in the Land, it is possible the IRS may claim that the amount by which the price of the Interests exceeds the

price that the Trust paid to purchase the Land may not be treated as part of the purchase price of the Land but instead represents a nondeductible item. Real estate brokerage commissions (whether or not paid to Affiliates of the Sponsor) will be considered capital expenditures that must be added to the basis of the Land.

Possible Adverse Tax Treatment for Closing Costs. A portion of the proceeds of the Offering will be used to pay each Purchaser's *pro rata* share of closing costs, expenses, and other costs of the Offering. Because the tax treatment of certain expenses of the Offering, closing costs, or financing costs is unclear and may vary, depending upon the circumstances, Tax Counsel cannot give any advice or opinion regarding the tax treatment of such costs, which may be considered taxable boot to a Purchaser who purchases his Interests as part of a 1031 Exchange. Therefore, each Purchaser should obtain the advice of a qualified tax advisor as to the proper treatment of such items.

Deductibility of Trust's Fees and Expenses. In computing his federal income tax liability, a Purchaser will be entitled to deduct, consistent with his method of accounting, the Purchaser's share of reasonable administrative fees, trustee fees and other fees, if any, paid or incurred by the Trust as provided in Section 162 or 212 of the Code. Deductions under Section 212 may be subject to the limitations applicable to miscellaneous itemized deductions.

Transfer to the Springing LLC. If a Transfer Distribution occurs, the Trustee will transfer the Land to the Springing LLC and the Purchasers will acquire membership interests in the Springing LLC. Under current law, such a transfer generally would not be subject to federal income tax pursuant to Section 721 of the Code but could be subject to state or local income or transfer taxes. No assurance can be given that such transfer will not be taxable under federal income tax law at the time such a transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to a Purchaser in the event of a Transfer Distribution. **EACH PURCHASER SHOULD CONSULT HIS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION.**

No Deferral of Tax upon Sale of Springing LLC Membership Interests. Unlike interests in the Trust, interests in a Springing LLC are not considered interests in real property for federal income tax purposes (including for purposes of a like-kind exchange under Section 1031 of the Code). **THUS, IF THE TRUST TRANSFERS THE LAND TO THE SPRINGING LLC IN A TRANSFER DISTRIBUTION, A PURCHASER WHO RECEIVES AN INTEREST IN THE SPRINGING LLC LIKELY WILL NOT BE ABLE TO DEFER THE RECOGNITION OF GAIN UNDER SECTION 1031 OF THE CODE WHEN DISPOSING OF SUCH SPRINGING LLC INTEREST**

Purchasers Determine Taxable Income and Loss. The Signatory Trustee will keep records and provide the Purchasers information about out-of-pocket expenses and revenues of the Land. However, each Purchaser will be required to separately compute and report his own taxable income or loss from the Land. Certain expenses, such as depreciation, will be different for different Purchasers.

Taxation of Tax-Exempt Investors. Certain tax-exempt entities, including qualified employee pension and profit-sharing trusts, individual retirement accounts and annuities and charitable remainder

trusts, are subject to taxation on their UBTI. Generally, a tax-exempt entity that incurs UBTI is taxed on such income at the regular rate, or in the case of some entities corporate federal income tax rates. Because Interests in the Trust are treated for tax purposes as direct interests in the Land, tax-exempt investors will be deemed to be carrying on the activities of the Trust for purposes of determining whether the tax-exempt investors' income is UBTI.

UBTI is income that is derived by a tax-exempt entity from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business.

If a tax-exempt Investor incurs additional debt in connection with its investment in the Trust, it may give rise to UBTI. Therefore, each prospective Purchaser should consult its own advisors regarding the use of debt to invest in the Trust.

TAX-EXEMPT ENTITIES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE TRUST. TAX-EXEMPT INVESTORS MAY INCUR SIGNIFICANT AMOUNTS OF UBTI AS A RESULT OF INVESTING IN THE TRUST.

Limitation on Losses under the At Risk Rules. A Purchaser that is an individual or closely held corporation may not deduct taxable loss arising from the ownership of an Interest to the extent that such loss exceeds the amount by which the Purchaser is considered at-risk. Such disallowed losses may be carried forward and deducted in future years subject to the same limitation. A Purchaser's initial amount at risk generally equals the sum of (1) the amount of cash contributed to acquire the Interest, (2) the amount, if any, of recourse financing that the purchaser obtained to acquire his Interest and (3) the amount of any qualified nonrecourse indebtedness encumbering the Land. A Purchaser's amount at risk will be reduced by the amount of any cash flow to such Purchaser and the amount of the Purchaser's loss, and will be increased by the amount of the Purchaser's income from the activity. In the case of a like-kind exchange of property, it is expected that a Purchaser's initial amount at risk will be computed by reference to the ending amount at risk in the Purchaser's relinquished property. Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. Because the computation of the amount that a taxpayer is at risk will entail computations arising as a result of a taxpayer's substituted tax basis in like-kind exchange replacement property, each Purchaser should consult his own tax advisor about the amount that a taxpayer will be considered at risk with regard to the holding of an Interest

Disposition of Interest. If a Purchaser sells his Interest, he will recognize gain equal to the excess of the amount received over the Purchaser's tax basis in his Interest. Generally, gain from the disposition of an Interest is considered capital gain (except in the case of an owner who held his interest for sale to customers in the ordinary course of his business). For a Purchaser who is an individual (or an estate or a trust) capital gain may be taxed at reduced rates if the Interest (and in the case of a like-kind exchange, to the extent of a carryover basis, the combined interest in the relinquished and replacement property) has been held for more than one year. However, a Purchaser's prior tax depreciation deductions on personal property (if any) are subject to tax at ordinary income rates to the extent that such prior deductions claimed do not exceed the Purchaser's total gain from the disposition of personal property. If a Purchaser has

claimed building depreciation on his Interest or his relinquished property, the lesser of the gain recognized or that portion of the amount realized from such a sale that is attributable to the Purchaser's prior building depreciation will give rise to capital gain that is taxed at a 25% rate compared to the maximum 15% rate that applies to other capital gain income. Gain or loss from the disposition of property used in a trade or business (and not constituting inventory) is considered "Section 1231" gain or loss. A taxpayer must combine his Section 1231 gain or loss with any other Section 1231 gain or loss recognized during the year. The net Section 1231 gain or loss recognized in any year is taxed as capital gain or ordinary loss, as the case may be although Section 1231 gain is recaptured as ordinary income to the extent that the taxpayer has unrecaptured Section 1231 losses for any of the preceding five years. It is uncertain whether an interest in the Land would be considered an asset held in a trade or business for purposes of Section 1231 and thus available for potentially favorable ordinary loss treatment. In determining the amount realized on the sale of an Interest or the Land, a Purchaser must include the Purchaser's share of the mortgage indebtedness on the Land. As a result, it is possible that the gain realized upon the sale of an Interest or the Land may exceed the cash proceeds from the sale or even the income tax payable from the gain recognized.

Foreclosure. In the event of a foreclosure of a mortgage or deed of trust on the Land, a Purchaser would realize gain in an amount equal to the excess (if any) of the Purchaser's share of the outstanding mortgage over the Purchaser's adjusted tax basis in the Land, even though the Purchaser might realize an economic loss upon such a foreclosure. The Purchaser could be required to pay income taxes with respect to such gain even though the Purchaser likely would not receive any cash distribution as a result of such foreclosure.

Treatment of Gifts of Interests. Generally, no gain or loss is recognized for federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of an Interest is made at a time when a Purchaser's share of the Land nonrecourse indebtedness exceeds a Purchaser's adjusted tax basis in his Interest, the Purchaser may recognize gain for income tax purposes upon the transfer. The gifts of an Interest also may be subject to a gift tax.

Tax Elections. As a direct owner of real property, each Purchaser will be required to make his own tax elections with regard to the Land.

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

Annual Tax Reporting Requirements. A DST is NOT taxed at the organization level per the IRS. Therefore, each owner of any fractional interest in the trust must report their share of taxable income and expenses on the individual ownership level tax return. Annually, the Signatory Trustee will provide a "tax package" that will include any and all activity (except depreciation) that will be sufficient for each beneficial owner to file the appropriate tax returns to the IRS and/or State agency. Due to the nature and inconsistency of each fractional owners' depreciable basis in the trust, each fractional owner is responsible for the calculation of their basis (or carryover basis) and corresponding annual depreciation.

Alternative Minimum Tax. Purchasers may be subject to the alternative minimum tax ("AMT") in addition to regular federal income tax. The AMT is imposed to the extent it exceeds a taxpayer's regular

tax liability and is calculated based on alternative minimum taxable income, which differs from taxable income in various respects. The application of the AMT depends on individual circumstances, including income levels and the availability of certain deductions. Each Purchaser is urged to consult his or her own tax advisor regarding the potential application of the AMT.

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

Interest Incurred to Carry Tax-Exempt Securities. Section 265(a)(2) of the Code disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of buying or carrying tax-exempt obligations. The application of Section 265(a)(2) of the Code turns on each Purchaser's purpose for acquiring an Interest. Thus, Section 265(a)(2) of the Code might be applied to a Purchaser whose purpose for investing in an Interest rather than in a non-leveraged investment is to enable such Purchaser to continue to carry tax-exempt obligations. Section 7701(f) of the Code directs the Treasury to issue regulations as may be appropriate to prevent the avoidance of provisions of the Code that deal with the linking of borrowings to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Section 265(a)(2) of the Code may be applied to a Purchaser if the Purchaser owns tax-exempt obligations or stock of a regulated investment company that distributes exempt interest dividends or if such obligations or stock are owned by a person, entity or other intermediary related to the Purchaser.

Taxable Income in Excess of Cash Receipts. It is possible that the income tax that a Purchaser owes each or any year from the ownership of an Interest will exceed the amount of the cash distribution that the Purchaser receives from the Land.

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

failure to make a reasonable attempt to comply with the provisions of the Code and the term “disregard” includes careless, reckless, or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of (i) 10% of the tax required to be shown on the return for the taxable year or (ii) \$5,000 (\$10,000 in the case of a C corporation).

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 to 40% if the property’s valuation is misstated by 200% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds \$5,000 (\$10,000 in the case of a C corporation).

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

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

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

Reportable Transaction Disclosure and List Maintenance. A taxpayer’s ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. It is believed that the sale of an Interest should not constitute a reportable transaction. Accordingly, the Trust and the Sponsor do not plan to make any filings pursuant to these disclosures or list maintenance requirements. There can be no assurances that the IRS will agree with this determination. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

State and Local Taxes. In addition to the federal income tax consequences described above, each Purchaser should consider the state tax consequences of an investment in an Interest. A Purchaser will be

subject to state income taxation in the state where the Land is located. Each Purchaser should obtain the advice of his own tax advisor regarding the state and local income tax consequences of owning an Interest.

Several tax issues described in this Memorandum have not been definitively resolved by statutes, regulations, rulings, or judicial opinions. Accordingly, no assurance can be given that the IRS and a court would accept the conclusions expressed herein or that such conclusions may not be changed by future administrative pronouncements, court decisions or legislation. Each Purchaser must consult his own tax advisor about the tax consequences of an investment in an Interest.

The opinion of Tax Counsel that is issued for a particular transaction is not intended or written to be used, and it cannot be used, by any Purchaser for the purpose of avoiding penalties that may be imposed under the Code. The opinion is written to support the promotion or marketing of a particular transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

TAX DISCLAIMER

Please note that the Tax Opinion, the summary set forth in "FEDERAL INCOME TAX CONSEQUENCES" and all other discussions of federal income tax matters set forth in this Memorandum have been written to support the marketing of the Interests, and are not intended to be used and cannot be used by any Purchaser for purposes of avoiding penalties that may be imposed under federal tax law. All prospective Purchasers must consult their own independent tax advisors regarding the federal income tax consequences of investing in the Interests in the context of their own particular circumstances and must represent that they have done so as a condition to investing in the Interests.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Trust by Benefit Plan Investors. The following is merely a summary of such considerations, however, and a complete discussion of the considerations associated is beyond the scope of this summary.

Each Benefit Plan Investor considering investing the assets of an IRA, or a pension, profit sharing, 401(k), Keogh or other employee benefit plan in the Trust should satisfy himself that such investment is consistent with his fiduciary obligations under ERISA and other applicable law, is made in accordance with the documents and instruments governing the plan or IRA, including the plan's investment policy, and satisfies the prudence and diversifications requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA. Each Benefit Plan Investor should also determine that an investment in the Trust will not impair the liquidity of the plan or IRA and that, even though it is expected that the Interests will produce unrelated business taxable income for the Benefit Plan Investor, the purchase and holding of an Interest is still consistent with the fiduciary obligations of the Benefit Plan Investor. See "FEDERAL INCOME TAX CONSEQUENCES" for a discussion of the unrelated business taxable income issues applicable to tax exempt investors such as Benefit Plan Investors. Each Benefit Plan Investor should also satisfy himself that he will be able to value the assets of the plan annually in accordance with ERISA requirements.

Treatment of the Trust under ERISA

ERISA and the Code do not define “plan assets.” However, the DOL has issued the Plan Asset Rules concerning the definition of what constitutes the assets of an employee benefit plan. The Plan Asset Rules provide that, as a general rule, the underlying assets and properties of corporations, partnerships, trusts and certain other entities in which a plan purchases an “equity interest” will be deemed, for purposes of ERISA, to be assets of the investing plan unless certain exceptions apply. The Plan Asset Rules define an “equity interest” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Interests in the Trust offered hereby should be treated as “equity interests” for purposes of the Plan Asset Rules.

One exception to the look-through rule under the Plan Asset Rules provides that an investing plan’s assets will not include any of the underlying assets of an entity if at all times less than 25% of each class of “equity” interests in the entity are held by Benefit Plan Investors. The Sponsor and the Signatory Trustee intend to take such steps as may be necessary to limit the ownership of Interests in the Trust by Benefit Plan Investors to less than 25% of the total amount of Interests, and thereby qualify for the 25% exemption. If, however, neither this nor any other exemption under the Plan Asset Rules were available and the Trust were deemed to hold plan assets by reason of a Benefit Plan Investor’s investment in the Interests, such investor’s indirect interest in the Land would be considered a plan asset. In such event, the Land, transactions involving the Land and the persons with authority or control over and otherwise providing services with respect to the Land would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Code Section 4975.

Each Benefit Plan Investor that is a prospective Purchaser of an Interest in the Trust should consult with its counsel with respect to the potential applicability of ERISA and Code Section 4975 to such investment and determine on its own whether any exceptions or exemptions are applicable and whether all conditions of any such exceptions or exemptions have been satisfied. Moreover, each Benefit Plan Investor should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in an Interest is appropriate for the Benefit Plan Investor, taking into account the overall investment policy of such Purchaser and the composition of such Purchaser’s investment portfolio. The sale of Interests in the Trust is in no respect a representation by the Sponsor, the Trust, their Affiliates or any other person that such an investment meets all relevant legal requirements with respect to investments by plans generally or that such an investment is appropriate for any particular plan.

LITIGATION

The Trust, the Depositor, the Ground Lessee and the Signatory Trustee are newly formed entities and do not have any litigation pending against them as of the date of this Memorandum.

REPORTS

The Trust will keep proper and complete records and books of account for the Land. These books and records will be kept at the Trust’s principal place of business and will be available to Purchasers during reasonable business hours.

TAX OPINION

A tax opinion has been provided for certain tax issues set forth in this Memorandum regarding the Interests. A copy of the tax opinion is attached as Exhibit C.

ADDITIONAL INFORMATION

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

Prospective Purchasers are entitled to review copies of other material contracts relating to the matters described in this Memorandum.

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EXHIBIT A

FORM OF TRUST AGREEMENT

TRUST AGREEMENT
OF
LRT HARDEEVILLE MULTIFAMILY 1 DST

DATED AS OF

May 12, 2026

BY AND AMONG

LRT MULTI ONE HOLDINGS LLC,
a Delaware limited liability company

AS DEPOSITOR

LRT MULTI ONE ST LLC,
a Delaware limited liability company

AS SIGNATORY TRUSTEE

AND

SORENSEN ENTITY SERVICES LLC,

AS DELAWARE TRUSTEE

**TRUST AGREEMENT
OF
LRT HARDEEVILLE MULTIFAMILY 1 DST,
A DELAWARE STATUTORY TRUST**

This TRUST AGREEMENT, dated as of May 12, 2026 (as the same may be amended or supplemented from time to time, this “Trust Agreement”), is made by and among LRT Multi One Holdings LLC, a Delaware limited liability company (“Depositor”) and LRT Multi One ST LLC, a Delaware limited liability company, as Signatory Trustee (in its individual capacity, “Signatory Trustee”), and Sorenson Entity Services LLC (in its individual capacity, “Delaware Trustee” and together with the Signatory Trustee, the “Trustees”), as Delaware Trustee.

RECITALS

A. The Trust has acquired, will acquire or will contract to acquire that certain 17.18-acre plot of undeveloped land located on 5 Island Gate Drive, Hardeeville, Jasper County, South Carolina 29927, and more particularly described on Exhibit A (the “Real Estate”).

B. The Real Estate is subject to (or will hereafter become subject to) the Ground Lease (as hereinafter defined).

C. The Depositor, Signatory Trustee and Delaware Trustee have formed a statutory trust in accordance with Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §3801, *et seq.* (the “Statutory Trust Act”).

D. The Depositor will convey the Real Estate, or will cause the Real Estate to be conveyed, to the Trust (as hereinafter defined) in exchange for one hundred percent (100%) of the Beneficial Interests (as hereinafter defined) in the Trust issued to Depositor.

E. It is anticipated that thereafter, certain additional Investors (as hereinafter defined) will acquire the Beneficial Interests in the Trust in exchange for payment of money to the Trust, and shall become Beneficial Owners (as hereinafter defined) in accordance with the provisions of this Trust Agreement. In connection with the acquisition of the Beneficial Interests by the Investors, the Beneficial Interests held by Depositor will be redeemed by the Trust on a prorated basis.

F. The Trust will retain LRT Multi One ST LLC as the Signatory Trustee of the Trust to undertake certain actions and perform certain duties that would otherwise be performed by the Trust.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

Definitions. Capitalized terms used in this Trust Agreement shall have the following meanings:

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing. Without limiting the generality of the foregoing, a Person shall be deemed to control any other Person in which it owns, directly or indirectly, ten percent (10%) or more of the ownership interests.

“Beneficial Interest” means a beneficial interest in the Trust, as such term is used in the Statutory Trust Act.

“Beneficial Owner” means each Person who, at the time of determination, holds a Beneficial Interest as reflected on the most recent Ownership Records.

“Business Day” is any day other than Saturday, Sunday or a legal holiday in the State of Delaware.

“Certificate of Trust” means the certificate of trust of the Trust in substantially the form of Exhibit B.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Contribution Agreement” means that certain agreement of contribution to trust pursuant to which the Real Estate is contributed to the Trust.

“Delaware Trustee” means the Person serving, at the time of determination, as the Delaware Trustee under this Trust Agreement. As of the Effective Date, the Delaware Trustee is Sorenson Entity Services LLC.

“Delaware Trustee Covered Expenses” has the meaning given to such term in Section 4.5.

“Delaware Trustee Indemnified Persons” has the meaning given to such term in Section 4.5.

“Deposit Date” means May [____], 2026 (such date to be filled in once agreed to by the Depositor and the Signatory Trustee).

“Depositor” has the meaning given to such term in the introductory paragraph hereof.

“Effective Date” means the date of this Trust Agreement as specified in the introductory paragraph hereof.

“Exhibit” means an exhibit attached to this Trust Agreement, unless otherwise specified.

“Investors” means the purchasers of Beneficial Interests in the Trust, excluding the Depositor.

“Ground Lease” means that Ground Lease agreement relating to the Real Estate together with all amendments, supplements and modifications thereto.

“Ground Lessee” means the person identified as the tenant in the Ground Lease.

“Ownership Records” means the records maintained by the Signatory Trustee, substantially in the form of Exhibit C, indicating from time to time the name, mailing address, and Percentage Share of each Beneficial Owner, which records shall initially indicate the Depositor as the sole Beneficial Owner and shall be revised by the Signatory Trustee contemporaneously to reflect the issuance or transfer of Beneficial Interests in accordance with this Trust Agreement, changes in mailing addresses, or other changes.

“Percentage Share” means, for each Beneficial Owner, the percentage of the aggregate Beneficial Interests in the Trust held by such Beneficial Owner as reflected on the most recent Ownership Records. For the avoidance of doubt, the sum of the Percentage Share of the Beneficial Interests at all times shall be one hundred percent (100%).

“Permitted Investment” has the meaning set forth in Section 7.2.

“Person” means a natural person, corporation, limited partnership, general partnership, limited liability company, 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.

“Purchase Agreement” means the purchase agreement and escrow instructions to be entered into by the Depositor and each Investor with respect to the acquisition of Beneficial Interests by the Investors.

“Real Estate” has the meaning given to such term in Recital A hereof.

“Regulations” means U.S. Treasury Regulations promulgated under the Code.

“Reserves” has the meaning given to such term in Section 7.2.

“Secretary of State” has the meaning given to such term in Section 2.1(b).

“Section” means a section of this Trust Agreement, unless otherwise specified.

“Securities Act” means the Securities Act of 1933, as amended.

“Signatory Trustee” means the Person serving, at the time of determination, as the signatory trustee under this Trust Agreement. As of the Effective Date, the Signatory Trustee is LRT Multi One ST LLC.

“Signatory Trustee Covered Expenses” has the meaning given to such term in Section 5.4.

“Signatory Trustee Indemnified Persons” has the meaning given to such term in Section 5.4.

“Special Member” means, upon such person’s admission to the Signatory Trustee as a member of the Signatory Trustee pursuant its limited liability company agreement, a person acting as a Springing Member of Signatory Trustee, in such person's capacity as a member of the Signatory Trustee.

“Special Purpose Provisions” has the meaning given to such term in Section 10.11.

“Springing LLC” has the meaning given to such term in Section 9.2.

“Springing Member” means a Person who is not a member of the Signatory Trustee but who has signed its limited liability company agreement in order that, upon the conditions provided therein, such person can become the Special Member of Signatory Trustee without any delay in order that at all times the Signatory Trustee shall have at least one member.

“Statutory Trust Act” has the meaning given to such term in Recital C hereof.

“Transaction Documents” means the Trust Agreement, the Contribution Agreement, each Purchase Agreement, the Ground Lease, together with any other documents to be executed in furtherance of the investment activities of the Trust.

“Transfer Distribution” has the meaning given to such term in Section 9.2.

“Trust” means LRT Hardeeville Multifamily 1 DST, a Delaware statutory trust formed by and in accordance with, and governed by, this Trust Agreement.

“Trust Agreement” has the meaning given to such term in the introductory paragraph hereof.

“Trust Estate” means all of the Trust’s right, title, and interest in and to the Ground Lease, the Real Estate, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest.

“Trust Year” means (i) initially, the period of time commencing on the Deposit Date and ending on the date that is 12 months later and (ii) subsequently, each successive 12-month period thereafter.

ARTICLE 2
GENERAL MATTERS

Section 2.1 Organizational Matters.

(a) Sorenson Entity Services LLC is hereby appointed as the Delaware Trustee, and Sorenson Entity Services LLC hereby accepts such appointment.

(b) The Depositor hereby authorizes and directs the Delaware Trustee to execute and file the Certificate of Trust in the office of the Secretary of State of the State of Delaware (the "Secretary of State"), and authorizes the Delaware Trustee to execute and file in the office of the Secretary of State such certificates as may from time to time be required under the Statutory Trust Act or any other Delaware law.

(c) The name of the Trust is "LRT Hardeeville Multifamily 1 DST." The Signatory Trustee shall have full power and authority, and is hereby authorized, to conduct the activities of the Trust, execute and deliver all documents (including, without limitation, the Transaction Documents) for or on behalf of the Trust, and cause the Trust to sue or be sued under its name. Any reference to the Trust shall be a reference to the statutory trust formed pursuant to the Certificate of Trust and this Trust Agreement and not to the Delaware Trustee or the Signatory Trustee individually or to the officers, agents or employees of the Trust, the Delaware Trustee or the Signatory Trustee.

(d) The principal office of the Trust, and such additional offices as the Signatory Trustee may determine to establish, shall be located at such places inside or outside of the State of Delaware as the Signatory Trustee shall designate from time to time. As of the Effective Date, the principal office of the Trust is located c/o the Signatory Trustee at 10130 Perimeter Parkway, Charlotte, North Carolina 28126.

(e) Legal title to the Trust Estate shall be vested in the Trust as a separate legal entity or the Signatory Trustee, as trustee of the Trust.

(f) The Trust is an irrevocable Delaware statutory trust, and as such and subject to Section 9.1 hereof, it shall have a perpetual existence and may not be revoked by the Depositor, Signatory Trustee, Delaware Trustee or any other Person.

Section 2.2 Declaration of Trust and Statement of Intent.

(a) The Signatory Trustee hereby declares that it shall hold the Trust Estate in trust for the benefit of the Beneficial Owners upon the terms set forth in this Trust Agreement.

(b) It is the intention of the parties that the Trust constitute a "statutory trust," the Delaware Trustee is a "trustee," the Signatory Trustee is an "agent" of the Trust, the Beneficial Owners are "beneficial owners," and this Trust Agreement is the "governing instrument" of the Trust, each within the respective meaning provided in the Statutory Trust Act.

Section 2.3 Purposes. The purposes of the Trust are to engage in the following activities: (i) to acquire the Real Estate subject to (or to concurrently therewith enter into) the Ground Lease; (ii) to hold for investment, lease, maintain and eventually dispose of the Real Estate; and (iii) to take only such other actions as the Signatory Trustee deems necessary or appropriate to carry out the foregoing.

ARTICLE 3
PROVISIONS RELATING TO TAX TREATMENT

Section 3.1 Article 3 Supersedes All Other Provisions of this Trust Agreement. This Article 3 contains certain provisions intended to achieve the desired treatment of the Trust and Beneficial Interests for United States federal income tax purposes. To the extent of any inconsistency between this Article 3 and any other provision of this Trust Agreement, this Article 3 shall supersede and be controlling; provided, for the avoidance of doubt, that nothing in this Article 3 shall limit or impair the Trust's power and authority to execute and deliver, and to perform its

obligations under (to the extent not in violation of this Article 3), the Transaction Documents, and further provided that the requirements of this Article 3 shall be enforceable to the maximum extent permissible under the Statutory Trust Act.

Section 3.2 Intentionally deleted.

Section 3.3 Provisions Relating to Tax Treatment.

(a) It is the intention of the parties hereto that the Trust shall constitute an investment trust pursuant to Section 301.7701-4(c) of the Regulations and each Beneficial Owner shall be treated as a “grantor” within the meaning of Code Section 671. As such, the parties further intend that each Beneficial Owner shall be treated for federal income tax purposes as if it holds a direct ownership interest in the Real Estate. Each Beneficial Owner agrees to report its interest in the Trust in a manner consistent with the foregoing and otherwise not to take any action that would be inconsistent with the foregoing. None of the Delaware Trustee, the Signatory Trustee, the Beneficial Owners and/or the Trust shall have power and authority, or shall be authorized, and each of them is hereby expressly prohibited from taking, and none of them shall be allowed to take, any of the following actions:

- (1) sell, transfer or exchange the Real Estate except in accordance with Article 9;
- (2) reinvest any monies of the Trust, except to make modifications or repairs to the Real Estate permitted hereunder or in accordance with Section 5.2;
- (3) enter into new financing;
- (4) renegotiate the Ground Lease or enter into new leases, except in the case of the Ground Lessee’s bankruptcy or insolvency;
- (5) make modifications to the Real Estate (other than minor non-structural modifications) unless required by law;
- (6) accept any capital from a Beneficial Owner (other than capital, including existing reserves, contributed by the Depositor in connection with the original contribution of the Trust Estate and capital from an Investor paid in accordance with the investment in the Beneficial Interests made pursuant to the Memorandum that will be distributed to the Depositor to redeem its Beneficial Interest or to fund reserves or pay fees and expenses related to the offering of the Beneficial Interests); or
- (7) take any other action which 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 would be that such action or actions would constitute a power under the Trust Agreement to “vary the investment of the certificate holders” under Section 301.7701-4(c)(1) of the Regulations and Rev. Rul. 2004-86.

The Trust shall hold the Trust Estate for investment purposes and lease the Real Estate to Ground Lessee. The activities of the Trust with respect to the Trust Estate shall be limited to the activities which are customary services in connection with the maintenance and repair of the Real Estate and none of the Delaware Trustee, the Beneficial Owners, the Signatory Trustee nor their agents shall provide non-customary services, as such term is defined in Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust shall conduct no business other than as specifically set forth in, or permitted by, this Section 3.3. Without limiting the generality of the foregoing, (i) none of the Delaware Trustee, the Signatory Trustee, the Beneficial Owners and the Trust shall have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a “trust” within the

meaning of Section 301.7701-4 of the Regulations and not treated as a “business entity” within the meaning of Section 301.7701-3 of the Regulations, and (ii) this Trust Agreement shall be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191.

For federal income tax purposes, the Trust is intended to be and shall constitute an investment trust pursuant to Section 301.7701-4(c) of the Regulations and a “grantor trust” under Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 - 679) and shall not constitute a “business entity.”

ARTICLE 4 CONCERNING THE DELAWARE TRUSTEE

Section 4.1 Power and Authority. The Delaware 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; (ii) execute any certificates that are required to be executed under the Statutory Trust Act and file such certificates in the office of the Secretary of State; (iii) execute, solely in its capacity as trustee for and on behalf of the Trust, any document of title or other document relating to the Real Estate, as determined by the Signatory Trustee to be required or advisable under any applicable law of the jurisdiction where the Real Estate is located; and (iv) take such action or refrain from taking such action under this Trust Agreement as may be directed in a writing delivered to the Delaware Trustee by the Signatory Trustee; provided, however, that the Delaware Trustee shall not be required to take or to refrain from taking any such action if the Delaware Trustee shall believe, or shall have been advised by counsel, that such performance is likely to involve the Delaware Trustee in personal liability or to result in personal liability to the Delaware Trustee or is contrary to the terms of this Trust Agreement or of any document contemplated hereby to which the Trust or the Delaware Trustee is or becomes a party or is otherwise contrary to law. The Signatory Trustee agrees not to instruct the Delaware Trustee to take any action, or to refrain from taking any action, that is contrary to the terms of (i) this Trust Agreement or of any document contemplated hereby to which the Trust or the Delaware Trustee is or becomes a party, or (ii) applicable law. Other than as expressly provided for in this Trust Agreement, the Delaware Trustee shall have no duty to take any action for or on behalf of the Trust.

Section 4.2 Delaware Trustee May Request Direction. If at any time the Delaware Trustee determines that it requires or desires guidance regarding the application of any provision of this Trust Agreement or any other document, or regarding action that must or may be taken in connection herewith or therewith, or regarding compliance with any direction it received hereunder, then the Delaware Trustee may deliver a notice to a court of competent jurisdiction requesting written instructions as to the desired course of action, and such instructions from the court shall constitute full and complete authorization and protection for actions taken and other performance by the Delaware Trustee in reliance thereon. Until the Delaware Trustee has received such instructions after delivering such notice, it shall be fully protected in refraining from taking any action with respect to the matters described in such notice.

Section 4.3 Delaware Trustee’s Capacity. In accepting the trust hereby created, Sorenson Entity Services LLC, acts solely as Delaware Trustee hereunder and not in its individual capacity, and all Persons having any claim against the Delaware Trustee by reason of the transactions contemplated by this Trust Agreement, the Transaction Documents, or any other document shall look only to the Trust Estate for payment or satisfaction thereof. Notwithstanding any provision of this Trust Agreement or any other document to the contrary, under no circumstances shall Sorenson Entity Services LLC, in its individual capacity or in its capacity as Delaware Trustee, (i) have any duty to choose or supervise, nor shall it have any liability for the actions or inactions of, the Signatory Trustee or any officer, manager, employee, or other Person (other than Sorenson Entity Services and its own employees), or (ii) be liable or responsible for, or obligated to perform, any contract, representation, warranty, obligation or liability of the Trust, the Signatory Trustee, or any officer, manager, employee, or other Person (other than Sorenson Entity Services LLC and its own employees); provided, however, that this limitation shall not protect Sorenson Entity Services against any liability to the Beneficial Owners to which it would otherwise be subject by reason of its willful misconduct, bad faith, fraud or gross negligence in the performance of its duties under this Trust Agreement.

Section 4.4 Duties. None of the Delaware Trustee or any successor Delaware Trustee shall have any duty or obligation under or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement against the Delaware Trustee or any successor Delaware Trustee. The right of the Delaware Trustee or any successor Delaware Trustee to perform any discretionary act enumerated

herein shall not be construed as a duty. To the fullest extent permitted by applicable law, including without limitation Section 3806 of the Statutory Trust Act, the Delaware Trustee's or any successor Delaware Trustee's duties (including fiduciary duties) and liabilities relating thereto to the Trust and the Beneficial Owners shall be restricted to those duties (including fiduciary duties) expressly set forth in this Trust Agreement and liabilities relating thereto.

Section 4.5 Indemnification. The Beneficial Owners, jointly and severally, hereby agree to: (i) reimburse the Delaware Trustee or any successor Delaware Trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals), incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Trust Agreement; (ii) the fullest extent permitted by law, indemnify, defend and hold harmless the Delaware Trustee and/or any successor Delaware Trustee, and the officers, directors, employees and agents of the Delaware Trustee and/or any successor Delaware Trustee (collectively, including the Delaware Trustee and/or any successor Delaware Trustee in its individual capacity, the "Delaware Trustee Indemnified Persons") from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and other professionals), taxes and penalties of any kind and nature whatsoever (collectively, "Delaware Trustee Covered Expenses"), to the extent that such Delaware Trustee Covered Expenses arise out of or are imposed upon or asserted at any time against any such Delaware Trustee Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Delaware Trustee Indemnified Persons, with respect to or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby; provided, however, that the Beneficial Owners shall not be required to indemnify a Delaware Trustee Indemnified Person for Delaware Trustee Covered Expenses to the extent such Delaware Trustee Covered Expenses result from the willful misconduct, bad faith, fraud or gross negligence of such Delaware Trustee Indemnified Person; and (iii) the fullest extent permitted by law, advance to each such Delaware Trustee Indemnified Person any Delaware Trustee Covered Expenses incurred by such Delaware Trustee Indemnified Person in defending any claim, demand, action, suit or proceeding, in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by any Beneficial Owner of an undertaking, by or on behalf of such Delaware 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 Delaware Trustee Indemnified Person is not entitled to be indemnified therefor under this Section 4.5. The obligations of the Beneficial Owners under this Section 4.5 shall survive the resignation or removal of the Delaware Trustee, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement. The obligations of the Beneficial Owners under this Section 4.5 shall be personal obligations irrespective of the sufficiency or insufficiency of the Trust Estate to satisfy any such obligations.

Section 4.6 Removal; Resignation; Succession. The Delaware Trustee may resign at any time by providing written notice to the Signatory Trustee, such resignation to be effective upon the acceptance of appointment by a successor Delaware Trustee as hereinafter provided. The Signatory Trustee may at any time remove the Delaware Trustee for cause by providing written notice to the Delaware Trustee, such removal to be effective upon the acceptance of appointment by a successor Delaware Trustee as hereinafter provided. Cause shall only result from the willful misconduct, bad faith, fraud or gross negligence of the Delaware Trustee. In case of the removal or resignation of a Delaware Trustee, the Signatory Trustee may appoint a successor by written instrument. If a successor Delaware Trustee shall not have been appointed within fifteen (15) days after the giving of such notice, the Delaware Trustee or any of the Beneficial Owners may apply to any court of competent jurisdiction in the United States to appoint a successor Delaware Trustee to act until such time, if any, as a successor shall have been appointed as provided above. Any successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as provided above within one (1) year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor Delaware Trustee an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Delaware Trustee in the trusts hereunder with like effect as if originally named the Delaware Trustee herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor, and such predecessor shall duly assign, transfer, deliver and pay over to such successor all monies or other property then held by such predecessor upon the trusts herein expressed. Any right of the Beneficial Owners against a predecessor Delaware Trustee in its individual capacity shall survive the resignation or removal of such predecessor, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement. The Trust

shall not be terminated solely due to the death, liquidation, resignation or removal of any Trustee. Notwithstanding anything herein to the contrary, no resignation or removal of a Trustee shall be effective until a successor trustee has been appointed and such successor trustee has accepted its responsibilities, all as provided in this Trust Agreement.

Section 4.7 Successor Delaware Trustee.

Any successor Delaware Trustee, however appointed, shall be a bank or trust company satisfying the requirements of Section 3807(a) of the Statutory Trust Act. Any corporation into which the Delaware Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Delaware Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Delaware Trustee may be transferred, shall, subject to the preceding sentence, be the Delaware Trustee under this Trust Agreement without further act.

Section 4.8 Fees and Expenses. Sorenson Entity Services LLC shall receive as compensation for its services hereunder such fees as have been separately agreed upon between Depositor and Sorenson Entity Services LLC. The Delaware Trustee shall not have any obligation by virtue of this Trust Agreement to spend any of its own funds, or to take any action that could result in its incurring any cost or expense.

Section 4.9 Intentionally deleted.

**ARTICLE 5
CONCERNING THE SIGNATORY TRUSTEE**

Section 5.1 Power and Authority. The investment activities and affairs of the Trust shall be managed exclusively by or under the direction of the Signatory Trustee. The Signatory Trustee shall have the power and authority, and is hereby authorized and empowered, to take title to the Trust Estate as trustee of the Trust, to manage the Trust Estate and the investment activities and affairs of the Trust, subject to and in accordance with the terms and provisions of this Trust Agreement, provided that the Signatory Trustee shall have no power to engage on behalf of the Trust in any activities that the Trust could not engage in directly. The Signatory Trustee 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.

Section 5.2 Signatory Trustee's Capacity. The Signatory Trustee acts solely as an agent of the Trust and not in its individual capacity, and all Persons having any claim against the Signatory Trustee by reason of the transactions contemplated by this Trust Agreement, the Transaction Documents, or any other document shall look only to the Trust Estate for payment or satisfaction thereof. Notwithstanding any provision of this Trust Agreement to the contrary, the Signatory Trustee shall not have any liability to any Person except for its own willful misconduct, bad faith, fraud or gross negligence.

Section 5.3 Duties.

(a) The Signatory Trustee has primary responsibility for performing the administrative actions set forth in this Section 5.3. In addition, the Signatory Trustee shall have the obligations with respect to a potential sale of the Trust Estate set forth in Article 9. The Signatory Trustee shall not have any duty or obligation under or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Trust Agreement, and no implied duties or obligations shall be read into this Trust Agreement against the Signatory Trustee. The right of the Signatory Trustee to perform any discretionary act enumerated herein shall not be construed as a duty. To the fullest extent permitted by applicable law, including without limitation Section 3806 of the Statutory Trust Act, the Signatory Trustee's duties (including fiduciary duties) and liabilities relating thereto to the Trust and the Beneficial Owners shall be restricted to those duties (including fiduciary duties) expressly set forth in this Trust Agreement and liabilities relating thereto. Notwithstanding anything to the contrary in this Trust Agreement, the Signatory Trustee has the duty to protect and preserve the Trust Estate for the benefit of the Beneficial Owners and is authorized and directed to take any action necessary to fulfill that duty, including effecting a conversion of the Trust in accordance with Section 9.2 hereof.

(b) The Signatory Trustee shall, on behalf of the Trust, enter into the Contribution Agreement with the Depositor, of even date herewith, for purposes of issuing the Beneficial Interests to the Depositor.

(c) Without limiting the generality of Section (a) above, the Signatory Trustee, for and on behalf of the Trust, is hereby authorized and directed to take each of the following actions necessary to conserve and protect the Trust Estate:

(1) receiving the contribution of the Real Estate subject to, and assuming, the Ground Lease or, in the event that the Depositor contributes the right to acquire the Real Estate (versus the Real Estate itself), receive the contribution of such right to acquire the Real Estate and to enter into the Ground Lease on the terms negotiated and agreed to by the Depositor;

(2) intentionally deleted;

(3) collecting rents and making distributions in accordance with Article 7;

(4) entering into any agreement for purposes of completing tax-free exchanges of real property with a Qualified Intermediary as defined in Section 1.1031(k) - 1(g)(4) of the Regulations;

(5) notifying the relevant parties of any default by them under the Transaction Documents;

(6) entering into and complying with the terms of the Ground Lease, including making any repairs or maintenance with respect to the Real Estate required to be undertaken by the landlord in accordance with the terms of the Ground Lease; and

(7) solely to the extent necessitated by the bankruptcy or insolvency of the Ground Lessee or any other tenant of the Real Estate, if the Trust has not terminated under Section 9.2, entering into a new lease with respect to the Real Estate.

The foregoing notwithstanding, under no circumstances shall the power or authority of the Signatory Trustee include the ability to take any actions which would cause the Trust to cease to constitute an "investment trust" within the meaning of Section 301.7701-4(c) of the Regulations. The power and authority of the Signatory Trustee 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.

(d) The Signatory Trustee shall keep customary and appropriate books and records relating to the Trust and the Trust Estate. The Signatory Trustee shall maintain appropriate books and records in order to provide reports of income and expenses to each Beneficial Owner as necessary for such Beneficial Owner to prepare his/her income tax returns regarding the Trust Estate. The Signatory Trustee may, at its election, enter into one or more service agreements with third parties or an affiliate of the Signatory Trustee, to provide reporting and asset management services to the Signatory Trustee to assist the Signatory Trustee in providing such services.

(e) The Signatory Trustee shall promptly furnish, or require its third party servicing contractors to furnish to the Beneficial Owners copies of all reports, notices, requests, demands, certificates, financial statements and any other writings required to be distributed to them pursuant to the Transaction Documents, unless the Signatory Trustee reasonably believes the same to have been sent directly to the Beneficial Owners.

(f) The Signatory Trustee shall not be required to act or refrain from acting under this Trust Agreement, or the Ground Lease if the Signatory Trustee reasonably determines, or has been advised by counsel, that such action or inaction may result in personal liability, unless the Signatory Trustee is indemnified by the Trust and the Beneficial Owners against any liability and costs (including reasonable legal fees and expenses) which may result in a manner and form reasonably satisfactory to the Signatory Trustee.

(g) The Signatory Trustee shall not, on its own behalf (in contrast to actions that the Signatory Trustee is required to perform on behalf of the Trust), have any duty to (i) file, record or deposit any document or to maintain any such filing, recording or deposit or to refile, rerecord or redeposit any such document, (ii) obtain or maintain any insurance on the Real Estate, (iii) maintain the Real Estate, or (iv) pay or discharge any tax levied against any part of the Trust Estate.

(h) The Signatory Trustee shall manage, control, dispose of or otherwise deal with the Trust Estate consistent with its duties to conserve and protect the Trust Estate, subject to any restrictions required by the Ground Lease, or otherwise provided in this Trust Agreement.

(i) The Signatory Trustee shall provide to each Person who becomes a Beneficial Owner a copy of this Trust Agreement at or before the time such Person becomes a Beneficial Owner.

(j) The Signatory Trustee shall provide to the Delaware Trustee a copy of the Ownership Records contemporaneously with each revision thereto.

Section 5.4 Indemnification. The Beneficial Owners, jointly and severally, hereby agree to (i) reimburse the Signatory Trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals), incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Trust Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Signatory Trustee, and the officers, directors, employees and agents of the Signatory Trustee (collectively, including the Signatory Trustee, the “Signatory Trustee Indemnified Persons”) from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and other professionals), taxes and penalties of any kind and nature whatsoever (collectively, “Signatory Trustee Covered Expenses”), to the extent that such Signatory Trustee Covered Expenses arise out of or are imposed upon or asserted at any time against any such Signatory Trustee Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Signatory Trustee Indemnified Persons, with respect to or in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby; provided, however, that the Beneficial Owners shall not be required to indemnify a Signatory Trustee Indemnified Person for Signatory Trustee Covered Expenses to the extent such Signatory Trustee Covered Expenses result from the willful misconduct, bad faith, fraud or gross negligence of such Signatory Trustee Indemnified Person, and (iii) to the fullest extent permitted by law, advance to each such Signatory Trustee Indemnified Person any Signatory Trustee Covered Expenses incurred by such Signatory Trustee Indemnified Person in defending any claim, demand, action, suit or proceeding, in connection with this Trust Agreement, the Trust, or any transaction or document contemplated hereby, prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by any Beneficial Owner of an undertaking, by or on behalf of such Signatory 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 Signatory Trustee Indemnified Person is not entitled to be indemnified therefor under this Section 5.4. The obligations of the Beneficial Owners under this Section 5.4 shall survive the resignation or removal of the Signatory Trustee, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement. The obligations of the Beneficial Owners under this Section 5.4 shall be personal obligations irrespective of the sufficiency or insufficiency of the Trust Estate to satisfy any such obligations.

Section 5.5 Fees and Expenses. The Signatory Trustee shall receive as compensation for its services as Signatory Trustee hereunder the fee contemplated by Section 9.4. The Signatory Trustee shall not have any obligation by virtue of this Trust Agreement to spend any of its own funds, or to take any action that could result in its incurring any cost or expense.

Section 5.6 Sale of Trust Estate by Signatory Trustee Is Binding. Any sale or other conveyance of the Trust Estate or any part thereof by the Signatory Trustee made for and on behalf of the Trust pursuant to the terms of this Trust Agreement shall bind the Trust and the Beneficial Owners and be effective to transfer or convey all rights, title and interest of the Trust and the Beneficial Owners in and to the Trust Estate.

Section 5.7 Removal/Resignation; Succession. The Signatory Trustee may resign at any time by providing prior written notice to the Delaware Trustee, such resignation to be effective upon the acceptance of

appointment by a successor Signatory Trustee as hereinafter provided. The Delaware Trustee may at any time remove the Signatory Trustee for cause by providing written notice to the Signatory Trustee, such removal to be effective upon the acceptance of appointment by a successor Signatory Trustee as hereinafter provided. Cause shall only result from the willful misconduct, bad faith, fraud or gross negligence of the Signatory Trustee. In case of the removal or resignation of the Signatory Trustee, the Delaware Trustee may appoint a successor by written instrument. If a successor Signatory Trustee shall not have been appointed within fifteen (15) days after the giving of such notice, the Signatory Trustee or any of the Beneficial Owners may apply to any court of competent jurisdiction in the United States to appoint a successor Signatory Trustee to act until such time, if any, as a successor shall have been appointed as provided above. Any successor so appointed by such court shall immediately and without further act be superseded by a successor appointed as provided above within one (1) year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor Signatory Trustee 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 Signatory Trustee in the trusts hereunder with like effect as if originally named the Signatory Trustee herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the rights, powers and duties of such predecessor. Any right of the Beneficial Owners against a predecessor Signatory Trustee in its individual capacity shall survive the resignation or removal of such predecessor Signatory Trustee, shall survive the dissolution and termination of the Trust, and shall survive the termination, amendment, supplement, and/or restatement of this Trust Agreement.

Section 5.8 Intentionally deleted.

Section 5.9 Intentionally deleted.

ARTICLE 6 BENEFICIAL INTERESTS

Section 6.1 Issuance of Beneficial Ownership Interests.

(a) The Depositor shall convey the Real Estate, or shall cause the Real Estate to be conveyed, to the Trust, and the Trust shall convey to Depositor all the Beneficial Interests in the Trust. All Beneficial Interests shall be uncertificated interests and shall constitute a single class of interest in the Trust.

(b) The Signatory Trustee is hereby authorized to execute each Purchase Agreement for and on behalf of the Trust by the manual signature of any duly authorized signatory of the Signatory Trustee, such execution to constitute the authentication thereof.

(c) Each Purchase Agreement bearing the manual signature of any individual who at the time such Purchase Agreement was executed was a duly authorized signatory of the Signatory Trustee shall bind the Trust, notwithstanding that any such individual has ceased to hold such office or to be a duly authorized officer of the Signatory Trustee prior to the delivery of such Purchase Agreement or at any time thereafter. No Purchase Agreement shall be valid for any purpose unless it is executed on behalf of the Trust by the Signatory Trustee. The signature of a duly authorized signatory of the Signatory Trustee on any Purchase Agreement shall be conclusive evidence that such Purchase Agreement has been duly executed and authenticated under this Trust Agreement.

(d) Any Beneficial Owner shall be deemed, by virtue of the acceptance of its Purchase Agreement or beneficial interest referenced therein, to have agreed, accepted and become bound by, and subject to, the provisions of this Trust Agreement. Each Beneficial Owner hereby acknowledges and agrees that, in its capacity as a Beneficial Owner, it has no ability either to (i) petition for a partition of the assets of the Trust, (ii) file a petition in bankruptcy on behalf of the Trust, or (iii) take any action that consents to, aids, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

Section 6.2 Ownership Records. The Signatory Trustee shall at all times be the Person at whose office a Purchase Agreement 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 Purchase Agreement may be served. The Signatory Trustee shall

keep Ownership Records, which shall include records of the transfer and exchange of Beneficial Interests. Notwithstanding any provision of this Trust Agreement to the contrary, transfer of a Beneficial Interest in the Trust, or of any right, title or interest therein, shall occur only upon and by virtue of the entry of such transfer in the Ownership Records. In the event of any transfer permitted under the terms of this Trust Agreement, the Signatory Trustee shall issue a new Purchase Agreement setting forth the current Percentage Share in the Trust held by such new Beneficial Owner, and if applicable the Signatory Trustee shall issue a new Purchase Agreement setting forth the Beneficial Interest retained by any transferring Beneficial Owner. Except as specifically permitted by Sections 6.4, 6.5 and 6.6, the Beneficial Interests shall be non-transferable and may not be negotiated, endorsed or otherwise transferred to a holder.

Section 6.3 Additional Conditions to Transfer. The Signatory Trustee's consent to any proposed transfer hereunder is subject to the satisfaction of the following as determined in the sole discretion of the Signatory Trustee: (A) that such proposed transfer would not result in the Trust having to register as an investment company under the Investment Company Act of 1940, as amended, or require the Trust or any Trustee to register as an investment adviser under the Investment Advisers Act of 1940, as amended; and (B) that such proposed transfer does not cause the property of the Trust to become "plan assets" (as defined in the Plan Asset Rules) subject to the fiduciary standards of Part 4 of Subtitle B of Title I of ERISA and Code Section 4975.

Section 6.4 Restrictions on Transfer. Subject to compliance with applicable securities laws, and this Section 6.1, Section 6.4, Section 6.5, and Section 6.6 of this Trust Agreement, all or any portion of the Beneficial Interest of any Beneficial Owner (other than Depositor) may be assigned or transferred without the prior consent of any of the Trust, the Delaware Trustee, the Signatory Trustee, or the other Beneficial Owners. All expenses of any such transfer shall be paid by the assigning or transferring Beneficial Owner.

Section 6.5 Conditions to Admission of New Beneficial Owners. Subject to Sections 6.1 of this Trust Agreement, any assignee or transferee of a Beneficial Owner, except Investors that purchased Beneficial Interests pursuant to a Purchase Agreement, shall only become a Beneficial Owner upon such assignee's or transferee's written acceptance and adoption of this Trust Agreement, as manifested by its execution and delivery to the Signatory Trustee of an executed agreement substantially in the form of Exhibit D.

Section 6.6 Limit on Number of Beneficial Owners. Notwithstanding anything to the contrary in this Trust Agreement, at no time shall the number of Beneficial Owners exceed one thousand nine hundred fifty (1,950) Persons. Any transfer that results in a violation of the preceding sentence shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

Section 6.7 Representations and Acknowledgements of Beneficial Owners. Each Beneficial Owner hereby represents and warrants that it (i) is not acquiring its Beneficial Interest with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any state of the United States; and (ii) is aware of the restrictions on transfer that are applicable to the Beneficial Interests and will not offer, sell, pledge or otherwise transfer its Beneficial Interest except in compliance with all applicable securities laws and regulations and this Trust Agreement. Each Beneficial Owner hereby acknowledges that (y) other than with respect to the initial issuance thereof by the Signatory Trustee and by the Depositor to the Investors pursuant to the terms of the Memorandum and applicable securities laws, no Beneficial Interest may be sold, transferred or otherwise disposed of unless expressly permitted hereunder and it is registered or qualified under the Securities Act and all other applicable laws of any applicable jurisdiction or an exemption therefrom is available in accordance with all other laws of any applicable jurisdiction; and (z) no Beneficial Interest has been or is expected to be registered under the Securities Act, and accordingly, all Beneficial Interests are subject to restrictions on transfer.

Section 6.8 Status of Relationship. This Trust Agreement shall not be interpreted to impose a partnership or joint venture relationship on the Beneficial Owners either at law or in equity. Accordingly, no Beneficial Owner shall have any liability for the debts or obligations incurred by any other Beneficial Owner, with respect to the Trust Estate, or otherwise, and no Beneficial Owner shall have any authority, other than as specifically provided herein, to act on behalf of any other Beneficial Owner or to impose any obligation on any other Beneficial Owner with respect to the Trust Estate. Neither the power to give direction to the Delaware Trustee, the Signatory Trustee, or any other Person nor the exercise thereof by any Beneficial Owner shall cause such Beneficial Owner to have duties (including fiduciary duties) or liabilities relating thereto to the Trust or to any Beneficial Owner.

Section 6.9 No Legal Title to Trust Estate. The Beneficial Owners shall not have legal title to the Trust Estate. The death, incapacity, dissolution, termination, or bankruptcy of any Beneficial Owner shall not result in the termination or dissolution of the Trust.

Section 6.10 In-Kind Distributions. Except as expressly provided herein, no Beneficial Owner (i) has an interest in specific Trust property or (ii) shall have any right to demand and receive from the Trust an in-kind distribution of the Trust Estate or any portion thereof. In addition, each Beneficial Owner expressly waives any right, if any, under the Statutory Trust Act to seek a judicial dissolution of the Trust, to terminate the Trust, or, to the fullest extent permitted by law, to partition the Trust Estate.

Section 6.11 Rights and Powers of Beneficial Owners. The Beneficial Owners shall only have the right to receive distributions from the Trust as a result of the operations or sale of the Real Estate. The Beneficial Owners shall not have the right or power to direct in any manner the Trust or the Signatory Trustee in connection with the operation of the Trust or the actions of the Delaware Trustee or the Signatory Trustee. In addition, the Beneficial Owners shall not have the right or power to:

- (a) Contribute additional assets to the Trust;
- (b) Be involved in any manner in the operation or management of the Trust or its assets;
- (c) Cause the Trust to negotiate or re-negotiate loans or leases; or
- (d) Cause the Trust to sell its assets and re-invest the proceeds of such sale.

ARTICLE 7 DISTRIBUTIONS AND REPORTS

Section 7.1 Payments From Trust Estate Only. All payments to be made by the Signatory Trustee under this Trust Agreement shall be from the Trust Estate.

Section 7.2 Distributions in General. The Signatory Trustee shall distribute (or cause its third party servicing contractors to distribute on the Signatory Trustee's behalf) all available cash to the Beneficial Owners in accordance with their Percentage Shares on a monthly basis, after paying all expenses of the Trust then due, and after paying or reimbursing the Signatory Trustee for any fees or expenses paid by the Signatory Trustee on behalf of the Trust and retaining such additional amounts as the Signatory Trustee determines are necessary to pay anticipated ordinary current and future Trust expenses ("Reserves"). Reserves and any other cash retained pursuant to this paragraph shall be invested by the Signatory Trustee only in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust companies having a minimum stated capital and surplus of \$100,000,000 (a "Permitted Investment"). All such obligations must mature prior to the next distribution date, and be held to maturity. All amounts distributable to the Beneficial Owners pursuant to this Trust Agreement shall be paid by check or in immediately available funds by transfer to a banking institution with bank wire transfer facilities for the account of such Beneficial Owner, as instructed from time to time by such Beneficial Owner on the last Business Day of each calendar month.

Section 7.3 Distribution Upon Dissolution. In the event of the Trust's dissolution in accordance with Article 9 hereof, all of the Trust Estate as may then exist after the winding up of its affairs in accordance with the Statutory Trust Act (including without limitation subsections (d) and (e) of Section 3808 of the Statutory Trust Act and providing for all costs and expenses, including any income or transfer taxes which may be assessed against the Trust, whether or not by reason of the dissolution of the Trust), shall, subject to Section 9.2, be distributed to those Persons who are then Beneficial Owners in their respective Percentage Shares.

Section 7.4 Cash and other Accounts; Reports by the Signatory Trustee. The Signatory Trustee shall be responsible for receiving all cash from the Ground Lessee and any other tenants through a property manager and placing such cash into one or more accounts as required under the distribution and investment obligations of the Trust under Section 7.2. The Signatory Trustee shall furnish (or cause its third party servicing contractors to furnish) annual

reports to each of the Beneficial Owners as to the amounts of rent received from the Ground Lessee and any other tenant, the expenses incurred by the Trust with respect to the Real Estate (if any), the amount of any Reserves and the amount of the distributions made by the Trust to the Beneficial Owners.

Section 7.5 Intentionally deleted.

ARTICLE 8 RELIANCE; REPRESENTATIONS; COVENANTS

Section 8.1 Good Faith Reliance. Neither the Delaware Trustee nor the Signatory Trustee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably and in good faith believed by such Person to be genuine and signed by the proper party or parties thereto. As to any fact or matter, the manner of ascertainment of which is not specifically described herein, the Delaware Trustee and the Signatory Trustee 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 Delaware Trustee and the Signatory Trustee for any action taken or omitted to be taken by them in good faith in reliance thereon, and the Delaware Trustee and the Signatory Trustee may conclusively rely upon any certificate furnished to such Person that on its face conforms to the requirements of this Trust Agreement. Each of the Delaware Trustee and the Signatory Trustee may (i) exercise its powers and perform its duties by or through such attorneys and agents as it shall appoint with due care, and it shall not be liable for the acts or omissions of such attorneys and agents; and (ii) consult with counsel, accountants and other experts, and shall be entitled to rely upon the advice of counsel, accountants and other experts selected by it in good faith and shall be protected by the advice of such counsel and other experts in anything done or omitted to be done by it in accordance with such advice. In particular, no provision of this Trust Agreement shall be deemed to impose any duty on the Delaware Trustee or the Signatory Trustee to take any action if such Person shall have been advised by counsel that such action may involve it in personal liability or is contrary to the terms hereof or to applicable law. For all purposes of this Trust Agreement, the Delaware Trustee shall be fully protected in relying upon the most recent Ownership Records delivered to it by the Signatory Trustee.

Section 8.2 No Representations or Warranties as to Certain Matters. NEITHER THE DELAWARE TRUSTEE NOR THE SIGNATORY TRUSTEE, EITHER WHEN ACTING HEREUNDER IN ITS CAPACITY AS DELAWARE TRUSTEE OR SIGNATORY TRUSTEE OR IN ITS INDIVIDUAL CAPACITY, MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, LOCATION, VALUE, CONDITION, WORKMANSHIP, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE TRUST ESTATE OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE TRUST ESTATE OR ANY PART THEREOF.

Neither the Delaware Trustee or the Signatory Trustee makes any representation or warranty as to (i) the title, value, condition or operation of the Real Estate, and (ii) the validity or enforceability of Transaction Documents or as to the correctness of any statement contained in any thereof, except as expressly made by the Delaware Trustee or the Signatory Trustee in its individual capacity. Each of the Delaware Trustee and the Signatory Trustee represents and warrants to the Beneficial Owners that it has authorized, executed and delivered the Trust Agreement.

ARTICLE 9 TERMINATION

Section 9.1 Termination in General. Except upon the occurrence of a Transfer Distribution or the sale of Trust Estate pursuant to Section 9.3, the Trust shall have perpetual existence. Upon the first to occur of a Transfer Distribution or the sale of Trust Estate pursuant to Section 9.3, the Trust shall be dissolved in accordance with Section 3808 of the Statutory Trust Act, at which time each Beneficial Owner's Percentage Share of the Trust Estate shall be

distributed to such Beneficial Owner in accordance with Section 7.3. Notwithstanding anything in this Section 9.1 or the balance of the Trust Agreement to the contrary, the Trust shall dissolve and wind up not later than 21 years after the death of the last living descendant of Barack H. Obama, the 44th President of the United States, who was alive on the Deposit Date.

Section 9.2 Termination to Preserve and Protect the Trust Estate.

(a) Upon the first to occur of (i) a sale of the Trust Estate pursuant to Section 9.3 or (ii) if the Signatory Trustee determines that (a) the Ground Lessee has failed to timely pay rent due under the Ground Lease after the expiration of any applicable notice and cure provisions in the Ground Lease, if any, (b) the Trust is in violation of Section 3.3, (c) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event, (e) Ground Lessee or any other tenant files for bankruptcy or has an involuntary bankruptcy petition filed against it, seeks the appointment of a receiver or similar official, makes an assignment for the benefit of creditors or there occurs any similar event, (d) any event occurs that causes the Signatory Trustee to cease to be the Signatory Trustee of the Trust unless a replacement signatory trustee has been appointed, (e) any event resulting in the dissolution, liquidation, winding up or termination of the Trust occurs, or (f) if the Signatory Trustee determines in writing that dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Beneficial Owners, then, in any such case, the Trust shall dissolve and wind up in accordance with Section 3808 of the Statutory Trust Act and each Beneficial Owner's Percentage Share of the Trust Estate shall be distributed to such Beneficial Owner in accordance with this Section 9.2 in full and complete satisfaction and redemption of their Beneficial Ownership Interests.

(b) Notwithstanding the foregoing or anything else to the contrary contained in this Trust Agreement, if at such time as the requirements of Section 9.2(a) are applicable, then immediately before any such liquidating distributions the Signatory Trustee shall transfer title to the assets comprising the Trust Estate to a newly formed Delaware limited liability company (the "Springing LLC") that has a limited liability company agreement in substantially the same form as that set forth in Exhibit E (the "Transfer Distribution"). As part of the Transfer Distribution, (i) the Signatory Trustee shall cause the membership interests in the Springing LLC to be distributed to the Beneficial Owners in complete satisfaction of their Beneficial Interests in order to consummate the dissolution of the Trust, (ii) the Signatory Trustee shall be designated as the manager of the Springing LLC and shall execute all necessary documents, including the operating agreement of the Springing LLC on behalf of the members of the Springing LLC, (iii) the Springing LLC shall acquire, by operation of law, contract, or otherwise, the Trust Estate subject to the then-outstanding obligations of the Trust under the Ground Lease, and the Springing LLC shall assume, by operation of law, contract, or otherwise, the Trust's obligations under the Ground Lease, and (iv) the Signatory Trustee shall take all other actions necessary to complete the termination and winding up of the Trust, the formation of the Springing LLC, and the Transfer Distribution in accordance with applicable Delaware laws relating to the Trust and the Delaware Limited Liability Company Act. To the fullest extent permitted by applicable law, the Signatory Trustee shall be fully protected in any determinations made under this Section 9.2 made in good faith, and shall have no liability to any Person, including without limitation the Beneficial Owners, with respect thereto. If a determination has been made to dissolve the Trust under this Section 9.2, the Signatory Trustee may, in its discretion and upon advice of counsel, utilize such other form of transaction (including, without limitation, a conversion of the Trust into a limited liability company if then permitted by applicable law) to accomplish the transaction contemplated by the Transfer Distribution, provided that such alternative form of transaction is entered into to preserve and protect the Trust Estate for the benefit of the Beneficial Owners and is in compliance with the Statutory Trust Act.

Section 9.3 Sale of the Trust Estate. The Trust may not sell the Trust Estate until the date that is one year from the date the last Beneficial Owner is admitted to the Trust. Any sale shall be in the Signatory Trustee's sole and absolute discretion, including (i) determining sales price of the Trust Estate, (ii) providing notice to the Trust of the sale, and (iii) conducting the sale of the Trust Estate. After paying all amounts due to the Delaware Trustee hereunder, the Trust shall distribute the balance of the proceeds (net of any fee due to the Signatory Trustee) to the Beneficial Owners. The Signatory Trustee and the Delaware Trustee are expressly instructed to permit each Beneficial Owner to undertake its portion of the sale as a like-kind exchange within the meaning of Section 1031 of the Code. Any sale of the Trust Estate shall be on an "as is, where is" basis and without any representations or warranties by the Delaware Trustee or the Signatory Trustee (other than as to ownership of the Trust Estate and authority to enter into the sale or other matters as determined by Signatory Trustee in its sole and absolute discretion). Costs of sale shall be allocated between the Trust and the purchaser of the Trust Estate as may be determined by the Signatory Trustee in

its sole discretion. Notwithstanding any other provision of this Trust Agreement or any other provision of law or equity (including any law relating to fiduciary duties), to the fullest extent permitted by the Act and other applicable law, in connection with actions taken or not taken pursuant to this Trust Agreement, a Signatory Trustee Indemnified Person shall owe no duties hereunder or at law or in equity (including fiduciary duties) to the Trust, the Trustees, the Beneficial Owners or any other Person bound by this Trust Agreement. The Trust, the Trustees, the Beneficial Owners and any other Person bound by this Trust Agreement each therefore waives, to the fullest extent permitted by law, any claim or cause of action against a Signatory Trustee Indemnified Person asserting, in connection with the determination of any and all matters presented to such Signatory Trustee Indemnified Person for action, breach of fiduciary duty, duty of care or any other duty, breach of the Act or breach of any duty created by special circumstances arising out of this Trust Agreement or the Trust. Without limitation, any Signatory Trustee Indemnified Person may engage in or possess an interest in other profit-seeking or business ventures of any kind, nature or description, independently or with others, similar or dissimilar to the business of the Trust, whether now existing or hereafter acquired or initiated, whether or not such ventures are competitive with the Trust, and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to any Signatory Trustee Indemnified Person. No Signatory Trustee Indemnified Person who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Trust shall have any duty to communicate or offer such opportunity to the Trust, and such Signatory Trustee Indemnified Person shall not be liable to the Trust or to any other Person bound by this Trust Agreement for breach of any fiduciary or other duty existing at law, in equity or otherwise by reason of the fact that such Person pursues or acquires for, or directs such opportunity to, another Person or does not communicate such opportunity or information to the Trust. Neither the Trust nor any Beneficial Owner nor any Trustee shall have any rights or obligations by virtue of this Trust Agreement or the relationship created hereby in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit of such ventures, even if competitive with the activities of the Trust, shall not be deemed wrongful, improper or the breach of any duty to the Trust, any Trustee or any Beneficial Owner existing at law, in equity or otherwise.

Section 9.4 Disposition Fee to Signatory Trustee on Sale. The Signatory Trustee or an Affiliate shall receive a disposition fee (the “Disposition Fee”) from the Trust equal to two percent (2.0%) of the gross proceeds of any sale of the Trust Estate under Section 9.3, such amount to be increased by any payments of commissions or similar fees required to be paid by the Signatory Trustee to third-party real estate brokers in connection with any such sale. The right to receive the Disposition Fee shall expressly survive the transfer of the Real Estate to the Springing LLC and the cancellation of this Trust.

Section 9.5 TIC Conversion. Notwithstanding the foregoing, and at such time that the requirements in Section 9.2 are applicable, in lieu of a Transfer Distribution, the Signatory Trustee may convert the Trust to a tenancy in common arrangement (a “TIC Arrangement,” and such conversion, a “TIC Conversion”). In the event of a TIC Conversion, the Signatory Trustee shall distribute the Property to the Beneficial Owners and establish agreements governing the TIC Arrangement and the Beneficial Owners’ ownership of the Property that, as determined in its sole discretion, are materially consistent with the terms and conditions set forth in IRS Revenue Procedure 2002-22 or such other guidance as may apply to the treatment of a TIC Arrangement as the direct ownership of its underlying property.

Section 9.6 Certificate of Cancellation. Upon the completion of the dissolution and winding up of the Trust, the Certificate of Trust shall be cancelled by the Delaware Trustee who shall execute and cause a certificate of cancellation to be filed in the office of the Secretary of State.

ARTICLE 10 MISCELLANEOUS

Section 10.1 Limitations on Rights of Others. Nothing in this Trust Agreement, whether express or implied, shall give to any Person other than the Depositor, the Delaware Trustee, the Signatory Trustee, the Beneficial Owners, and the Trust any legal or equitable right, remedy or claim hereunder (subject to Section 10.11 hereof).

Section 10.2 Successors and Assigns. All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Depositor, the Delaware Trustee, the Signatory Trustee, the Beneficial Owners, the Trust, and their successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other writing or action by any such Person shall bind its successors and assigns.

Section 10.3 Usage of Terms. With respect to all terms in this Trust Agreement, the singular includes the plural and the plural includes the singular; words importing any gender include the other gender; references to “writing” include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Trust Agreement; references to Persons include their successors and permitted assigns; and the term “including” means including without limitation.

Section 10.4 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.5 Amendments. Subject to Article 3 hereof, to the fullest extent permitted by applicable law, this Trust Agreement may not be supplemented or amended, and no term or provision hereof may be waived, discharged, or terminated orally, but only by a signed writing executed by each of the parties hereto.

Section 10.6 Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and given by (i) overnight courier, or (ii) hand delivery, and shall be deemed to have been duly given when received. Notices shall be provided to the parties at the addresses specified below.

If to the Depositor or Signatory Trustee:

10130 Perimeter Parkway
Charlotte, NC 28126
Attn: Larry Labonte

If to the Delaware Trustee:

Sorenson Entity Services LLC
1201 N. Oranage St., Suite 7044
Wilmington, DE 19801
Attn: Chris Sorenson

If to a Beneficial Owner, at such Person’s address as specified in the most recent Ownership Records.

From time to time the Depositor, Delaware Trustee or Signatory Trustee may designate a new address for purposes of notice hereunder by notice to the others, and any Beneficial Owner may designate a new address for purposes of notice hereunder by notice to the Signatory Trustee.

Section 10.7 Governing Law. This Trust Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware (without regard to conflict of law principles); provided, however, that there shall not be applicable to the Trust, the Delaware Trustee, Signatory Trustee, or this Trust Agreement (a) the provisions of Sections 3540 and 3561 of Title 12 of the Delaware Code or (b) any provisions of the laws (statutory or common) of the State of Delaware (other than the Delaware Statutory Trust Act) pertaining to trusts which relate to or regulate: (i) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (ii) affirmative requirements to post bonds for trustees, officers, agents or employees of a trust, (iii) the necessity for obtaining court or other governmental approval concerning the acquisition, holding or disposition of real or personal property, (iv) fees or other sums payable to trustees, officers, agents or employees of a trust, (v) the allocation of receipts and expenditures to income or principal, (vi) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage or other manner of holding of trust assets, or (vii) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or powers of trustees, to the extent that the matters identified in clauses (i) through (vii) above are inconsistent with the limitations or liabilities or authorities and powers of the Trustees and any other terms set forth or referenced in this Trust Agreement.

Section 10.8 Counterparts. This Trust Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 10.9 Severability. Any provision of this Trust Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, each of the parties hereby waives any provision of applicable law that renders any such provision prohibited or unenforceable in any respect.

Section 10.10 Signature of Beneficial Owners. Each Investor will execute the signature page for Agreement of Assignee or Transferee Beneficial Owners of the Trust in substantially the form set forth in Exhibit D hereto (the "Signature Page") in connection with their acquisition of a Beneficial Interest. By executing the Signature Page, each Investor hereby acknowledges and agrees to be bound by the terms of the limited liability company agreement for the Springing LLC contemplated under Section 9.2 in the form substantially similar to that set forth in Exhibit E hereto (the "Springing LLC Agreement") when and if such Springing LLC is formed. In addition, in light of their agreement to this Section 10.10, each Investor hereby acknowledges and agrees that their signature to the Springing LLC Agreement will not be required.

Section 10.11 Intentionally deleted.

[The remainder of this page is intentionally left blank - signature pages follow]

IN WITNESS WHEREOF, each of the parties has caused this Trust Agreement to be duly executed as of the day and year first above written.

THE DEPOSITOR:

LRT MULTI ONE HOLDINGS LLC,
a Delaware limited liability company

By: _____
Name: Lawrence Labonte
Title: Manager

THE SIGNATORY TRUSTEE:

LRT MULTI ONE ST LLC,
a Delaware limited liability company

By: _____
Name: Lawrence Labonte
Title: Manager

THE DELAWARE TRUSTEE:

Sorenson Entity Services LLC,
a Delaware limited liability company

By: _____
Name: Chris Sorenson
Title: Manager

EXHIBIT A

REAL ESTATE

LEGAL DESCRIPTION

All that certain lot, tract, or parcel of land situate, lying and being in the City of Hardeeville, Jasper County, South Carolina, designated as "Lot 1" on that certain plat entitled "Subdivision Plat of Revised Parcel 2A into Lots 1, 2, 3, 4, 5, 6 & 60' Right-of-Way formerly the Coastal Land Tract", prepared by Terry G. Hatchell, SCRLS No. 11059, dated March 3, 2020 and recorded in Plat Book 37 at Page 164 in the Jasper County, South Carolina records.

EXHIBIT B

EXHIBIT C

**OWNERSHIP RECORDS
FOR
LRT HARDEEVILLE MULTIFAMILY 1 DST
LAST REVISED _____, 20__.**

<u>Name:</u> _____	<u>Mailing Address:</u> _____	<u>Percentage (%) Share of Beneficial Interest</u> _____
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I hereby certify that the foregoing Ownership Records are complete and accurate as of the date set forth above.

LRT MULTI ONE ST LLC,
not in its individual capacity, but solely as Signatory Trustee

By: _____
Its: _____

EXHIBIT D

**AGREEMENT OF ASSIGNEE OR TRANSFEREE BENEFICIAL OWNER OF
LRT HARDEEVILLE MULTIFAMILY 1 DST**

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Trust Agreement of LRT Hardeeville Multifamily 1 DST, dated as of May 12, 2026 (the "Trust Agreement"), by and among LRT Multi One ST LLC, as Signatory Trustee, LRT Multi One Holdings LLC, as Depositor, and Sorenson Entity Services, LLC as Delaware Trustee, and hereby covenants and agrees to be bound by the Trust Agreement as a Beneficial 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 Beneficial Interest, the undersigned hereby:

1.1 Represents and warrants that the undersigned: (i) understands and is aware that there are substantial uncertainties regarding the treatment of the undersigned's Beneficial Interest as real estate for federal income tax purposes; (ii) fully understands that there is significant risk that the undersigned's Beneficial Interest will not be treated as real estate for federal income tax purposes; (iii) has independently obtained advice from its legal counsel and/or accountant regarding any tax-deferred exchange under Code Section 1031, including, without limitation, whether the acquisition of the undersigned's Beneficial Interest may qualify as part of a tax-deferred exchange, and the undersigned is relying on such advice and not on the opinion of counsel issued to the Trust or upon any statements in the Memorandum (as defined below) regarding the tax treatment of the Beneficial Interests; (iv) is aware that the Internal Revenue Service ("IRS") has issued Revenue Ruling 2004-86 (the "Revenue Ruling") specifically addressing Delaware statutory trusts, the Revenue Ruling is merely guidance and is not a "safe-harbor" for taxpayers or sponsors, and, without the issuance of a Private Letter Ruling on a specific offering, there is no assurance that the undersigned's Beneficial Interest will not be treated as a partnership interest for federal income tax purposes; (v) understands that the Trust has not obtained a ruling from the IRS that the undersigned's Beneficial Interest will be treated as an undivided interest in real estate as opposed to an interest in a partnership; (vi) understands that the tax consequences of an investment in the undersigned's Beneficial Interest, especially the treatment of the transaction described herein under Code Section 1031 and the related "1031 Exchange" rules, are complex and vary with the facts and circumstances of each individual purchaser; (vii) understands that, notwithstanding that the opinion of counsel issued to the Trust states that a purchaser's Beneficial Interest "should" be considered a real property interest and not a partnership interest for federal income tax purposes, no assurance can be given that the IRS will agree with this opinion; and (viii) shall, for federal income tax purposes, report the purchase of the Beneficial Interest by the undersigned as a purchase by the undersigned of a direct ownership interest in the Real Estate.

1.2 Acknowledges that the undersigned (i) has received from the undersigned's transferor or assignor a courtesy copy of the private offering memorandum regarding the sale of the Beneficial Interests by the Trust (together with any addendums or supplements thereto, the "Memorandum") and the Trust Agreement and (ii) is familiar with and understands each of the foregoing including the "Risk Factors" set forth in the Memorandum.

1.3 Represents and warrants that the undersigned, in determining to acquire the Beneficial Interest, has relied solely upon the advice of the undersigned's legal counsel and accountants or other financial advisors with respect to the tax and other consequences involved in acquiring the Beneficial Interest and that none of the Trust, the Delaware Trustee, the Signatory Trustee or the Depositor has made any representation to the undersigned regarding the Beneficial Interest or the Real Estate, except, in the case of any purchaser of an Interest from the Signatory Trustee, any representations contained in the Purchase Agreement and Escrow Instructions pursuant to which the undersigned acquires the Interest.

1.4 Acknowledges that the Beneficial Interest being acquired will be governed by the terms and conditions of the Trust Agreement, and under certain circumstances by the limited liability company agreement contemplated under Section 9.2 of the Trust Agreement and attached as Exhibit E thereto, both of which the undersigned accepts and by which the undersigned agrees by execution hereof to be legally bound notwithstanding that his signature will not be required on either agreement.

1.5 Represents and warrants that the undersigned either (i) is an Accredited Investor (as defined by Rule 501 of Regulation D promulgated under the Securities Act), or (ii) is acquiring the Beneficial Interest in a fiduciary capacity for a person meeting such condition.

1.6 Represents and warrants that the Beneficial Interest being acquired will be acquired for the undersigned's own account without a view to public distribution or resale and that the undersigned has no contract, undertaking, agreement or arrangement to sell or otherwise transfer or dispose of the Beneficial Interest or any portion thereof to any other Person.

1.7 Represents and warrants that the undersigned (i) can bear the economic risk of the purchase of the Beneficial Interest including the total loss of the undersigned's investment, (ii) has such knowledge and experience in business and financial matters, including the analysis of or participation in offerings of privately issued securities, as to be capable of evaluating the merits and risks of purchasing Beneficial Interests, and (iii) if an individual, is at least 19 years of age.

1.8 Understands that the Beneficial Interest has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state and are subject to substantial restrictions on transfer as described in the Memorandum under "Restrictions on Transferability" which restrictions are in addition to certain other restrictions set forth in the Trust Agreement.

1.9 Understands that a legend will be placed on the Beneficial Ownership Certificate with respect to restrictions on distribution, transfer, resale, assignment or subdivision of the Beneficial Interest imposed by applicable federal and state securities laws.

1.10 Agrees that the undersigned will not sell or otherwise transfer or dispose of any Beneficial Interest or any portion thereof unless (i) such Beneficial Interest is registered under the Securities Act and any applicable state securities laws or, if required by the Trust (through the Signatory Trustee), the undersigned obtains an opinion of counsel that is satisfactory to the Trust that such Beneficial Interest may be sold in reliance on an exemption from such registration requirements, provided that such opinion shall not be required for the assignment or transfer by the Depositor, and (ii) the transfer is otherwise made in accordance with the Trust Agreement.

1.11 Understands that (i) the Trust has no obligation or intention to register any Beneficial Interest for resale or transfer under the Securities Act or any state securities laws or to take any action (including the filing of reports or the publication of information as required by Rule 144 under the Securities Act) which would make available any exemption from the registration requirements of any such laws, and (ii) the undersigned therefore may be precluded from selling or otherwise transferring or disposing of any Beneficial Interest or any portion thereof for an indefinite period of time or at any particular time.

1.12 Understands that no federal or state agency including the Securities and Exchange Commission, or the securities commission or authorities of any other state has approved or disapproved the Beneficial Interests, passed upon or endorsed the merits of the Trust's offering of Beneficial Interests or the accuracy or adequacy of the Memorandum, or made any finding or determination as to the fairness of the Interest for public investment.

1.13 Represents, warrants and agrees that, if the undersigned is acquiring the Beneficial Interest in a fiduciary capacity, (i) the above representations, warranties, agreements, acknowledgments and understandings shall be deemed to have been made on behalf of the Person or Persons for whose benefit such Beneficial Interest is being acquired, (ii) the name of such Person or Persons is indicated below the undersigned's name, and (iii) such further information as the Signatory Trustee deems appropriate shall be furnished regarding such Person or Persons.

1.14 Acknowledges and agrees that counsel to the Trust, the Depositor, the Signatory Trustee, the Delaware Trustee and their Affiliates do not represent, and shall not be deemed under applicable codes of professional responsibility, to have represented or to be representing, any transferee or assignee, including the undersigned, in any way in connection with the transfer or assignment of a Beneficial Interest.

1.15 Agrees to indemnify, defend and hold harmless the Trust, Delaware Trustee, Depositor and Signatory Trustee, and each of their members, managers, shareholders, officers, directors, employees, consultants, affiliates and advisors (collectively, the “Indemnified Persons”) of and from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) that they may incur by reason of the untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained herein or in any other document transferee or assignee has furnished to any of the foregoing in connection with this transaction. In addition, if any person shall assert a claim to a finder's fee or real estate brokerage commission on account of alleged employment as a finder or real estate broker through or under the undersigned in connection with the undersigned’s acquisition of the Beneficial Interest, the undersigned shall indemnify and hold the Indemnified Parties harmless from and against any such claim. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) incurred by the Indemnified Parties defending against any alleged violation of federal or state securities laws, which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the undersigned has furnished to any of the foregoing in connection with this transaction, and against any failure of the transaction to satisfy any Code Section 1031 requirements in connection with the undersigned’s exchange under such provisions.

1.16 Represents and warrants that neither the undersigned nor any Affiliate of the undersigned (i) is a Sanctioned Person (defined below), (ii) has more than fifteen percent (15%) of its assets in Sanctioned Countries (defined below), or (iii) derives more than fifteen percent (15%) of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. For purposes of the foregoing, a “Sanctioned Person” shall mean (y) a Person named on the list of “specially designated nationals” or “blocked persons” maintained by the U.S. Office of Foreign Assets Control (“OFAC”) at <http://www.treas.gov/offices/eotffc/ofac/sdn/index.html>, or as otherwise published from time to time, or (y) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A “Sanctioned Country” shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html>, or as otherwise published from time to time.

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EXHIBIT E

FORM OF LIMITED LIABILITY COMPANY AGREEMENT

OF

_____ **LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of _____ LLC, a Delaware limited liability company (the "Company"), is made and entered into as of _____, 20__ (the "Effective Date"), by and among LRT HARDEEVILLE MULTIFAMILY 1 DST, a Delaware statutory trust (the "DST" or the "Trust"), LRT MULTI ONE ST LLC, a Delaware limited liability company (the "Signatory Trustee" or "Manager"), the persons whose names are set forth on Exhibit A of this Agreement (the "Members").

RECITALS:

WHEREAS, pursuant to the trust agreement of DST (the "Trust Agreement"), Signatory Trustee is the signatory trustee of DST, and the Members collectively own all of the beneficial interests in DST (the Members in such capacity, the "Owners").

WHEREAS, DST owns that certain 17.18-acre plot of undeveloped land located on 5 Island Gate Drive, Hardeeville, Jasper County, South Carolina 29927 (the "Real Property"), and certain incidental additional assets associated with the Real Property (the Real Property and all such additional assets collectively the "Trust Property"), which property is subject to the Ground Lease.

WHEREAS, the Signatory Trustee has determined that, to conserve and protect the Trust Property, DST must be terminated as provided in Section 9.2 of the Trust Agreement.

WHEREAS, pursuant to Section 9.2 of the Trust Agreement, the Company shall become the owner of the Trust Property (such property in the hands of the Company the "Company Property") which shall remain subject to the Ground Lease, Signatory Trustee shall become the manager of the Company (the "Manager"), the Owners shall become Members of the Company, and the DST shall be terminated.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE I

Formation of Company

1.1 Authority. The Company has been formed in accordance with the requirements of the Delaware Limited Liability Company Act (the "Act"), and Signatory Trustee has been designated the Manager of the Company. The Manager shall have the authority to perform, or cause to be performed, such other filings, recordings and actions and will comply with all formation requirements under the Act and the laws of such other states in which the Company elects to do business.

1.2 Membership; Rights and Obligations. Upon the consummation of the transactions described in the Recitals, the Members will become members of the Company. The rights and obligations of the Company and the Members will, except as otherwise provided herein, be governed by the Act.

1.3 Name. The name of the Company is "_____ LLC" and its affairs will be conducted under the Company name or such other name(s) as the Manager may select. The Manager will execute and file with the proper offices any and all certificates required by the fictitious name or assumed name statutes of the states in which the Company elects to do business. The Company will have the exclusive ownership of and right to use the Company name.

1.4 Purposes of the Company. The purposes of the Company are: (i) to manage, dispose of, finance and refinance the Real Property; (ii) to assume and to satisfy the obligations of DST set forth in the Ground Lease; and (iii) to engage in such other activities, enterprises, ventures and undertakings permitted under this Agreement and/or the Act that are necessary or appropriate to the foregoing purposes.

1.5 Characterization. It is the intention of the Manager and the Members that the Company constitute a partnership for federal, state and local income tax purposes. Each Member will report its Membership Interest in a manner consistent with the foregoing, and neither the Manager nor any Member will take any action inconsistent with the foregoing.

1.6 Principal Office of the Company. The principal office of the Company is _____, or at such other place as the Manager may designate. The Company may have other offices in such place or places as selected by the Manager.

1.7 Registered Office and Registered Agent. The registered agent of the Company in the State of Delaware is _____, and the registered office of the registered agent is _____. The Manager may from time to time in accordance with the Act change any of the Company's registered agents and/or registered offices and designate a registered agent and registered office in each state the Company is required to maintain or appoint one.

1.8 Term of Existence of the Company. The term of the Company commenced upon the filing of its Certificate of Formation with the Secretary of State and will be perpetual unless sooner terminated as provided in Article VIII.

ARTICLE II

Membership Interests: Capital Contributions

2.1 Membership Interest. Each Member's percentage ownership interest in the Company shall be equal to such Member's beneficial ownership interest in DST immediately prior to the transactions described in the Recitals. The amount of each Member's percentage ownership interest in the Company ("Membership Interest") is set forth opposite such Member's name on Exhibit A hereto. The Company Property shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in the Company Property in his or her individual name or right, and a Member's Membership Interest shall be personal property for all purposes.

2.2 Capital Contributions.

(a) Each Member will be credited with an initial capital contribution ("Capital Contribution") in the amount set forth opposite such Member's name on Exhibit A hereto, which amount shall be equivalent to the value of such Member's interest as an Owner in the DST.

(b) The Manager may request at any time that the Members make additional Capital Contributions to the Company on a pro rata basis in proportion to each Member's Membership Interest. The Members are not required to comply with any such request. The Manager shall adjust the Members' Capital Contributions and Membership Interests set forth on Exhibit A hereto to equitably reflect any additional capital contributions made by the Members.

ARTICLE III

Accounting, Allocations and Distributions

3.1 Books of Account.

(a) The Manager shall maintain the books of account of the Company.

(b) The books of account will be closed promptly after the end of each calendar year, which will be the Company's fiscal year ("Fiscal Year"). Promptly after the close of the Fiscal Year (but in all events within

90 days thereafter), the Company will cause to be prepared such partnership income tax information and other returns required under applicable law and regulation, including any and all statements necessary to advise all Members promptly about their investment in the Company for federal income tax reporting purposes. The Manager will be responsible for the prompt filing and delivery of all such returns and statements. All elections and options available to the Company for tax purposes will be taken or rejected by the Company in the sole discretion of the Manager.

3.2 Capital Accounts. A separate capital account (“Capital Account”) shall be maintained for each Member. Each Member’s initial Capital Account shall be equal to the amount of such Member’s Capital Contribution. Thereafter, each Member’s Capital Account will, inter alia, be increased by (i) the amount of money contributed by such Member to the Company, (ii) the fair market value of property contributed by such Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752) and (iii) allocations to such Member of Company income and gain (or items thereof), including income and gain exempt from tax; and decreased by (iv) the amount of money distributed to such Member (as a Member) by the Company, (v) the fair market value of property distributed to such Member (as a Member) by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code Section 752), (vi) allocations to such Member of expenditures of the Company described in Code Section 705(a)(2)(B) and (vii) allocations to such Member of Company loss and deduction (or items thereof).

3.3 Profit and Loss Allocations. Except as otherwise required by Code Section 704 and the Treasury Regulations thereunder, net profit or net loss of the Company, determined for income tax purposes, will be allocated to the Members pro rata with their Membership Interests.

3.4 Special Tax Allocations. In accordance with Code Sections 704(b) and 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any asset contributed to the capital of the Company will, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of contribution to the Company.

3.5 Distributions.

(a) Company Cash Flow for any Fiscal Year will consist of all cash received by the Company (other than as a capital contribution) less cash expenditures for Company debts, expenses, capital expenditures and reasonable reserves as determined by the Manager in its sole discretion.

(b) Company Cash Flow for any Fiscal Year will be distributed to the Members in proportion to their Membership Interests.

(c) No Member has the right to partition, or otherwise demand an in kind distribution of, the Company Property. If the Company distributes Company Property to the Members, the fair market value of such property at the time of such distribution will be determined by the Manager in its sole discretion, and any such distribution will be made to the Members in proportion to their Membership Interests.

ARTICLE IV

Rights, Duties, Liabilities and Restrictions of the Manager

4.1 The Manager.

(a) Except solely as provided in Section 4.1(b) with respect to Major Decisions (as defined herein), the Manager will have the sole and exclusive right to manage, control and conduct the affairs of the Company and to manage the Company Property including, but not limited to: (i) entering into any agreement for the sale, transfer, or exchange of all or any substantial portion of the Real Property; (ii) entering into, modifying, extending, renewing or canceling the Ground Lease or any other lease with respect to the Real Property; (iii) entering into, modifying, extending, renewing or canceling any agreement pertaining to any indebtedness to be secured in whole or in part by any mortgage, trust deed, pledge, lien or other encumbrance upon the Real Property; or (iv) admitting new Members to the Company in exchange for Capital Contributions by such persons to the Company.

(b) Notwithstanding the foregoing, the following actions (the “Major Decisions”) will require the consent of Members holding a majority of the Membership Interests: (i) entering into any agreement for the sale, transfer, or exchange of all or any substantial portion of the Real Property; (ii) entering into, modifying, extending, renewing or canceling the Ground Lease or any other lease with respect to the Real Property or any portion thereof; (iii) entering into, modifying, extending, renewing or canceling any agreement pertaining to any indebtedness to be secured in whole or in part by any mortgage, trust deed, pledge, lien or other encumbrance upon the Real Property; (iv) admitting new Members to the Company in exchange for Capital Contributions by such persons to the Company; (v) dissolving and winding up the Company (subject to Section 4.2); or (vi) amending this Agreement (other than pursuant to Section 6.2(f) or Section 7.2). The consent of the Members to any Major Decision shall be determined as provided in Section 5.3.

4.2 Intentionally Deleted.

4.3 Duties and Responsibilities of the Manager. The Manager will diligently, faithfully and competently perform its duties and responsibilities, and will devote such time to the Company’s business as, in the judgment of the Manager, is reasonably required. No fee shall be payable to the Manager for management of the affairs of the Company.

4.4 Officers of the Company. The Manager may appoint one or more persons to serve as officers of the Company, in such capacities and with such delegated rights and powers as the Manager may approve; provided, however, that no such officer will have any different or greater rights and powers than the Manager. The Manager may provide that compensation be paid to persons who provide services to the Company as officers.

4.5 Expenditures by Manager. The Company will reimburse the Manager and its Affiliates for any costs and expenses reasonably incurred by them on behalf of the Company.

4.6 Potential Conflicts. The Company may purchase goods or services from the Manager or its Affiliates, provided that any such transaction will be conducted on commercially reasonable terms. The Manager may engage in business ventures of any nature and description independently or with others, including, but not limited to, the business or businesses engaged in by the Company, and neither the Company nor any of the other Members will have any rights in or to such independent ventures or the profits derived therefrom.

4.7 Liability of Manager. The Manager will not be liable to any Member or the Company for honest mistakes of judgment, or for action or inaction, taken reasonably and in good faith for a purpose that was reasonably believed to be in the best interests of the Company, or for losses due to such mistakes, action or inaction, or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Company. The Manager may consult with counsel and accountants in respect of Company affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel or accountants, provided that they will have been selected with reasonable care. The Members will look solely to the Company Property for the return of their capital and, if the assets of the Company remaining after payment or discharge of the debts and liabilities of the Company are insufficient to return such capital, they will have no recourse against the Manager for such purpose. The provisions of this Section 4.7 will not relieve the Manager of any liability, notwithstanding any of the foregoing to the contrary, by reason of the gross negligence, willful misconduct or intentional wrongdoing or to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate the provisions of this Section 4.7 to the fullest extent permitted by law.

4.8 Indemnification. The Company shall indemnify the Manager, in its individual capacity, from and against, any and all liabilities, obligations, losses, damages, taxes, claims, actions, suits, costs, expenses and disbursements including reasonable legal fees and expenses which may be imposed on, incurred by or asserted at any time against them, in their individual capacities and not indemnified against by other Persons, which relate to or arise out of the Company Property. The indemnities contained in this Section 4.8 shall survive the termination of this Agreement.

4.9 Successor to Manager. If the Manager resigns, a successor manager will be selected by Members holding a majority of the Membership Interests.

4.10 Tax Matters Member. The Manager will be the Company's Tax Matters Partner as defined in Code Section 6231(a)(7) (the "TMP"). The TMP will have the right to resign as such by giving 30 days written notice to the Members. Upon the resignation of the TMP, a successor TMP will be selected by the Manager. The TMP will employ experienced tax counsel to represent the Company in connection with any audit or investigation of the Company by the Internal Revenue Service (the "Service") and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The Company will not be obligated to pay any compensation to the TMP in his capacity as such; provided, however, that all reasonable expenses incurred by the TMP in serving as the TMP will be Company expenses and the TMP will be reimbursed by the Company in accordance with Section 4.4 above. The TMP will keep the Members informed of all administrative and judicial proceedings, as required by Code Section 6223(g), and will furnish to each Member who so requests in writing a copy of each notice or other communication received by the TMP from the Service, except such notices or communications as are sent directly to such Member by the Service.

ARTICLE V Members

5.1 Intentionally Deleted.

5.2 Liability. No Member will be personally liable for any of the debts of the Company or any of the losses thereof beyond the amount of such Member's Capital Contribution to the Company.

5.3 Meetings of the Members. A meeting of the Members may be called at any time by the Manager or by Members holding more than twenty five percent (25%) of the Membership Interests. The meetings will be held at the Company's principal place of business or any other place designated by the Manager. The Manager will give the Members at least ten (10) days prior written notice stating the time, place and purpose of the meeting. At a meeting of the Members, the presence of Members holding more than fifty percent (50%) of the Membership Interests, in person or by proxy, will constitute a quorum. A Member may vote either in person or by written proxy signed by the Member or by his, her or its duly authorized attorney in fact. Persons present by telephone will be deemed to be present "in person" for purposes hereof.

ARTICLE VI Assignment Provisions

6.1 Transfers by Members.

(a) Subject to Section 6.2, a Member may Transfer some or all of its Membership Interests in the Company. For purposes hereof, "Transfer" means, when used as a noun, any sale, hypothecation, pledge, assignment, gift, or other transfer, be it voluntary or involuntary, to any person, inter vivo, testamentary, by operation of laws of devise and descent or other laws, and, when used as a verb; to sell, hypothecate, pledge, assign, gift or otherwise transfer to any person, be it voluntarily or involuntarily, inter vivo, testamentary, by operation of the laws of devise or descent or any other laws.

(b) Notwithstanding anything contained herein to the contrary, no Transfer of any Membership Interest will be permitted if such Transfer would: (i) result in a termination of the Company for federal income tax purposes that would have a material adverse effect on the Company or any of the Members; (ii) result in the Company not qualifying for an exemption from the registration requirements of any applicable federal or state securities laws; (iii) result in any violation of any applicable federal or state securities laws; (iv) result in the Company having to register as an investment company under the Investment Company Act of 1940, as amended; (v) require the Company, the Manager or any affiliate to register as an investment advisor under the Investment Advisers Act of 1940, as amended; or (vi) result in the Company being treated as a publicly traded partnership for federal tax purposes.

6.2 General Provisions. The following rules will apply to the Transfer of interests in the Company.

(a) no person will be admitted as an assignee or transferee hereunder unless and until: (i) the Manager has, in its sole discretion, consented to such transfer; (ii) the assignment is made in writing, signed by the assignor and accepted in writing by the assignee, and a duplicate original of the assignment is delivered to and accepted

by the Manager; (iii) the prospective assignee executes and delivers to the Company a written agreement, in form and substance satisfactory to the Manager, pursuant to which said person agrees to be bound by this Agreement; and (iv) an appropriate amendment hereto is executed and, if required, filed of record;

(b) the effective date of such assignment or admission will be no earlier than the date that the documents specified in subsection (a) above are delivered to and accepted by the Manager,

(c) the Company and the Manager will treat the assignor of the assigned interest as the absolute owner thereof and will incur no liability for distributions made in good faith to such assignor prior to such time as the documents specified in subsection (a) above have been delivered to and accepted by the Manager,

(d) unless admitted as a Member to the Company by the Manager pursuant to the provisions of Article VII, the assignee or transferee of an interest in the Company hereunder will not be entitled to become or exercise any rights of a Member, but will, to the extent of the interest acquired, be entitled only to the predecessor Member's Membership Interest in the Company. No person, including the legal representatives, heirs or legatees of a deceased Member, will have any rights or obligations greater than those set forth herein and no person will acquire an interest in the Company or become a Member except as permitted hereby;

(e) the costs incurred by the Company in processing an assignment (including attorneys' fees) will be borne by the assignee, and will be payable prior to and as a condition of admission to the Company; and

(f) upon the Transfer of a Membership Interest which satisfies this Section 6.2, Exhibit A to this Agreement will be revised to reflect such Transfer.

ARTICLE VII

Admission of Additional Members: Resignations and Withdrawals

7.1 Admission of Additional Members.

(a) Subject to compliance with applicable securities laws and this Agreement, new Members may be admitted to the Company in exchange for Capital Contributions by such persons to the Company in the manner provided in Section 4.1 of this Agreement. The Members hereby grant the Manager the power of attorney to amend the Company's Certificate of Formation and this Agreement to effect any issuance of Membership Interests pursuant to this subsection. Upon the admission of any new Members to the Company, the Manager shall adjust the Members' Membership Interests set forth on Exhibit A hereto to equitably reflect the Capital Contributions made by new Members.

(b) Additional Members admitted pursuant to Section 7.1(a) will be entitled to all of the rights and privileges of the original Members hereunder and will be subject to all of the obligations and restrictions hereunder, and in all other respects their admission will be subject to all of the terms and provisions hereof.

(c) No Member shall have any preemptive or similar rights to increase or maintain such Member's Membership Interest in the Company.

7.2 Resignations and Withdrawals. A Member who withdraws from the Company will forfeit all Membership Interests and rights as a Member, including his right to receive any distributions from the Company and the right to vote. Upon the withdrawal of a Member, the Company will not have any obligation to purchase such Member's Membership Interests or any part thereof. The Manager shall adjust the Members' Membership Interests set forth on Exhibit A hereto to equitably reflect the withdrawal of a Member.

ARTICLE VIII

Termination and Winding Up

8.1 Termination.

(a) The Company will terminate upon the earlier to occur of the following:

(i) The Manager and Members holding a majority of the Membership Interests vote to terminate the Company; or

(ii) The Company's sale, exchange or other disposition of the Real Property.

(b) Intentionally deleted.

(c) This Agreement generally and Article VIII in particular will govern the conduct of the parties during the winding up of the Company.

8.2 Liquidation Procedures. Upon termination of the Company, the Company's affairs will be wound up and the Company will be dissolved. A proper accounting will be made of the profit or loss of the Company from the date of the last previous accounting to the date of termination.

8.3 Liquidating Trustee. Upon the winding up of the Company, the Manager will act as the liquidating trustee or will appoint a liquidating trustee. The liquidating trustee will have full power to sell, assign and encumber the Company Property. All certificates or notices thereof required by law will be filed on behalf of the Company by the liquidating trustee.

8.4 Distribution on Winding Up. The proceeds of liquidation will be applied by the end of the taxable year in which the liquidation occurs or, if later, within 90 days after the date of such liquidation, in the following order.

(a) first, to the creditors of the Company, in the priority and to the extent provided by law; and

(b) thereafter, to the Members in proportion to their Membership Interests.

8.5 No Dissolutions. The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member shall not cause the termination or dissolution of the Company and the business of the Company shall continue. Upon any such occurrence, the trustee, receiver, executor, administrator, committee, guardian or conservator of such Member (an "assignee") shall have all the rights of such Member for the purpose of settling or managing its estate or property, subject to satisfying conditions precedent to the admission of such assignee as a substitute Member. The transfer by such trustee, receiver, executor, administrator, committee, guardian or conservator of any Membership Interest shall be subject to all of the restrictions, hereunder to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated or incompetent Member.

ARTICLE IX General Provisions

9.1 Definitions. The following terms not otherwise defined herein will have the meanings ascribed to them below

(a) "Affiliate" (whether or not such term is capitalized) shall mean, with respect to any specified Person, any other Person (i) owning beneficially, directly or indirectly, any ownership interest in such specified Person, (ii) directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, or (iii) who is an immediate family member of such Person.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(c) "Control" (whether or not such term is capitalized) when used with respect to any specified Person, shall mean 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.

(d) “Ground Lease” shall mean that lease agreement entered into by DST with LRT Multi One Leasee LLC, a South Carolina limited liability company, as Ground Lessee with respect to the Real Property.

(e) “Ground Lessee” shall mean LRT Multi One Leasee LLC, a South Carolina limited liability company, or any successor thereto.

(f) “Person” (whether or not such term is capitalized) shall mean a natural person, corporation, limited partnership, general partnership, limited liability company, 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

(g) “Section” shall mean a section in this Agreement unless the context clearly indicates otherwise.

(h) Intentionally deleted.

(i) “Treasury Regulations” shall mean U.S. Treasury Regulations promulgated under the Code.

9.2 Notices. All notices, offers or other communications required or permitted to be given pursuant to this Agreement will be in writing and will be considered as properly given or made upon personal delivery or on the third business day following mailing from within the United States by first class United States mail, postage prepaid, certified mail return receipt requested, and addressed to the address of the Company set forth in Section 1.6, if to the Company, and to the address beneath a Member’s name on the signature pages hereto, if to a Member. Any Member may change its address by giving fifteen (15) days’ advance written notice stating its new address to the Manager. The Company may change its address by giving fifteen (15) days’ advance written notice to the Members stating its new address. Commencing with the giving of such notice, such newly designated address will be such Member’s address for purposes of all notices or other communications required or permitted to be given pursuant to this Agreement.

9.3 Third Party Reliance. Third parties dealing with the Company shall be entitled to conclusively rely on the signature of the Manager and/or any officer of the Company to bind the Company.

9.4 Successors. This Agreement and all the terms and provisions hereof will be binding upon and will inure to the benefit of all Members and their legal representatives, heirs, successors and permitted assigns, except as expressly herein otherwise provided.

9.5 Governing Law. This Agreement will be construed in conformity with the laws of the State of Delaware, without regard to conflicts of law provisions.

9.6. Benefits of Agreement; No Third-Party Rights. (1) None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Members, and (2) nothing in this Agreement shall be deemed to create any right in any Person (other than Covered Persons) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

9.7 Counterparts. This Agreement may be executed in counterparts, each of which will be an original, but all of which will constitute one and the same instrument.

9.8 Pronouns and Headings. As used herein, all pronouns will include the masculine, feminine, neuter, singular and plural thereof wherever the context and facts require such construction- The headings, titles and subtitles herein are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof

9.9 Members Not Agents. Nothing contained herein will be construed to constitute any Member the agent of another Member, except as specifically provided herein, or in any manner to limit the Members in the carrying on of their own respective businesses or activities.

9.10 Entire Understanding. This Agreement constitutes the entire understanding among the Members and supersedes any prior understanding and/or written or oral agreements among them with respect to the Company.

9.11 Severability. If any provision of this Agreement, or the application of such provision to any person or circumstance, will be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid by such court, will not be affected thereby.

9.12 Further Assurances. Each of the Members will hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof. Recognizing that each Member may find it necessary from time to time to establish to third parties; such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each Member agrees, upon the written request of another Member (including the Manager, for and on behalf of the Company), from time to time, to furnish promptly a written statement of the status of any matter pertaining to this Agreement or the Company to the best of the knowledge and belief of the Member making such statements.

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**COUNTERPART SIGNATURE PAGE
LIMITED LIABILITY COMPANY AGREEMENT
OF
_____ LLC**

IN WITNESS WHEREOF, the undersigned have executed this Limited Liability Company Agreement this _____ day of _____, 20__.

MANAGER:

LRT MULTI ONE ST LLC

By: _____
Its: _____

MEMBER:

Signature

Print Name

Address

City, State & Zip Code

EXHIBIT A

CAPITAL CONTRIBUTION

NAME AND ADDRESS OF MEMBER	CAPITAL CONTRIBUTION	MEMBERSHIP INTEREST

EXHIBIT B

FORM OF GROUND LEASE

**LRT HARDEEVILLE MULTIFAMILY 1 DST
GROUND LEASE AGREEMENT**

This GROUND LEASE AGREEMENT (the “**Lease**”) is made and entered into as of May 8, 2026 (the “**Commencement Date**”), by and between LRT HARDEEVILLE MULTIFAMILY 1 DST, a Delaware Statutory Trust (“**Ground Owner**”), and LRT MULTI ONE LEASEE LLC, a South Carolina limited liability company, organized and operated as a special purpose entity (“**Ground Tenant**”).

WITNESSETH:

In consideration of the rents reserved and covenants made herein, the sufficiency of which is acknowledged, Ground Owner and Ground Tenant, for themselves, and their legal representatives, and their permitted successors and assigns, hereby agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.01 Definitions. The following terms, as used in this Lease, shall have the meanings set forth below:

“**Additional Rent**” shall mean all amounts payable by Ground Tenant under this Lease, other than Base Rent, and whether or not expressly designated as Additional Rent in this Lease.

“**Affiliate**” shall mean a Person which shall Control, be under the Control of, or be under common Control with the Person in question.

“**Alteration**” or “**Alterations**” shall have the meaning set forth in Section 9.02 hereof.

“**Approval Date**” shall mean the date that all of the Approvals are issued for the construction of the Facility and all appeal periods for the Approvals have expired with either (i) no appeal having been filed or (ii) all appeals having been resolved in a manner satisfactory to Ground Owner and Ground Tenant.

“**Approvals**” shall mean all approvals of Governmental Authorities required for the construction of the Facility and for any Alteration, as applicable.

“**Arbitration**” shall mean in such cases where this Lease expressly provides for the settlement of a dispute or question through arbitration, and only in such cases, each party shall promptly appoint a Qualified Appraiser as an arbitrator on its behalf and shall give notice thereof to the other party. Ground Owner shall also provide a copy of such notice to any Leasehold Mortgagee who is then entitled to receive copies of any notice of default at the same time and in the same manner as notice is provided to Ground Tenant. The two Qualified Appraisers shall together appoint a third Qualified Appraiser within five days after the appointment of Ground Owner’s and Ground Tenant’s Qualified Appraisers and said three Qualified Appraisers shall, within the applicable time period specified in this Lease, or if no time period is specified, as promptly as possible, determine the matter which is the subject of the Arbitration and the decision of the majority of them shall be a conclusive, final, non-appealable decision binding on all parties

and judgment upon the award may be entered in any court having jurisdiction. The Arbitration shall be conducted in the offices of the American Arbitration Association in the City of Hardeeville, South Carolina and, to the extent applicable and consistent with this Lease, shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association or any successor body of similar function. The expenses of Arbitration shall be shared equally by Ground Owner and Ground Tenant but each party shall be responsible for the fees and disbursements of its own attorneys and the expenses of its own proof. In the event that Ground Owner and Ground Tenant elect, or are required, to submit a matter hereunder to Arbitration, Ground Owner and Ground Tenant shall sign all documents and do all other things necessary to submit any such matter to Arbitration and further shall, waive any and all rights they or either of them may at any time have to revoke their agreement to submit such matter to Arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease and their jurisdiction is limited accordingly. The parties hereby acknowledge and agree that any Leasehold Mortgagee may participate in any Arbitration for or with Ground Tenant.

“**Assignment**” shall mean the sale, exchange, assignment, or other disposition of all of Ground Tenant’s interest in this Lease and the leasehold estate created thereby, whether by operation of Law or otherwise.

“**Base Rent**” shall have the meaning set forth in Section 3.01 hereof.

“**Business Day**” shall mean any day that is not a Saturday, Sunday, or a day observed as a holiday by either the State or the federal government.

“**Certificate of Occupancy**” shall mean a certificate issued by the appropriate Governmental Authority permitting the occupancy of the Facility. For purposes hereof, a temporary Certificate of Occupancy shall be deemed to be a Certificate of Occupancy but shall be replaced with a permanent Certificate of Occupancy before the expiration of such temporary Certificate of Occupancy.

“**CGL**” shall have the meaning set forth in Section 10.04 hereof.

“**Change Order**” shall have the meaning set forth in Section 7.06 hereof.

“**Commencement Date**” shall have the meaning set forth in the preamble hereto.

“**Commencement of Construction**” shall mean the date on which on-site construction of the Facility shall commence, including any excavation or pile driving, but not including test borings, test pilings, surveys, and similar pre-construction activities.

“**Construction Commencement Date**” shall mean one month following the Approval Date.

“**Completion Date**” shall mean 24 months following the Approval Date.

“**Condemnation**” shall mean the taking or appropriation of all or any part of the Property, or any interest therein or right accruing thereto including any right of access, by or on behalf of any Governmental Authority or by any entity granted the authority to take property in the exercise of the power or right of eminent domain granted by statute, or any agreement that conveys to the condemning authority all or any part of the Property as the result of, in lieu of, or in anticipation of, the exercise of a right of condemnation.

“**Construction Agreement**” shall mean that Agreement to be signed by Ground Tenant for the construction of the Facility.

“**Consumer Price Index**” shall mean Consumer Price Index For All Urban Consumers (CPI U) for the U.S. City Average for All Items, 1982-84=100, unadjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor or substitute index, appropriately adjusted; provided that (i) if there shall be no successor or substitute index and Ground Owner and Ground Tenant fail to agree on a substitute index within 10 days, or if Ground Owner and Ground Tenant fail to agree upon the appropriate adjustment of such successor or substitute index within 10 days, a substitute index or the appropriate adjustment of such successor or substitute index, as the case may be, shall be determined by Arbitration and (ii) if the Consumer Price Index ceases to use 1982-84=100 as the basis of calculation, or if a substantial change is made to the terms or the number of items contained in the Consumer Price Index, then, in either case, the Consumer Price Index will be reasonably adjusted to the figure that would have been arrived at had the manner of computing the Consumer Price Index as of the Commencement Date not been altered.

“**Contractor**” shall mean the general contractor who will enter into the Construction Agreement with Ground Tenant for the construction and development of the Facility.

“**Control**” shall mean the ownership of 50% or more of the outstanding voting ownership interests of the Person in question or the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Person in question through the ownership or control of voting securities, partnership interests or other equity interests or otherwise.

“**Date of Taking**” shall mean the earlier of the date, pursuant to the provisions of applicable State or federal Law, on which: (a) actual possession of all or part of the Property, as the case may be, is acquired by the appropriate Governmental Authority; or (b) title to all or part of the Property, as the case may be, is vested in the appropriate Governmental Authority.

“**Deficiency**” shall have the meaning set forth in Section 14.02(d) hereof.

“**Depository**” shall mean the Leasehold Mortgagee holding the Leasehold Mortgage having the highest priority. If there is no Leasehold Mortgagee, or if Leasehold Mortgagee declines to act as Depository, then the Depository shall mean a savings bank, savings and loan association, commercial bank, or trust company designated by Ground Tenant and approved by Ground Owner, which approval shall not be unreasonably withheld, conditioned, or delayed to serve as Depository pursuant to an agreement reasonably acceptable to Ground Owner and Ground Tenant. If Ground Tenant shall fail to designate a Depository within five Business Days after the request of Ground Owner, Ground Owner shall have the right to designate such Depository.

“**Due Date**” shall mean with respect to: (a) Base Rent and Additional Rent, the date on which such Base Rent, is due as provided in this Lease; and (b) any Imposition, the last date on which such Imposition can be paid without any fine, penalty, interest, or cost being added thereto or imposed by Law for the non-payment thereof.

“**Environmental Laws**” shall mean all Laws: (a) relating to the environment, human health, or natural resources; (b) regulating, controlling, or imposing liability or standards of conduct concerning any Hazardous Materials; (c) relating to Remedial Action; and (d) requiring notification or disclosure of releases of Hazardous Materials or of the existence of any environmental conditions on or at the Property, as any of the foregoing may be amended, supplemented, or supplanted from time to

time.

“Environmental Liabilities” shall mean any loss, cost, expense, claim, demand, liability, obligation, action, or other responsibility of whatever kind, based upon or required under Environmental Laws or otherwise relating to: (a) any environmental, health, or safety matter or condition (including, but not limited to, on-site or off-site pollution or contamination, the welfare, safety, and health of people at the Property or elsewhere, and the regulation of chemical substances or products); (b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands, responses, and remedial, investigative, or inspection costs and expenses arising under or caused by application of Environmental Laws (including, but not limited to, fees for attorneys, engineers, and other professionals); (c) financial responsibility under Environmental Laws for Remedial Action or for any damages to natural resources; or (d) any other Remedial Actions required under Environmental Laws.

“Expiration Date” shall mean the last day of the month in which occurs the 50th anniversary of the Commencement Date or such earlier date on which the Term shall sooner end pursuant to any of the terms, covenants, or conditions of this Lease or pursuant to Law.

“Event of Default” shall have the meaning set forth in Section 14.01 hereof.

“Facility” shall mean the building to be constructed on the Land by Ground Tenant pursuant to this Lease that is a multi-story apartment building, together with all fixtures now or in the future installed or erected upon the Land or Improvements and containing approximately 221,000 square feet and 216 units with related infrastructure.

“Fee Mortgage” shall mean any financing obtained by Ground Owner, as evidenced by any mortgage, deed of trust, assignment of leases and rents, or other instruments, and secured by the fee ownership interest of Ground Owner in the Land, including any extensions, modifications, amendments, replacements, supplements, renewals, refinancing, and consolidations thereof, but excluding any Subjected Fee Mortgage.

“Fee Mortgagee” shall mean the holder of a Fee Mortgage.

“Governmental Authority or Governmental Authorities” shall mean the United States of America, the State of South Carolina, the County of Jasper, the Town of Hardeeville, any political subdivision of any of the foregoing, and any other governmental or regulatory authority, agency, board, department, or any other public or quasi-public authority, having jurisdiction over the Property or the matter at issue.

“Guarantor” shall mean LRT Development Company, LLC, and other guarantors, if any, which has entered into the Indemnification Guaranty attached hereto as Exhibit B.

“Hazardous Materials” shall mean any and all substances, materials, chemicals, or wastes that now or hereafter are classified or considered to be hazardous or toxic under any Environmental Law, or that are or become regulated by any Governmental Authority because of toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness, or reactivity under any Environmental Law applicable to the Property, and shall also include: (a) gasoline, diesel fuel, and any other petroleum hydrocarbons; (b) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (c) polychlorinated biphenyls; (d) radon gas; and (e) flammable liquids and explosives.

“Impositions” shall mean any and all: (a) property taxes of every kind and nature; (b) property assessments (whether general, special, business improvement district, or otherwise); (c) personal property taxes; (d) occupancy and rent taxes; (e) water, water meter, sewer rents, rates, and charges; and (f) any and all other governmental levies, fees, rents, assessments, or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during the Term are, or, if the Property or any part thereof or the owner thereof were not exempt therefrom, would have been assessed, levied, confirmed, imposed upon, or would have become due and payable out of or in respect of, or would have been charged with respect to, the Property (excluding any capital gains taxes imposed in connection with the execution of this Lease).

“Improvements” shall mean all buildings and other improvements now located, or hereafter erected, on the Land (including the Facility), together with all fixtures now or in the future installed or erected in or upon the Land.

“Indemnification Guaranty” shall mean that certain Indemnification and Guaranty Agreement substantially in the form attached hereto as Exhibit B to be entered into by Guarantor in favor of Ground Owner, pursuant to the terms of Section 13.11.

“Indemnitees” shall have the meaning set forth in Section 11.01 hereof.

“Initial Construction” shall mean the design, development, and construction of the Facility, including all related demolition and excavation.

“Interest Rate” shall mean the Prime Rate plus 2.5% per annum but, in no event, in excess of the maximum permissible interest rate then in effect in the State.

“Land” shall mean all that certain plot, piece, or parcel of land containing approximately acres with a street address, located in the Town of Hardeeville, County of Jasper, State of South Carolina and which land is legally described on Exhibit A attached hereto and incorporated herein, together with any and all rights, privileges, easements, and appurtenances to the Land.

“Land Value” shall mean, as of any date, the fair market value of the Land, as determined by an appraisal performed by a Qualified Appraiser selected by Ground Owner. For purposes herein, the term “fair market value” is deemed to be the price that a willing buyer would offer, and a willing seller would accept, for all of seller’s right, title, and interest in the Land, subject to this Lease and unencumbered by any Fee Mortgage or Subjected Fee Mortgage. If Ground Tenant disputes Ground Owner’s determination of fair market value, Ground Tenant shall submit such dispute to Arbitration.

“Law” or **“Laws”** shall mean any present or future applicable law, statute, ordinance, regulation (including zoning regulations), code, building code, judgment, injunction, arbitration award, order, rule, directive, common law, codes and ordinances of any Governmental Authorities, easement, covenant, restriction, or other agreement of record affecting the Property as of the date of this Lease or subsequent thereto.

“Lease Year” means each year during the Term. The first Lease Year will commence upon the Commencement Date and will end on the day prior to the first anniversary of the Commencement Date.

“Leasehold Mortgage” shall mean any loan financing obtained by Ground Tenant, as evidenced by any mortgage, deed of trust, or other instrument and secured by Ground Tenant’s interest

in this Lease and the leasehold estate created hereby, including any extensions, modifications, amendments, replacements, supplements, renewals, and refinancing, thereof.

“Leasehold Mortgagee” shall mean the holder of a Leasehold Mortgage.

“Liabilities” shall mean all losses, claims, suits, demand, costs, liabilities, and expenses, including reasonable attorneys’ fees, penalties, interest, fines, judgment amounts, fees, and damages, of whatever kind or nature.

“Major Sublease” shall mean a Sublease of 50% or more of the total rentable square feet of the Facility.

“Major Sub-Ground Tenant” shall mean a Sub-Ground Tenant under a Major Sublease.

“Minimum Option Land Price” shall have the meaning set forth in Section 30.03 hereof.

“Mortgagee Lease” shall have the meaning set forth in Section 13.07 hereof.

“Option Period” shall have the meaning set forth in Section 30.02 hereof.

“Outside Delivery Date” shall mean 30 days after the Commencement Date.

“Permitted Use” shall mean the use of the Property in accordance with all applicable Laws solely for the purpose of operating the Facility, and general office and other related uses in connection with the operation of the Facility as permitted herein, and such related and incidental uses thereto as permitted hereunder or such other lawful purpose which Ground Owner reasonably approves in writing in advance.

“Person” shall mean any individual, corporation, partnership, firm, limited liability company, trust, or other legal entity.

“Personalty” shall mean all machinery, equipment, appliances, furniture, and any other personal property of any kind or description owned or leased by Ground Tenant located on the Property and used in the operation of the Property, excluding trucks and cars.

“Plans” shall have the meaning set forth in Section 7.05 hereof.

“Prime Rate” shall mean the prime or base rate announced as such from time to time by the Wall Street Journal, or if there is no such rate, then the Prime Rate shall be the prime rate announced from time to time by Bank of America, N.A. or its successor in interest, and if not available, a comparable rate selected by Ground Owner. Any interest payable under this Lease with reference to the Prime Rate shall be adjusted on a daily basis, based upon the Prime Rate in effect at the time in question, and shall be calculated on the basis of a 360-day year with 12 months of 30 days each.

“Property” shall mean the Land and Improvements.

“Property Agreements” shall have the meaning set forth in Section 7.12 hereof.

“Property Reports” shall have the meaning set forth in Section 7.14 hereof.

“Purchase Option” shall have the meaning set forth in Section 30.01 hereof.

“**Purchase Option Closing**” shall have the meaning set forth in Section 30.04 hereof.

“**Purchase Option Commencement Date**” shall have the meaning set forth in Section 30.02 hereof.

“**Purchase Option Election Notice**” shall have the meaning set forth in Section 30.02 hereof.

“**Purchase Option Land Price**” shall have the meaning set forth in Section 30.03 hereof.

“**Purchase Option Permitted Exceptions**” shall have the meaning set forth in Section 30.04 hereof.

“**Qualified Appraiser**” shall mean an arbitrator that: (a) is duly licensed in the jurisdiction in which the Property is located and is MAI certified, (b) has at least 10 years’ experience, on a full-time basis, specializing in the field of ground lease valuation and in the appraisal of properties similar to the Property and at least five years of experience in the appraisal of properties similar to the Property in the relevant geographic market area in which the Property is located; and (c) is independent and has no then- pending or past brokerage relationship within the prior three years with any or all of Ground Owner, Ground Tenant, and any Affiliates of either or both of Ground Owner and Ground Tenant. Ground Owner and Ground Tenant hereby acknowledge and agree that Altus Group shall be deemed a Qualified Appraiser for purposes of this Lease.

“**Release**” shall mean the release or threatened release of any Hazardous Materials into, upon, under, or above any land, water, or air, or otherwise into the environment, including by means of burial, disposal, discharge, emission, spillage, leakage, seepage, leaching, or dumping.

“**Remedial Action**” shall mean the investigation, response, clean up, remediation, prevention, mitigation, or removal of any Hazardous Materials necessary to comply with any Environmental Laws.

“**Rent**” shall mean Base Rent.

“**Rent Schedule**” shall mean Exhibit C attached hereto.

“**Restoration**” shall have the meaning set forth in Section 16.01 hereof.

“**Restoration Funds**” shall have the meaning set forth in Section 16.02 hereof.

“**Restore**” shall have the meaning set forth in Section 16.01 hereof.

“**Schedule of Performance**” shall have the meaning set forth in Section 7.04 hereof.

“**Subjected Fee Mortgage**” shall have the meaning set forth in Section 11.02 hereof.

“**Subjected Fee Mortgagee**” shall mean the holder of any Subjected Fee Mortgage.

“**Subjected Fee Mortgage Indemnity Cap**” shall have the meaning set forth in Section 11.02 hereof.

“**Sublease**” shall mean any lease, sublease, occupancy, license, or concession agreement for the use or occupancy of space in the Improvements (other than this Lease).

“**Substantial Completion, Substantially Complete, and Substantially Completed**” shall mean, with respect to the Initial Construction and all Alterations, the satisfaction of the following conditions: (a) Ground Tenant shall have obtained and delivered to Ground Owner all Approvals required by Law to be issued in connection with the Initial Construction or Alteration, as applicable, including any Certificate of Occupancy or amendment of the Certificate of Occupancy; and (b) Ground Tenant delivers to Ground Owner a final release and waiver of mechanics’ liens covering all of the Initial Construction or Alteration, as applicable, in form and substance reasonably satisfactory to Ground Owner, executed by each of the general contractor, construction manager, design builder, contractors, and subcontractors.

“**Substantially all of the Property**” shall mean: (a) that portion of the Property in excess of 80% of the total rentable area of the Improvements; or (b) if the Improvements include a parking lot or parking facility, more than 80% of the total number of parking spaces available at the Property which may not be replaced on a remaining portion of the Land. If there is any dispute as to whether or not “substantially all of the Property” has been taken, such dispute shall be submitted to and determined by Arbitration.

“**Sub-Ground Tenant**” shall mean any Ground Tenant, sub-Ground Tenant, licensee, or other occupant of space in the Improvements (other than Ground Tenant).

“**Term**” shall mean the term of this Lease commencing on the Commencement Date and ending on the Expiration Date.

“**Threshold Amount**” shall mean the amount of \$1,000,000 adjusted annually on each anniversary of the Commencement Date by the percentage increase of the Consumer Price Index from the Commencement Date to the anniversary in question.

“**Transfer**” shall mean any transaction or series of transactions (including any assignment, transfer, issuance, or redemption of any ownership interest, or any merger, consolidation, or dissolution) that results in a change of Control of Ground Tenant or any Person or entity which directly or indirectly Controls Ground Tenant. Notwithstanding the foregoing, a Transfer shall not be deemed to include an issuance or a transfer of stock through the “over the counter” market or through any recognized national stock exchange.

“**Transferee**” shall have the meaning set forth in Section 12.01 hereof.

“**Unavoidable Delays**” shall mean delays incurred by Ground Tenant due to acts of God, national health emergencies including but not limited to epidemics in the area in which the Land is located and national or global pandemics, enemy action, acts of terrorism (both domestic and foreign), civil commotion, fire, unavoidable casualty, or other causes beyond the control of Ground Tenant (but not including Ground Tenant’s insolvency or financial condition); provided: (a) Ground Tenant shall have notified Ground Owner not later than 10 days after Ground Tenant knows or should have known of terminate such unavoidable delays as expeditiously as possible under the circumstances the occurrence of same and the effects of which a prudent Person in the position of Ground Tenant could not have reasonably prevented; (b) Ground Tenant takes the necessary steps to remedy the delay and (c) Ground Tenant shall notify Ground Owner not later than 10 days after Ground Tenant knows the

unavoidable delay has ceased.

ARTICLE II
LEASE OF LAND; CONDITION OF LAND; FAILURE TO DELIVER POSSESSION

Section 2.01 Lease of Land. Subject to the terms and conditions of this Lease, Ground Owner leases to Ground Tenant, and Ground Tenant leases from Ground Owner, the Land for a Term that shall commence on the Commencement Date and end on the Expiration Date, subject to earlier termination pursuant to any of the terms, covenants, or conditions of this Lease or pursuant to Law. No Improvements are located on the Land as of the Commencement Date.

Section 2.02 Condition of Land. Ground Tenant has inspected the Land and accepts possession of the Land in its “AS IS” condition on the Commencement Date. Except as otherwise expressly provided in this Lease, Ground Tenant has full responsibility for the repair, alteration, maintenance, and replacement of the Property. Ground Tenant expressly acknowledges and agrees that Ground Owner has not made and is not making, and Ground Tenant is not relying upon, any warranties or representations regarding the Land, except to the extent same are expressly set forth in the Lease.

Section 2.03 Reserved.

Section 2.04 Failure to Deliver Possession. If Ground Owner shall fail to deliver vacant possession of the Land on the Commencement Date, Ground Owner shall have no liability to Ground Tenant and this Lease shall remain in full force and effect according to its terms, but the Term shall not commence until the date on which Ground Owner delivers vacant possession of the Land to Ground Tenant. Notwithstanding the foregoing, if Ground Owner fails to deliver vacant possession of the Land on or before the Outside Delivery Date, Ground Tenant may at its option, upon 30 days’ prior written notice to Ground Owner, elect to terminate this Lease by giving Ground Owner a notice of termination. Upon the date that is 30 days following receipt of such notice by Ground Owner, this Lease shall terminate and be of no further force and effect, the parties shall have no further liability to the other (except for those Liabilities that expressly survive the termination of this Lease). Notwithstanding the foregoing, if Ground Owner delivers vacant possession of the Land within such 30 day period following its receipt of Ground Tenant’s notice of termination, Ground Tenant’s notice shall be void and of no further force and effect and this Lease shall not terminate.

ARTICLE III
BASE RENT; RENT PAYABLE TO GROUND OWNER; NET LEASE

Section 3.01 Base Rent. Ground Tenant covenants and agrees to pay base rent (“**Base Rent**”) to Ground Owner throughout the Term of this Lease in accordance with the Rent Schedule.

Section 3.02 Rent Payable to Ground Owner.

(a) Ground Tenant shall pay Base Rent to Ground Owner in equal monthly installments, in advance, commencing on the first day of each month during the Term, without notice or demand.

(b) Base Rent due for any period of less than 12 months (or any monthly installment of Base Rent due for any period of less than a full month) shall be appropriately apportioned based upon a 360-day year (or based upon the number of days in such month).

(c) All Base Rent shall be paid: (i) by good check drawn on an account at a bank in currency that at the time of payment is legal tender for public and private debts in the United States of America, made payable to Ground Owner at Ground Owner's address set forth in Section 19.01 herein or to such other parties and at such other addresses as Ground Owner shall direct by notice to Ground Tenant from time to time; (ii) by wire transfer of immediately available funds to an account at a bank designated in writing by Ground Owner; or (iii) by any other method reasonably designated in writing by Ground Owner.

(d) If any installment of Base Rent that is due and owing to Ground Owner is not paid within five days of the applicable Due Date, Ground Tenant shall pay to Ground Owner, as Additional Rent:

(i) A late charge equal to 2.5% of the overdue amount to Ground Owner in order to defray the expenses incident to handling such delinquent payments. Such payment shall be in addition to, and not in lieu of, any other remedy Ground Owner may have; and interest on the overdue amount to Ground Owner at the Interest Rate. Such overdue Rent shall bear interest from the Due Date, without regard to any grace period, until the date such Rent is paid. Such payment shall be in addition to, and not in lieu of, any other remedy Ground Owner may have.

Section 3.03 Net Lease. This Lease is an absolute net lease. Ground Tenant shall pay as Additional Rent all expenses of every kind and nature whatsoever relating to or arising from the Property, including Impositions, and all expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Property, except as otherwise expressly provided in this Lease. Notwithstanding the foregoing, Ground Owner agrees to pay the following expenses: (a) any expenses expressly agreed to be paid by Ground Owner in this Lease; (b) debt service and other payments with respect to any Fee Mortgage under which Ground Owner is the borrower (which shall not include any Subjected Fee Mortgage); (c) expenses incurred by Ground Owner to monitor and administer this Lease; (d) expenses incurred by Ground Owner prior to the Commencement Date; and (e) expenses that are personal to Ground Owner.

ARTICLE IV

PAYMENT OF IMPOSITIONS; REDUCTION OF ASSESSED VALUATION; UTILITIES

Section 4.01 Payment of Impositions.

(a) During the Term of this Lease, Ground Tenant shall pay or shall cause to be paid all Impositions directly to the Governmental Authority charged with the collection thereof. Each Imposition, or installment thereof, during the Term shall be paid not later than three days prior to the Due Date thereof. However, if, by Law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Ground Tenant may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, together with applicable interest, if any, provided that all such installment payments together with applicable interest, if any, relating to periods prior to the Expiration Date shall be made prior to the Expiration Date. Ground Tenant shall promptly notify Ground Owner if Ground Tenant shall have elected to pay any such Imposition in installments.

(b) Ground Tenant shall, within two Business Days following each Due Date, furnish to Ground Owner official receipts of the appropriate Governmental Authority, or other evidence reasonably satisfactory to Ground Owner, evidencing the payment of such Impositions.

(c) Ground Tenant shall not be required to pay municipal, state, or federal income, gross receipts, inheritance, estate, succession, profit, capital, or transfer gains taxes of Ground Owner, or any corporate franchise tax imposed upon Ground Owner or any transfer or gains tax imposed on Ground Owner.

Any Imposition relating to a period, a part of which is included within the Term and a part of which is included in a period of time before the Commencement Date or after the Expiration Date shall be apportioned between Ground Owner and Ground Tenant as of the Commencement Date or Expiration Date (other than an Expiration Date arising by reason of Ground Tenant's default), as the case may be, so that Ground Tenant shall pay only that portion of such Imposition which that part of such fiscal period included in the period of time after the Commencement Date or before the Expiration Date bears to such fiscal period, and Ground Owner shall pay the remainder thereof.

(d) Ground Tenant shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, in which event, notwithstanding the provisions of this Article IV, payment of such Imposition shall be postponed if, and only as long as:

(i) Neither the Land nor any part thereof, or interest therein or any income therefrom (except to the extent covered by security deposited in accordance with this Section 4.01(e)(i)) would by reason of such postponement or deferment, be, in the reasonable judgment of Ground Owner, in imminent danger of being forfeited or lost or subject to any lien, encumbrance, or charge, and neither Ground Owner nor Ground Tenant would by reason thereof be subject to any civil or criminal liability;

(ii) Ground Tenant shall have deposited with Ground Owner cash or a letter of credit in a form and from an issuer reasonably satisfactory to Ground Owner in the amount so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Land or any part thereof in such proceedings, or such other security as shall be reasonably satisfactory to Ground Owner; and

(iii) No Event of Default has occurred and is continuing (in which event only Ground Owner may commence such proceedings but shall have no obligation to do so).

(e) Upon the termination of such proceedings, it shall be the obligation of Ground Tenant to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including reasonable attorneys' fees and disbursements), interest, penalties, or other liabilities in connection therewith. Upon such payment, Ground Owner shall return to Ground Tenant, with interest, if any, any amount deposited with it as aforesaid; provided, however, that Ground Owner at Ground Tenant's request or upon Ground Tenant's failure to pay such Imposition and related costs in a timely manner, shall disburse said monies on deposit with it directly to the Governmental Authority to whom such Imposition is payable and any remaining monies, with interest, if any, shall be returned promptly to Ground Tenant.

(f) Ground Owner shall not be required to join in any proceedings referred to in this Article IV unless the provisions of any Law at the time in effect shall require that such proceedings be brought by or in the name of Ground Owner, in which event, Ground Owner shall join and reasonably cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Ground

Tenant shall reimburse Ground Owner for any and all costs or expenses which Ground Owner may reasonably sustain or incur in connection with any such proceedings, including reasonable attorneys' fees and disbursements.

(g) In the event that a Leasehold Mortgagee shall require Ground Tenant to deposit funds with such Leasehold Mortgagee to ensure payment of Impositions, any amount so deposited by Ground Tenant with such Leasehold Mortgagee shall be credited against the amount, if any, which Ground Tenant would otherwise be required to deposit under this Section 4.01.

(h) If there shall be any refunds or rebates on account of any Impositions paid by Ground Owner or Ground Tenant, such refund or rebate shall belong to the party that paid the Imposition.

Section 4.02 Reduction of Assessed Valuation. Subject to the provisions of any Fee Mortgage, Subjected Fee Mortgage, or Leasehold Mortgage, Ground Tenant may, at Ground Tenant's sole cost and expense, endeavor from time to time to reduce the assessed valuation of the Property for the purpose of reducing the Impositions payable by Ground Tenant. Ground Owner agrees to offer no objection to such contest or proceeding and, at the request of Ground Tenant, to reasonably cooperate with Ground Tenant in pursuing such contest or proceeding, but without expense to Ground Owner. Ground Tenant agrees to indemnify and hold Ground Owner harmless from all Liabilities arising by reason of or in connection with any such contest or proceeding. If all or any part of an Imposition is refunded to either Ground Owner or Ground Tenant (whether through cash payment or credit against Impositions), the party who paid the Imposition to which the refund relates shall be entitled to such refund to the extent such refund relates to any Imposition paid by such party.

ARTICLE V RESERVED

ARTICLE VI PERMITTED USE

Section 6.01 Permitted Use.

(a) Subject to all applicable Laws, the Property Agreements and this Lease, Ground Tenant shall use the Property only for the Permitted Use.

(b) Ground Tenant shall not use or occupy, nor permit or suffer the Property or any part thereof to be used or occupied for any unlawful, illegal, or extra hazardous business, use, or purpose, or in such manner as to constitute a nuisance of any kind (public or private), or for any purpose or in any way in violation of the Certificate of Occupancy, the Property Agreements, or of any Laws, or which may make void or voidable any insurance then in force on the Property or for any purpose in violation of a Fee Mortgage, Leasehold Mortgage or Subjected Fee Mortgage. Ground Tenant shall take, immediately upon the discovery of any such unpermitted, unlawful, illegal, or extra hazardous use, all necessary actions, legal and equitable, to compel the discontinuance of such use.

ARTICLE VII CONSTRUCTION OF FACILITY

Section 7.01 Preconditions to Commencing Construction. Ground Tenant shall not commence construction of the Facility until Ground Tenant has satisfied all of the following conditions:

(a) Ground Tenant has provided to Ground Owner written evidence that Ground Tenant has sufficient funds available to it to complete the construction of the Facility.

(b) Ground Owner has been provided copies of the final Plans in accordance with Section 7.05 below.

(c) Ground Tenant has delivered to Ground Owner the fully executed Indemnification Guaranty in the event the Subjected Fee Mortgage is in effect.

(d) Ground Tenant has delivered to Ground Owner a fully executed assumption of the Construction Agreement meeting the requirements of this Article VII.

(e) Ground Tenant has provided to Ground Owner copies of all Approvals required by all applicable Governmental Authorities.

(f) Subject to the requirements of any Leasehold Mortgagee, an assignment of all of Ground Tenant's right, title, and interest in the Construction Agreement, the Plans, the Contract Documents, and all intellectual property rights related thereto, such assignment to be in form and substance reasonably acceptable to Ground Owner. Ground Owner agrees to not exercise its rights with respect to such assignment unless and until this Lease has been terminated and Leasehold Mortgagee has failed to exercise its rights to a Mortgagee Lease.

(g) Ground Tenant has obtained, and has caused its general contractors, construction managers, architects, and subcontractors to obtain, the insurance required under Article X and has delivered to Ground Owner certificates (or certified copies of policies, if requested by Ground Owner) evidencing such insurance.

Section 7.02 Construction of Facility. Ground Tenant shall enter into the Construction Agreement for the design, development, and construction of the Facility. Ground Tenant agrees to promptly provide to Ground Owner copies of any amendments to the Construction Agreement.

Section 7.03 Default in Construction. In the event of a default by Contractor or any architect in connection with the Initial Construction, Ground Tenant shall exercise all of the rights and remedies available to Ground Tenant in each such agreement.

Section 7.04 Commencement of Construction. Ground Tenant shall commence and pursue the Initial Construction to Substantial Completion in accordance with the Construction Agreement (subject to Unavoidable Delays) (the "**Schedule of Performance**").

Section 7.05 Delivery of Plans to Ground Owner. Prior to the Commencement Date, Ground Tenant delivered to Ground Owner two (2) sets of the final design documents and the construction documents (the "**Plans**") for the Facility. Ground Owner and Ground Tenant hereby acknowledge and agree that Ground Owner does not have approval rights over the Plans.

Section 7.06 Change Orders. Ground Tenant may, without notice to Ground Owner, order, authorize, or perform any change, or substitute work or materials in prosecuting the construction of the Improvements ("**Change Order**").

Section 7.07 Construction According to Approved Plans. All construction will be performed in a good and workmanlike manner and only by contractors and subcontractors that are

properly licensed (as required by the State or municipality), registered, and insured in South Carolina, in the amounts required under applicable Laws and as required pursuant to the Property Agreements and this Lease, to perform their respective work. Ground Owner reserves the right to monitor the Initial Construction, from its inception to its completion. Access to the construction site will be limited to those involved with the work.

Section 7.08 Liens Subordinate to Ground Owner. Ground Tenant shall not create or permit to be created or to remain, and shall promptly, at its sole cost and expense, discharge, any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialman's lien which might or does constitute a lien, encumbrance, or charge upon the Property, or any part thereof, or the income therefrom, having a priority or preference over or ranking on a parity with the estate, rights, or interest of Ground Owner in the Property or any part thereof, or the income therefrom. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Ground Owner, express or implied, by inference or otherwise, to the filing of any lien against the Property by any mechanic, contractor, subcontractor, laborer, materialman, architect, engineer, or other Person for the performance of any labor or the furnishing of any materials or services for or in connection with the Property or any part thereof. If any such lien or encumbrance is filed or recorded, Ground Tenant shall, at its expense, cause any such lien or encumbrance to be discharged within 14 days after Ground Tenant has notice or actual knowledge of the filing or recording thereof; provided, however, Ground Tenant may contest any such lien or encumbrance, so long as (i) such contest prevents foreclosure of the lien or encumbrance, and (ii) Ground Tenant causes such lien or encumbrance to be bonded or insured over in a manner satisfactory to Ground Owner within 14 days after Ground Tenant has notice or actual knowledge of the filing or recording thereof. If Ground Tenant fails to discharge or timely contest such lien or encumbrance in accordance with the terms hereof within such 14 day period, Ground Owner may pay the amount reflected on such lien or encumbrance (or any portion thereof) and any costs, interest, and/or penalties imposed in connection therewith or take such other action as Ground Owner deems necessary or desirable to remove such lien or encumbrance, without being responsible for investigating the validity thereof and without regard to any objection by Ground Tenant. The amount so paid and costs incurred by Ground Owner shall be deemed Additional Rent under this Lease payable within 10 days after Ground Tenant is billed therefor. Nothing in this Lease shall be deemed in any way to: (a) constitute Ground Owner's consent or request, express or implied, that any contractor, subcontractor, laborer or materialman provide any labor or materials for any alteration, addition, improvement or repair of the Property; or (b) evidence Ground Owner's agreement to subject its fee estate in the Land to any such lien.

Section 7.09 Failure to Complete Construction. Ground Tenant's failure to comply with the requirements of the Schedule of Performance and to Substantially Complete the Facility by the Completion Date (subject to Unavoidable Delays) shall be deemed to be a material default under this Lease and Ground Owner shall have the right to pursue any and all of its remedies as set forth in Section 14.02 hereof and any and all of its rights and remedies at law and in equity.

Section 7.10 Title to the Improvements and the Personalty. The title to all Improvements, now or hereafter located on the Property, including those to be constructed in accordance with the Plans and Contract Documents, shall be vested in Ground Tenant throughout the duration of the Term. Following the expiration or earlier termination of the Term, Ground Tenant shall be required, at its sole cost and expense, to demolish the Improvements, remove all debris and restore the Land to the condition in which it existed on the Commencement Date. Ground Tenant shall obtain all approvals and any permits required for such demolition and the demolition shall be conducted in accordance with all applicable Laws. Demolition required under this Section 7.10, shall not be deemed damage or destruction subject to the provisions of ARTICLE XVI.

Section 7.11 Architects, Engineers, Contractors, Specialists, and Consultants. Ground Tenant shall require any architects, engineers, contractors, subcontractors, specialists, and consultants engaged in connection with the construction of the Facility to be licensed in accordance with the Laws of the State.

Section 7.12 Property Agreements. Reserved.

Section 7.13 Permits, Laws, and Ordinances. Ground Tenant shall, at its sole cost and expense, comply and cause its contractors and subcontractors to comply in all material respects with all Laws of all Governmental Authorities and all Property Agreements which may now or hereafter, from time to time, be established and which are or shall be applicable to Ground Tenant or Ground Owner as they relate to the Property and shall take, as otherwise provided herein, all action necessary to cause the Property to comply in all material respects with all provisions of the Contract Documents, the Property Agreements, the loan documents evidencing and securing the Leasehold Mortgage and the Subjected Fee Mortgage, and this Lease applicable to Ground Tenant.

Section 7.14 Reports and Information. Ground Tenant shall deliver or cause to be delivered to Ground Owner copies of all soil reports, surveys, hazardous waste or toxic materials reports, feasibility studies, and other similar written materials prepared for Ground Tenant pursuant to the Contract Documents with respect to the Land (collectively, the “**Property Reports**”) within five days after receipt by Ground Tenant.

Section 7.15 Substantial Completion of Facility. As soon as practicable (however, in no event to exceed 30 after the Substantial Completion of the Facility, Ground Tenant will furnish to Ground Owner:

(a) One complete set of final “as-built” plans and specifications of the completed improvements in auto-CAD format; and a current, accurate, properly labeled, and certified (by the hereafter stated surveyor or engineer), “as-built” plat of survey prepared by a South Carolina registered land surveyor or professional engineer depicting to scale the location of the completed improvements, as the same have been constructed.

**ARTICLE VIII
OPERATION OF THE PROPERTY**

Section 8.01 Ground Tenant’s Operation of the Property. Upon Substantial Completion of the Facility, Ground Tenant will operate the Property in accordance with all Laws governing the Property, all Property Agreements, and this Lease.

Section 8.02 Mechanics’ Liens. Ground Tenant shall keep the Property and this Lease free from any lien or other encumbrance filed or recorded in favor of any mechanic, materialman, architect, or engineer in accordance with Section 7.08 hereof.

Section 8.03 Utilities. Ground Tenant shall obtain and pay for all utilities directly from and to the utilities and vendors serving the Property, including fuel, gas, electric, water and sewer service, trash collection, telephone, and internet service.

**ARTICLE IX
MAINTENANCE, REPAIRS, AND ALTERATIONS**

Section 9.01 Maintenance and Repair of the Property. Ground Tenant shall, at all times

during the Term of this Lease, at Ground Tenant's sole cost and expense, keep and maintain the Property, including the Improvements, appurtenances, and every part thereof that may exist on, in, or be made a part of the Property, in good order and condition, ordinary wear and tear excepted, and make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. If Ground Tenant fails to keep and maintain the Property as required by this Lease, Ground Owner may (but shall not be required to) perform and satisfy same, and Ground Tenant hereby agrees to reimburse Ground Owner, as Additional Rent, for the reasonable cost thereof promptly upon demand. Ground Tenant shall not permit any material waste of the Property. Ground Tenant shall keep the entire Property, including adjoining sidewalks, substantially free of any accumulation of dirt, rubbish, snow, and ice. Unless otherwise expressly provided in this Lease, Ground Owner is not required to maintain, repair, clean, alter, or improve the Property, or to provide any services to the Property.

Section 9.02 Alterations. Ground Tenant may, at its sole cost and expense, alter, replace, or remodel any Improvements upon the Land ("**Alterations**"), provided that: (a) the foregoing are made in compliance with all Laws and the requirements of any Fee Mortgage, Leasehold Mortgage or Subjected Fee Mortgage; (b) the foregoing are completed in accordance with generally accepted construction standards; (c) any remodeling shall not materially diminish the value, reduce the height, or adversely affect the structural integrity of the Improvements other than in connection with Ground Tenant's demolition obligation under Section 7.10; and (d) Ground Tenant shall not allow mechanic's or materialmen's liens to affix to the Property because of the Alterations.

ARTICLE X INSURANCE

Section 10.01 Insurance. It is the intent of the parties that all risk of loss for the Property be shifted to insurance to the maximum extent practicable. Accordingly, unless Ground Owner otherwise agrees in its sole discretion, Ground Tenant shall maintain, or cause to be maintained, insurance covering the risks enumerated below. The premiums for such insurance shall be paid by Ground Tenant. Such insurance shall be written on an occurrence basis unless Ground Owner otherwise consents in writing, but for errors and omissions insurance issued on a claims-made basis. The policy shall provide that: (a) such insurance shall be primary coverage without reduction or right of offset or contribution on account of any insurance provided by Ground Owner to itself or its officers, officials, or employees; (b) such insurance shall not be altered or cancelled without 10 days' written notice to Ground Owner; (c) such insurance shall name Ground Owner as an additional insured; (d) any Fee Mortgagee, Subjected Fee Mortgagee, and Leasehold Mortgagee shall be named as: (i) a loss payee or mortgagee on Ground Tenant's property damage insurance policy under a standard mortgagee clause; and (ii) an additional insured on Ground Tenant's liability insurance policies. The insurance policies purchased by Ground Tenant must be issued by a company authorized to conduct business in the State or by a company acceptable to Ground Owner and which has a rating of A-/VIII or better by A.M. Best.

Section 10.02 Workers' Compensation and Employer's Liability. At all times prior to the expiration or earlier termination of this Lease during any construction conducted by or on behalf of Ground Tenant in or on the Property, Ground Tenant shall maintain, and cause its contractors to maintain, Workers' Compensation Insurance as required by the Laws of the State. Ground Tenant shall require all subcontractors performing work under this Lease to obtain an insurance certificate showing proof of Workers' Compensation and Employer's Liability Insurance.

Section 10.03 Property and Business Interruption Insurance. Ground Tenant shall, at its sole cost and expense throughout the entire Term of this Lease:

(a) Keep the Improvements insured against loss or damage by fire, windstorm, flood, earthquake, and such other, further, and additional risks as now are or hereafter may be embraced by the ISO special form and Builder's Risk extended coverage form or endorsements or equivalent forms recognized by the State, with a deductible of no more than \$50,000 per occurrence, in each case in amounts equal to the full replacement cost of the Improvements from time to time. The full replacement cost shall be redetermined from time to time (but not more frequently than every two years) at the request of Ground Owner, by a Qualified Appraiser designated by Ground Tenant and approved by Ground Owner; and

(b) Maintain business interruption insurance covering loss of revenues or other income by Ground Tenant by reason of total or partial suspension of, or interruption in, the operation of the Property caused by damage or destruction of the Property in an amount sufficient to meet Rent payments and other recurring payments for 12 months, subject to the reasonable discretion of Ground Owner.

Section 10.04 Public Liability. At all times during the Term of this Lease, Ground Tenant shall maintain a primary commercial general liability insurance ("CGL") policy covering all claims for bodily injury (including death) and property damage, including loss of use thereof, in an amount not less than \$2,000,000 per occurrence and \$5,000,000 in the aggregate, with deductible provisions not to exceed \$50,000 per occurrence, to include personal and advertising injury, general aggregate, products, and completed operations aggregate insurance beginning at the completion of each project component, and contract liability to cover all insurable obligations in this Lease. The policy limits shall be adjusted every two years from the Commencement Date. Coverage shall be specific for the Property or, upon approval of Ground Owner, covered under umbrella or pooled policies. The policy or policies must be on an "occurrence" basis unless waived by Ground Owner. The CGL policy shall include contractual liability coverage, which shall be endorsed to state that indemnity obligations specified in this Lease are insured by the carrier.

Section 10.05 Errors and Omissions. Ground Tenant shall obtain and maintain or cause to be obtained and maintained Professional Errors and Omissions Insurance covering all architects, engineers, specialists, and consultants in an amount and with coverage subject to the reasonable approval of Ground Owner. Coverages shall be specific for this project and not aggregated with insurance for other undertakings of the insureds.

Section 10.06 Umbrella. Ground Tenant shall obtain and maintain an additional umbrella or all-risk coverage in an amount of \$1,000,000 for any one occurrence and \$2,000,000 in the aggregate, which shall include all insured coverages required by this Article X. The policy limits shall be adjusted every two years from the Commencement Date.

Section 10.07 Delivery of Insurance Certificates. Upon the commencement of this Lease and at each policy renewal date, Ground Tenant shall furnish to Ground Owner, any Fee Mortgagee, Subjected Fee Mortgagee, and any Leasehold Mortgagee, at the addresses set forth in Section 19.01 of this Lease, insurance certificates or renewal certificates or, if requested by Ground Owner, Fee Mortgagee, Subjected Fee Mortgagee, or Leasehold Mortgagee, certified copies of policies, evidencing all insurance required to be carried by Ground Tenant in accordance with the Lease. Such certificates or policies shall name Ground Owner as an insured and shall name any Fee Mortgagee, Subjected Fee Mortgagee, and Leasehold Mortgagee as mortgagee and loss payee, in accordance with the requirements contained in this Article X. The insurance certificate or policies, as applicable, must document that the liability insurance coverage purchased by Ground Tenant includes contractual liability coverage to insure the indemnity agreement as stated.

Section 10.08 Evidence of Payment of Premiums. Ground Tenant shall within five days of payment furnish to Ground Owner duplicate receipts or satisfactory evidence of the payment of all premiums on any and all insurance required to be carried by Ground Tenant in accordance with this Lease. The insurance carrier shall give Ground Owner, any Fee Mortgagee, Subjected Fee Mortgagee, and any Leasehold Mortgagee 10 days' prior notice (with respect to nonpayment of premiums) of cancellation, modification, or non-renewal.

Section 10.09 Payments for Ground Tenant by Ground Owner. If Ground Tenant fails to procure the insurance required to be procured by Ground Tenant under this Lease, or fails to pay any premium of insurance, Impositions, or any other sum in this Lease required to be paid by Ground Tenant (other than Rent), Ground Owner may, after expiration of the applicable cure period, at Ground Owner's option, procure on behalf of Ground Tenant any such insurance, and pay on behalf of Ground Tenant any such payment or payments as may be necessary. Any sum(s) so paid or expended by Ground Owner on behalf of Ground Tenant shall immediately be reimbursed and paid by Ground Tenant to Ground Owner, as Additional Rent, within 10 days after demand by Ground Owner.

Section 10.10 Threshold Amount. The loss under all policies required by this Lease insuring against damage to the Property by fire or other casualty shall be payable to Depository, except that amount of less than the Threshold Amount shall be payable in trust directly to Ground Tenant for application to the cost of Restoration in accordance with this Lease. Proceeds of business interruption insurance shall be paid to Depository and shall be applied to the Rent payable by Ground Tenant under this Lease until completion of such Restoration by Ground Tenant.

Section 10.11 Waiver of Subrogation. Notwithstanding anything contained in this Lease to the contrary, Ground Owner and Ground Tenant (and their affiliates, property managers, and mortgagees) waive any rights each may have against the other on account of any loss of or damage to their respective property, including the Land and the Improvements arising from any risk which is required to be insured against by this Article X. Any such insurance obtained shall include an endorsement containing an express waiver of any rights of subrogation by the insurance company against the Ground Owner and Ground Tenant, as applicable.

ARTICLE XI INDEMNIFICATION

Section 11.01 General Indemnification.

Ground Owner agrees to subordinate its fee interest in the Land to the Leasehold Mortgage interest of a Mortgage Lender selected by the Ground Tenant (the "**Mortgage Lender**"). As an accommodation to Ground Tenant, Ground Owner agrees, upon the terms and conditions hereinafter set forth herein, to execute and deliver such documents, agreements, and instruments, including an intercreditor agreement, as the Mortgage Lender shall reasonably require to create and perfect such subordination to the Mortgage Lender's mortgage lien; provided that (a) Ground Tenant pays all costs and expenses incurred by Ground Owner in connection therewith, which expenses shall include Ground Owner's reasonable legal fees and all recordation fees, mortgage taxes and other charges; (b) all such loan documentation shall be acceptable to Ground Owner in its reasonable determination.

Ground Tenant hereby releases and agrees to indemnify and hold harmless Ground Owner and all of its trustees, officers, managers, owners, employees, directors, agents, and consultants (hereinafter collectively referred to as the "**Indemnitees**") of and from any and all claims, demands, liabilities, losses, costs, or expenses for any loss including but not limited to bodily injury (including death), personal injury, property damage, expenses, and attorneys' fees, caused by, growing out of,

or otherwise happening in connection with this Lease, due to any negligent or intentional act or omission on the part of Ground Tenant, its agents, employees, or others working at the direction of Ground Tenant or on its behalf, or due to the application or violation of any pertinent federal, State, or local Law except for the gross negligence or intentional misconduct of the Indemnitees, including those arising from Ground Tenant completing the demolition required pursuant to Section 7.10. In case any action or proceeding is brought against Ground Owner by reason of any claim mentioned in this Article XI, Ground Tenant, upon notice from Ground Owner, shall, at Ground Tenant's expense, resist or defend such action or proceeding in Ground Owner's name, if necessary, by counsel for the insurance company, if such claim is covered by insurance, or otherwise by counsel approved by Ground Owner. Ground Owner agrees to give Ground Tenant prompt notice of any such claim or proceeding. This indemnification is binding on the successors and assigns of Ground Tenant, and this indemnification survives the expiration or earlier termination of the Lease, or the dissolution or, to the extent allowed by Law, the bankruptcy of Ground Tenant. This indemnification does not extend beyond the scope of this Lease and the Contract Documents and the work undertaken thereunder, and does not extend to claims exclusively between the undersigned parties arising from the terms, or regarding the interpretation of, this Lease.

Section 11.02 Subjected Fee Mortgage Indemnification. Ground Owner agrees to subordinate its fee interest in the Land to the Leasehold Mortgage interest of the Mortgage Lender subject to the terms of Section 13.11. Ground Tenant shall indemnify Ground Owner for the Purchase Option Land Price, and any costs and Liabilities incurred by Ground Owner in connection with such subordination up to the Subjected Fee Mortgage Indemnity Cap (as defined below), which indemnification will be guaranteed by Guarantor as set forth in Section 13.11. Ground Tenant's indemnification obligations under this Section 11.02 shall not exceed an amount equal to (a) with respect to costs and Liabilities accrued or incurred by Ground Owner prior to the expiration of the Option Period, the sum of (i) the Purchase Option Land Price and \$250,000; and (b) with respect to costs and Liabilities accrued by Ground Owner after the expiration of the Option Period, the sum of (i) the Land Value and (ii) \$250,000 (as applicable, the "**Subjected Fee Mortgage Indemnity Cap**"). In connection with such subordination, Ground Owner requires that the loan documents in favor of the Mortgage Lender selected by the Trustee provide that, in the event of a foreclosure of the Property, if there are any net proceeds after the satisfaction of all lender obligations, such proceeds will first go to Ground Owner to satisfy Ground Tenant's indemnification obligation under this Section 11.02 and only once such obligation has been satisfied in full, any remaining proceeds will go to the Lender. To the extent such net proceeds are not sufficient to satisfy all or any of Ground Tenant's indemnification obligations to Ground Owner, Ground Tenant will be required to pay the amount due to Ground Owner and if Ground Tenant fails to make such payment, Guarantor will be required to make the payment of such indemnification amounts to Ground Owner pursuant to the terms of the Indemnification Guaranty.

ARTICLE XII ASSIGNMENT; SUBLEASING

Section 12.01 Assignment, Transfer, and Sublease. Ground Tenant shall have the right, subject to the applicable provisions of this Article XII, to enter into an Assignment, Transfer, or Sublease with a Person (hereinafter called the "**Transferee**") provided that: (a) the Facility is Substantially Completed; (b) the Transferee is not a debtor or debtor-in-possession in a voluntary or involuntary bankruptcy proceeding; and (c) with respect to an Assignment or a Transfer, the Transferee assumes all of Ground Tenant's obligations under this Lease thereafter arising and Ground Owner is provided with a fully executed copy of the assignment and assumption agreement. If Ground Tenant's interest in this Lease is assigned in violation of the provisions of this Article XII, such Assignment shall be void and of no force and effect against Ground Owner. Neither any Assignment, Transfer, nor

any subleasing, occupancy, or use of the Property or any part thereof by any Person, nor any collection of Rent by Ground Owner from any Person other than Ground Tenant, nor any application of any such Rent shall, in any circumstances, relieve Ground Tenant of its obligations under this Lease on Ground Tenant's part to be observed and performed.

Section 12.02 Subleases.

(a) Following Substantial Completion, Ground Tenant shall have the right, subject to the applicable provisions of this Article XII, without seeking additional consent from Ground Owner, to enter into Subleases that are not Major Subleases with any Person who is not a debtor or debtor-in-possession in a voluntary or involuntary bankruptcy proceeding at the commencement of the Sublease term for the use permitted by this Lease.

(b) Each Sublease shall provide that: (i) it is subordinate and subject to this Lease; and (ii) the fixed expiration date thereunder shall not extend beyond the Expiration Date.

(c) Ground Tenant shall not, without obtaining Ground Owner's prior written consent, amend, or modify any Sublease in a manner which would cause such Sublease (as amended or modified) to violate the provisions of this Article XII.

Section 12.03 Notice. Ground Tenant shall notify Ground Owner of its intention to enter into any Assignment, Transfer, or Major Sublease at least 14 days prior to the proposed effective date or commencement date of the foregoing.

Section 12.04 Major Subleases. Ground Tenant shall not enter into any Major Sublease without obtaining Ground Owner's prior written consent, which consent shall not be unreasonably withheld, delayed, or conditioned. Notwithstanding the foregoing, Ground Tenant shall have the right without seeking additional consent from Ground Owner, subject to the applicable provisions of this Article XII, to enter into one or more Major Subleases with an Affiliate of Ground Tenant.

Section 12.05 Copies to Ground Owner. Ground Tenant shall deliver to Ground Owner, or shall cause to be delivered to Ground Owner, within two Business Days after the effective date of an Assignment or the commencement date of a Major Sublease: (a) in the case of an Assignment, a fully executed copy of the instrument of assignment and assumption; or (b) in the case of a Major Sublease, a fully executed copy of the Major Sublease.

Section 12.06 Assignment to Leasehold Mortgagee. Any other provisions of this Lease to the contrary notwithstanding, Ground Tenant, and its permitted successors and assigns, shall have the right to Transfer this Lease or any interest herein or any right or privilege of Ground Tenant hereto which Ground Tenant desires to Transfer to a Leasehold Mortgagee, to the extent permitted in Article XIII of this Lease. Ground Owner agrees to recognize, following receipt of prior written notice and other documentation required under this Lease, any Leasehold Mortgagee as Ground Tenant for the performance of all duties and obligations arising by reason of the interest of this Lease being so Transferred; provided, however, it is hereby agreed and acknowledged by Ground Owner and Ground Tenant that Ground Tenant and its permitted successors and assigns shall not be relieved of liability for the performance of such duties or obligations by any such Transfer.

**ARTICLE XIII
FEE MORTGAGES; LEASEHOLD MORTGAGES**

Section 13.01 Fee Mortgages. Ground Owner may mortgage its fee ownership interest in the Land subject to the provisions of Section 13.10 of this Lease.

Section 13.02 Mortgaging of the Leasehold. Ground Tenant, and every permitted successor and assign of Ground Tenant, shall have the right to encumber its interest in this Lease without Ground Owner's prior consent, provided that: (a) no Event of Default has occurred and remains uncured under this Lease; and (b) all rights acquired under the Leasehold Mortgage shall be subject to each of the provisions set forth in this Lease and to all rights and interests of Ground Owner therein. If, from time to time, Ground Tenant or Ground Tenant's permitted successors or assigns shall encumber this Lease with a Leasehold Mortgage, and if the Leasehold Mortgagee delivers to Ground Owner an executed counterpart of such Leasehold Mortgage, together with each assignment thereof certified by the holder of the Leasehold Mortgage to be true, together with written notice specifying the name and address of Leasehold Mortgagee and the pertinent recording data with respect to the Leasehold Mortgage, Ground Owner agrees that, anything in this Lease to the contrary notwithstanding, from and after the date of receipt by Ground Owner of such documents and notice and for the duration of such Leasehold Mortgage, the provisions of this Article XIII shall apply. The provisions of Section 13.02 through Section 13.11 shall not apply unless and until the documents and notice required in the immediately preceding sentence have been delivered to Ground Owner.

Section 13.03 Consent to Amendment. There shall be no cancellation, surrender, modification, or material amendment to this Lease by Ground Owner or Ground Tenant without the prior written consent of Leasehold Mortgagee. Notwithstanding the foregoing (but, in any event, subject to Leasehold Mortgagee's curative rights set forth in Section 13.06 and Section 13.07 hereof), nothing herein shall be deemed to prohibit Ground Owner from terminating this Lease in accordance with its terms.

Section 13.04 Notices to Leasehold Mortgagees. Ground Owner, upon serving Ground Tenant with any notice of default or termination, shall simultaneously serve a copy of such notice on Leasehold Mortgagee. The Leasehold Mortgagee shall then have the same period of time after service of the notice on it as was given to Ground Tenant under this Lease to remedy or cause to be remedied Ground Tenant's default under this Lease, and Ground Owner shall accept performances by, or at the instigation of, Leasehold Mortgagee as if it had been done by Ground Tenant. Any notice required to be given to Leasehold Mortgagee shall be provided as set forth in Section 19.01 of this Lease.

Section 13.05 Curative Rights of Leasehold Mortgagees. In addition to the rights granted to Leasehold Mortgagee under Section 13.04 hereof, Leasehold Mortgagee shall have an additional period of seven days to remedy or cause to be remedied any default of which it receives notice, provided such Leasehold Mortgagee shall reimburse Ground Owner, at the time of so remedying the default, for all reasonable costs and expenses to Ground Owner of maintaining, protecting, insuring, and operating the Property during the additional seven day period.

Section 13.06 Limitation on Termination Rights of Ground Owner. If Ground Owner shall elect to terminate this Lease by reason of any default of Ground Tenant, Leasehold Mortgagee shall also have the right to postpone and extend the date of termination as fixed by the provisions of this Lease for a period of not more than 30 days from the expiration of the seven day period specified in Section 13.05 hereof, provided that Leasehold Mortgagee shall have cured, or shall have caused to be cured, any then-existing monetary or non-monetary defaults (with the exception of Ground Tenant's non-monetary defaults of such a nature that they cannot be cured by Leasehold Mortgagee) and meanwhile shall pay the Rent and other charges required to be paid under this Lease. Leasehold Mortgagee shall take steps necessary to acquire Ground Tenant's interest and estate in this Lease by foreclosure of its Leasehold Mortgage, or otherwise, and shall prosecute such action to completion with due diligence.

If, at the end of the 30-day period, Leasehold Mortgagee shall be actively engaged in steps to acquire Ground Tenant's interest in the Lease, and all monetary defaults and non-monetary defaults have been cured (with the exception of Ground Tenant's non-monetary defaults of such a nature that they cannot be cured by Leasehold Mortgagee), the time for Leasehold Mortgagee to comply with the provisions of this Section 13.06 shall be extended for such period as shall be reasonably necessary to complete these steps with reasonable diligence and continuity. In no event shall Leasehold Mortgagee have any obligation to cure any default of Ground Tenant under this Lease.

Section 13.07 Mortgagee Lease. Ground Owner agrees that in the event of a termination of this Lease by reason of any default by Ground Tenant, or if Ground Tenant rejects this Lease in a bankruptcy proceeding, and subject to the rights herein granted to Leasehold Mortgagee, Ground Owner will enter into a lease (the "**Mortgagee Lease**") of the Land with the Leasehold Mortgagee for the remainder of the Term effective as of the date of termination, at the same Rent and upon the same terms, provisions, covenants, and agreements as contained in this Lease, provided:

(a) Leasehold Mortgagee shall make written request upon Ground Owner for the execution of such a Mortgagee Lease within 30 days after the date of termination and shall, within five days after its receipt from Ground Owner of a written statement of all sums then due to Ground Owner under this Lease, pay to Ground Owner all such sums (with the exception of sums due by reason of Ground Tenant's indemnification obligations set forth in Article XI).

(b) Leasehold Mortgagee shall pay to Ground Owner at the time of the execution and delivery of the Mortgagee Lease any sums that at the time of such execution and delivery would be due pursuant to this Lease but for the termination, and in addition, all reasonable attorneys' fees and expenses which Ground Owner shall have actually incurred.

(c) Leasehold Mortgagee shall perform and observe all covenants contained in the Mortgagee Lease on Ground Tenant's part to be performed during such period of time commencing with the date of the execution of the Mortgagee Lease and terminating upon the expiration or earlier termination of the Mortgagee Lease or the abandonment or surrender of possession of the Property under the Mortgagee Lease and shall further remedy any other conditions that Ground Tenant was obligated to perform under the terms of this Lease. Leasehold Mortgagee, as Ground Tenant under the Mortgagee Lease, shall have the same right, title, and interest in and to the Property, and the right to use the Property as Ground Tenant had under this Lease, but not the right to exercise any extension option that may hereafter be granted to Ground Tenant.

Section 13.08 Agreement Between Ground Owner and Leasehold Mortgagee. Ground Owner, upon request, shall execute, acknowledge, and deliver to Leasehold Mortgagee an agreement, by and among Ground Owner, Ground Tenant, and Leasehold Mortgagee (provided the same has been previously executed by Ground Tenant and Leasehold Mortgagee) agreeing to all of the provisions of this Article XIII, in form and substance reasonably satisfactory to Leasehold Mortgagee and Ground Owner.

Section 13.09 No Merger. So long as any Leasehold Mortgage remains outstanding, the fee title and the leasehold estate created by this Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of such estates in either Ground Owner, Ground Tenant, or a third party, by purchase or otherwise.

Section 13.10 Subordination of Fee Mortgage. If one or more Leasehold Mortgages is in

effect, the following shall apply: (a) all Fee Mortgages shall be expressly subject and subordinate to this Lease, any Mortgagee Lease, and all amendments, modifications, and extensions thereof and shall include Fee Mortgagee's agreement to execute and deliver to Leasehold Mortgagee an agreement in accordance with Section 13.08 hereof; (b) Ground Owner shall not enter into any Fee Mortgage that violates this Section 13.10; (c) Ground Tenant shall not subordinate this Lease without the prior written consents of all Leasehold Mortgagees; and (d) concurrently with the execution and delivery of this Lease, Ground Owner shall cause all Fee Mortgagees to execute and deliver to Ground Tenant a subordination agreement that is in recordable form and that contains such terms as are reasonably acceptable to Ground Owner, Fee Mortgagee, Ground Tenant and Leasehold Mortgagee.

Section 13.11 Subjected Fee Mortgage. As an accommodation to Ground Tenant, Ground Owner has agreed, upon the terms and conditions hereinafter set forth, to further secure Ground Tenant's Leasehold Mortgage financing by granting a Subjected Fee Mortgage and executing and delivering to Mortgage Lender, such documents, agreements and instruments reasonably required to create and perfect such lien; provided that (a) Ground Tenant pays all costs and expenses incurred by Ground Owner in connection therewith, which expenses shall include Ground Owner's reasonable legal fees and all recordation fees, mortgage taxes and other charges; (b) all such loan documentation shall be acceptable to Ground Owner in its reasonable determination; (c) the loan documents shall expressly provide that (i) none of the Indemnitees shall have any personal responsibility or liability whatsoever for the indebtedness secured by such loan documentation or for the performance or observance of any of the terms, covenants, or conditions of such loan documents and (ii) that any net proceeds following a foreclosure be distributed as set forth in Section 11.02 of this Lease, (d) if requested by Ground Owner, Mortgage Lender shall enter into a written agreement with Ground Owner that includes an agreement concerning intercreditor rights in favor of Ground Owner in a form reasonably acceptable to Ground Owner and Mortgage Lender and Ground Tenant and Guarantor shall indemnify Ground Owner for the Purchase Option Land Price and all costs and Liabilities arising from or related to Ground Owner's execution of such loan documentation and shall indemnify, defend, protect and hold the Indemnitees harmless from and against any such costs or Liabilities, including loss of the Land by reason of Ground Tenant's default under such Leasehold Mortgage. Concurrent with Ground Owner's execution and delivery of such loan documentation, Ground Tenant and Guarantor shall provide such security, and shall execute and deliver, to Ground Owner, any agreement and/or instrument evidencing such indemnification and/or perfecting such security, as Ground Owner may reasonably request, including the Indemnification Guaranty.

ARTICLE XIV DEFAULT; REMEDIES

Section 14.01 Events of Default. Each of the following events shall be an event of default ("Event of Default"):

(a) If Ground Tenant shall fail to pay any item of Rent, or any part thereof, when the same shall become due and payable and such failure shall continue for 10 days after notice from Ground Owner to Ground Tenant; provided that Ground Tenant shall not be permitted to receive more than two such notices per calendar year under this subparagraph.

(b) If: (i) Commencement of Construction shall not have occurred on or before the Construction Commencement Date (subject to Unavoidable Delays) and such failure shall continue for 30 days after notice from Ground Owner to Ground Tenant; or (ii) Substantial Completion of the Facility shall not have occurred on or before the Completion Date (subject to Unavoidable Delays) and such failure shall continue for 60 days after notice from Ground Owner to Ground Tenant.

(c) If Ground Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants, or agreements contained in this Lease, and such failure shall continue for a period of 14 days after notice thereof by Ground Owner to Ground Tenant specifying such failure unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be performed, done, or removed, as the case may be, within such 14 day period, in which case no Event of Default shall be deemed to exist as long as Ground Tenant shall have commenced curing the same within such 14 day period and shall, subject to Unavoidable Delays, diligently, continuously, and in good faith prosecute the same to completion.

(d) If Ground Tenant shall make an assignment for the benefit of creditors.

(e) The filing of any voluntary petition in bankruptcy by Ground Tenant, or the filing of any involuntary petition by Ground Tenant's creditors, which involuntary petition remains undischarged for a period of 60 days.

(f) If within 60 days after the commencement of any proceeding against Ground Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future statute, law, or regulation, such proceeding shall not have been dismissed.

(g) If Ground Tenant shall abandon the Property.

(h) If a levy under execution or attachment shall be made against the Property and such execution or attachment shall not be vacated or removed by court order, bonding, or otherwise within a period of 60 days. If the Guarantor, during the period of time the Guaranty is in effect, dies, becomes incapacitated, is dissolved or liquidated, makes an assignment for the benefit of creditors, is the debtor named in a voluntary petition in bankruptcy, is the debtor named in an involuntary petition in bankruptcy which petition is not discharged within 60 days, or has a receiver appointed for its assets which is not vacated within 60 days.

Upon the occurrence of an Event of Default, Ground Owner may, at its option, give notice to Ground Tenant of the termination of this Lease and, upon seven days after service of such notice, this Lease, the Term, and subject to the rights of Leasehold Mortgagee contained in this Lease, Ground Tenant's estate shall terminate and shall end with the same force and effect as if that day were the day fixed for the expiration of this Lease. Notwithstanding the foregoing, Ground Tenant shall remain liable for any damages as provided in this Lease and Ground Owner may enforce any of the remedies provided in Section 14.02.

Section 14.02 Remedies. If this Lease is terminated pursuant to Section 14.01, or if Ground Owner reenters or obtains possession of the Land or the Improvements by summary proceedings or any other legal action or proceeding or by any other legal act (without liability or obligation to Ground Tenant or any Sub-Ground Tenant or any other occupant of the Property), all of the following provisions shall apply:

(a) Ground Tenant shall immediately, at its sole cost and expense, demolish the Improvements, remove all debris and restore the Land to the condition in which it existed on the Commencement Date, in accordance with Section 7.10.

(b) Ground Tenant shall promptly pay to Ground Owner all Rent payable to the date on which this Lease is terminated or the date on which Ground Owner reenters or obtains possession

of the Land or the Improvements.

(c) Ground Owner, at its option, may elect to declare due and payable a sum equal to the amount by which the Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the fair and reasonable rental value of the Land as improved on the date of the occurrence of the applicable Event of Default for the same period, both discounted to present worth at the then rate of interest applicable to a United States Treasury Bill or Note as announced by Bank of America, N.A., Charlotte, North Carolina, or its successor, from time to time, as the case may be, maturing as close as possible to what otherwise would have been the natural date of expiration of this Lease per annum, and such sum shall be due and payable by Ground Tenant, as liquidated damages, 10 Business Days after notice by Ground Owner to Ground Tenant of such election.

(d) If Ground Owner shall not have declared Rent due and payable pursuant to Section 14.02(c), Ground Tenant shall be liable for and shall pay to Ground Owner, as damages, any deficiency (referred to as “**Deficiency**”) between the Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting for any part of such period (first deducting from the rents collected under any such reletting all of the payments to which Ground Owner is entitled pursuant to Section 14.02(e)).

(e) Ground Owner may, but is not obligated to: (i) complete all construction or demolition required to be performed by Ground Tenant hereunder, as agent for Ground Tenant; (ii) repair the Property in such manner as Ground Owner may deem reasonably necessary or advisable (and may apply to the foregoing all funds, if any, then held by Depository pursuant to this Lease without relieving Ground Tenant of any liability under this Lease or otherwise affecting any such liability); or (iii) let or relet the Land or any parts thereof for the whole or any part of the remainder of the Term or for a longer period and sell the Improvements as agent for Ground Tenant and out of any rent, sale proceeds and other sums collected or received as a result of such reletting or disposition Ground Owner shall: (A) first, pay to itself the reasonable cost and expense of terminating this Lease and enforcing its rights hereunder, including brokerage commissions, legal expenses, and reasonable attorneys’ fees and disbursements; (B) second, pay to itself the reasonable cost and expense sustained in securing any new Ground Tenants and other occupants, including in such costs brokerage commissions, legal expenses, reasonable attorneys’ fees and disbursements, and other expenses of preparing the Land for reletting and the Improvements for sale (if applicable); (C) third, pay to itself any balance remaining on account of the liability of Ground Tenant to Ground Owner and (D) fourth, pay any amount in excess of the sum of items paid under subsections A through C to Ground Tenant. Ground Owner in no way shall be responsible or liable for any damages resulting from the demolition of the Improvements, any failure to relet the Land or any part thereof or to sell the Improvements, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Ground Tenant of any liability under this Lease or to otherwise affect any such liability.

(f) Ground Owner may elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce the performance or observance by Ground Tenant of the applicable provisions of this Lease or to recover damages for breach thereof. Each right and remedy of Ground Owner provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Ground Owner of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Ground Owner of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by

statute or otherwise.

ARTICLE XV EXPIRATION OR TERMINATION

Section 15.01 Extinguishment of Ground Tenant's Rights. Upon the termination or expiration of this Lease from any cause, all rights and interests of Ground Tenant, and all persons whomsoever claiming by, through, or under Ground Tenant (with the exception of the rights of Leasehold Mortgagees arising under Article XIII and the rights of Ground Owner arising under Section 14.02), shall immediately cease and terminate, the Improvements and all Personalty located on the Land shall be removed or demolished as required under this Lease and the Land shall constitute and belong to and be the absolute property of Ground Owner or Ground Owner's successors and assigns, without further act or conveyance, and without liability to make such compensation to Ground Tenant or to anyone whomsoever, and free and discharged from all and every lien, encumbrance, claim, and charge of any character created or attempted to be created by Ground Tenant at any time. Ground Tenant agrees, at the termination of this Lease, to satisfy its demolition and other obligations set forth in Section 7.02 and to surrender unto Ground Owner, all and singular the Land without any Improvements constructed or located thereon, debris-free and in the same condition as existed on the Commencement Date.

Section 15.02 Prepaid Items Assigned. Upon the expiration of the Term of this Lease, or upon the prior termination of this Lease from any cause, all expense items prepaid by Ground Tenant with respect to constructing, operating, maintaining, and protecting the Property, including, but not limited to, prepaid insurance premiums, any tax and utility deposits, shall inure to the benefit of and become the property of Ground Owner, and to this extent Ground Tenant does hereby transfer, assign, and convey any such prepaid expense items to Ground Owner.

Section 15.03 Reserved.

ARTICLE XVI DAMAGE AND DESTRUCTION

Section 16.01 Damage and Destruction. Subject to the provisions of Section 7.10, if all or any part of the Property shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Ground Tenant shall give to Ground Owner notice thereof within two Business Days after such casualty occurs, except that no notice shall be required if the estimated cost of repairs, alterations, restorations, replacements, and rebuilding the Property or a portion thereof so damaged or destroyed (collectively, "**Restoration**") shall be less than the Threshold Amount. Ground Tenant shall, whether or not such damage or destruction shall have been insured, and whether or not the insurance proceeds, if any, shall be sufficient for the purpose of such Restoration, with reasonable diligence (subject to Unavoidable Delays) repair, alter, restore, replace, and rebuild the Property or portion thereof so damaged or destroyed (collectively, "**Restore**") the same, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Property existing immediately prior to such occurrence; provided that if the casualty event occurs after Lease Year 10, Ground Tenant may, subject to Section 16.05, elect to demolish the Improvements, remove all debris and restore the Land to the condition in which it existed on the Commencement Date in lieu of completing the Restoration. Ground Owner in no event shall be obligated to Restore the Property or any portion thereof or to pay any of the costs or expenses thereof. If Ground Tenant shall fail or neglect to Restore with reasonable diligence (subject to Unavoidable Delays) the Property or the portion thereof so damaged or destroyed, or having so commenced such Restoration, shall fail to complete the

same with reasonable diligence (subject to Unavoidable Delays) in accordance with the terms of this Lease, and in either case such failure or neglect continues for 10 days after notice from Ground Owner, Ground Owner, upon notice to Ground Tenant, may, but shall not be required to, complete such Restoration at Ground Tenant's expense unless the Term is scheduled to expire within 12 months. Each such Restoration shall be done in accordance with the provisions of this Lease. Ground Tenant's obligations under this Section 16.01 shall survive the expiration or earlier termination of this Lease.

Section 16.02 Restoration Funds.

(a) Subject to the provisions of this Article XVI, Depository shall pay over to Ground Tenant from time to time, upon the following terms, any monies which may be received by Depository from insurance provided by Ground Tenant (other than business interruption insurance) or cash or the proceeds of any security deposited with Depository (collectively, the "**Restoration Funds**"); provided, however, that Depository, before paying such monies over to Ground Tenant, shall be entitled to reimburse itself, Ground Owner, Subjected Fee Mortgagee, and Leasehold Mortgagee therefrom to the extent, if any, of the necessary, reasonable, and proper expenses (including, without limitation, reasonable attorneys' fees) paid or incurred by Depository, Ground Owner, Subjected Fee Mortgagee and Leasehold Mortgagee in the collection of such monies. Depository shall pay to Ground Tenant, as hereinafter provided, the Restoration Funds, for the purpose of the Restoration. Prior to commencing any Restoration, Ground Tenant shall furnish Ground Owner with an estimate of the cost of such Restoration, prepared by a licensed professional engineer or registered architect selected by Ground Tenant and approved by Ground Owner. Ground Owner may engage a licensed professional engineer or registered architect to prepare its own estimate of the cost of such Restoration. If there is any dispute as to the estimated cost of the Restoration, such dispute shall be resolved by Arbitration.

(b) Subject to the provisions of this Article XVI, the Restoration Funds shall be paid to Ground Tenant in installments as the Restoration progresses, less retainage equal to 15% of such installment until completion of 50% of the Restoration and 10% of each installment thereafter until completion of the Restoration, upon application to be submitted by Ground Tenant to Depository and, for information only, to Ground Owner, showing the cost of labor and materials purchased and delivered to the Property for incorporation in the Restoration, or incorporated therein since the last previous application, and due and payable or paid by Ground Tenant. If any vendor's, mechanic's, laborer's, or materialman's lien is filed against the Property or any part thereof, or if any public improvement lien relating to the Restoration of the Property is created or permitted to be created by Ground Tenant and is filed against Ground Owner, or any assets of, or funds appropriated to, Ground Owner, Ground Tenant shall not be entitled to receive any further installment until such lien is satisfied or discharged (by bonding or otherwise). Notwithstanding the foregoing, the existence of any such lien shall not preclude Ground Tenant from receiving any installment of Restoration Funds, provided: (i) such lien will be discharged with funds from such installment; or (ii) if Depository shall be holding funds for the Restoration: (A) Depository certifies that it is retaining, in addition to amounts required to be retained hereunder, an amount equal to the funds required to satisfy or discharge such lien; and (B) failure to pay or discharge such lien will not result in the imminent loss or forfeiture of the Property or the termination of Ground Tenant's interest under this Lease and will not subject Ground Tenant or Ground Owner to any civil or criminal penalty or liability.

(c) Upon completion of and payment for the Restoration by Ground Tenant, the balance of the Restoration Funds shall be paid over to Ground Tenant.

(d) Notwithstanding the foregoing, if Ground Owner makes the Restoration at Ground Tenant's expense, as provided in Section 16.01 hereof, then Depository shall pay over the

Restoration Funds to Ground Owner, upon request, to the extent not previously paid to Ground Tenant pursuant to this Article XVI, and Ground Tenant shall pay to Ground Owner, within 10 Business Days after demand, any sums in excess of the portion of the Restoration Funds received by Ground Owner necessary to complete the Restoration.

Section 16.03 Restoration Costs that Exceed the Threshold Amount. If any loss, damage, or destruction occurs, the cost of Restoration of which equals or exceeds the Threshold Amount in the aggregate, in addition to the other requirements contained in this Article XVI, Ground Tenant shall furnish to Ground Owner the documents and shall comply with the requirements set forth in Section 7.05 through Section 7.15 of this Lease as required for the initial construction of the Facility, unless Ground Tenant elects to demolish the Improvements, remove all debris and restore the Land to the condition in which it existed on the Commencement Date in lieu of completing the Restoration if permitted pursuant to the terms of Section 16.01.

Section 16.04 Excess Costs of Restoration. If the cost of any Restoration, determined as provided in Section 16.02, exceeds both: (a) the Threshold Amount; and (b) the net insurance proceeds, then, prior to the commencement of such Restoration, Ground Tenant shall deposit with Depository, as security for completion of the Restoration, a bond, cash, or other security reasonably satisfactory to Ground Owner in the amount of such excess, to be held and applied by Depository in accordance with the provisions of Section 16.02.

Section 16.05 No Termination; No Abatement. This Lease shall not terminate, be forfeited, or be affected in any manner, and there shall be no reduction or abatement of the Rent, by reason of damage to or total, substantial, or partial destruction of the Property or any part thereof or by reason of the Ground Tenant ability of the same or any part thereof, for or due to any reason or cause whatsoever, and Ground Tenant, notwithstanding any Law, waives any and all rights to quit or surrender the Property or any part thereof. Ground Tenant expressly agrees that its obligations hereunder, including the payment of Rent, shall continue as though the Property had not been damaged or destroyed and without abatement, suspension, diminution, or reduction of any kind.

ARTICLE XVII CONDEMNATION

Section 17.01 Total Taking.

(a) If all or substantially all of the Property (as defined in Article I) shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation, eminent domain, or by agreement among Ground Owner, Ground Tenant, and those authorized to exercise such right, the Term shall terminate on the Date of Taking and the Rent payable by Ground Tenant hereunder shall be equitably apportioned as of the date of such taking.

(b) If all or substantially all of Property shall be taken or condemned as provided in Section 17.01(a), the award, awards, or damages in respect thereof shall be apportioned as follows:

(i) there shall first be paid to Ground Owner so much of the award which is for or attributable to the Land Value;

(ii) there shall next be paid to Leasehold Mortgagee so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Leasehold Mortgage with interest thereon at the rate specified therein to the date of payment (such payments to be made in

order of lien priority and pari passu to Leasehold Mortgagee with liens of the same priority); and

(iii) subject to rights of any Leasehold Mortgagee, Ground Tenant shall receive the balance, if any, of the award (but if the taking occurs prior to Completion of the Facility, the balance, if any, shall be paid to Ground Owner). If there be any dispute as to which portion of the award is attributable to the Land and which portion is attributable to the Improvements, such dispute shall be resolved by Arbitration (unless the condemning authority or a court of competent jurisdiction has made such determination, in which case its determination shall control).

(c) Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

Section 17.02 Partial Taking. If less than a Substantial Portion of the Property shall be so taken, this Lease and the Term shall continue as to the portion of the Property remaining without diminution of any of Ground Tenant's obligations hereunder, but (I) the Base Rent shall be changed (subject to increase as provided in Article XXIX) to the higher of: (a) the Base Rent reduced by the percentage of rentable area of the Property taken and not rebuilt; and (b) the fair market rental value of the Property as determined by Article XXIX. Ground Tenant, whether or not the award or awards, if any, shall be sufficient for the purpose shall (subject to Unavoidable Delays) proceed diligently to Restore any remaining part of the Property not so taken so that the latter shall be a complete, operable, and self-contained architectural unit in good condition and repair in conformity with this Land. In the event of any taking pursuant to this Section 17.02, the entire award for or attributable to the Land taken and the Land Value thereof, shall be first paid to Ground Owner, and the balance of the award, if any, shall be paid to Depository, except that if such balance shall be less than the Threshold Amount, such balance shall be payable, in trust, to Ground Tenant for application to the cost of Restoration of the part of the Property not so taken. Subject to the provisions and limitations in this Article XVII, Depository shall make available to Ground Tenant as much of that portion of the award actually received and held by Depository, if any, less all necessary and proper expenses paid or incurred by Depository, Leasehold Mortgagee most senior in lien, and Ground Owner in the condemnation proceedings, as may be necessary to pay the cost of Restoration of the part of the Property remaining. Such Restoration shall be done in accordance with and subject to the provisions of Article XVI. Payments to Ground Tenant as aforesaid shall be disbursed in the manner and subject to the conditions set forth in Article XVI. Any balance of the award held by Depository and any cash and the proceeds of any security deposited with Depository remaining after completion of the Restoration shall be paid to Ground Tenant. Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

Section 17.03 Depository. With respect to any Restoration required by the terms of Section 17.02, the cost of which, as determined in the manner set forth in Section 16.02(b), exceeds both: (a) the Threshold Amount; and (b) the balance of the condemnation award after payment of the expenses set forth in Section 17.02, then, prior to the commencement of such Restoration, Ground Tenant shall deposit with Depository a bond, cash, or other security reasonably satisfactory to Ground Owner in the amount of such excess, to be held and applied by Depository in accordance with the provisions of Section 17.02, as security for the completion of the Restoration.

Section 17.04 Temporary Taking. If the temporary use of the whole or any part of the Property shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement between Ground Tenant and those authorized to exercise such right, Ground Tenant shall give prompt notice thereof to Ground Owner and the Term shall not be reduced or affected in any way and Ground Tenant shall continue to

pay in full the Rent payable by Ground Tenant hereunder without reduction or abatement, and Ground Tenant shall be entitled to receive for itself any award or payments for such use; provided, however, that:

If the taking is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Depository as a fund which Depository shall apply from time to time to the payment of Rent, except that, if such taking results in changes or alterations in the Property which would necessitate an expenditure to Restore the Property to its former condition, then, a portion of such award or payment considered by Ground Owner, in its reasonable opinion, as appropriate to cover the expenses of the Restoration shall be retained by Depository, without application as aforesaid, and applied and paid over toward the Restoration of the Property to its former condition, substantially in the same manner and subject to the same conditions as provided in Section 17.02; and any portion of such award or payment which shall not be required pursuant to this Section 17.04(a) to be applied to the Restoration of the Building or to the payment of Rent until the end of the Term (or, if the taking is for a period terminating prior to the end of the Term, until the end of such period), shall be paid to Ground Tenant.

If the taking is for a period extending beyond the Term, such award or payment shall be apportioned between Ground Owner and Ground Tenant as of the Expiration Date, and Ground Owner's and Ground Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Depository and applied in accordance with the provisions of this Section 17.04; provided, however, that the amount of any award or payment allowed or retained for the Restoration of the Property and not previously applied for such purpose shall remain the property of Ground Owner if this Lease shall expire prior to such Restoration.

Section 17.05 Negotiated Sale in Lieu of Condemnation. In the event of a negotiated sale of all or a portion of the Property in lieu of condemnation, the proceeds shall be distributed as provided in cases of condemnation.

Section 17.06 Participation in Condemnation Proceeding. Ground Owner, Ground Tenant, and any Leasehold Mortgagee shall be entitled to file a claim and otherwise participate in any condemnation or similar proceeding and all hearings, trials, and appeals in respect thereof.

Section 17.07 Rights of Ground Tenant and Sub-Ground Tenants to File Claims. Notwithstanding anything to the contrary contained in this Article XVII, in the event of any permanent or temporary taking of all or any part of the Property, Ground Tenant and its Sub-Ground Tenants shall have the exclusive right to assert claims for any trade fixtures and personal property so taken which were the property of Ground Tenant or its Sub-Ground Tenants and for relocation expenses of Ground Tenant or its Sub-Ground Tenants, and all awards and damages in respect thereof shall belong to Ground Tenant and its Sub-Ground Tenants, and Ground Owner hereby waives any and all claims to any part thereof; provided, however, that if there shall be no separate award or allocation for such trade fixtures or personal property, then such claims of Ground Tenant and its Sub-Ground Tenants, or awards and damages, shall be subject and subordinate to Ground Owner's claims under this Article XVII.

ARTICLE XVIII ESTOPPEL CERTIFICATES

Section 18.01 Estoppel Certificates. Ground Owner and Ground Tenant will execute, acknowledge, and deliver to the other promptly upon request and in no event later than 10 Business Days following such request, a certificate certifying as to the following:

- (a) That this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications).
- (b) The dates through which the Rent under this Lease has been paid.
- (c) The amount of the Rent then payable.
- (d) That no notice has been given by Ground Owner to Ground Tenant of any default under this Lease that has not been cured and to the best of its knowledge and belief no default exists (or, if there has been any notice given or a default exists, describing the same).

Such other information as shall be reasonably requested. Certificates from Ground Owner and Ground Tenant pertaining to the same matters may be relied upon by any prospective Leasehold Mortgagee or Fee Mortgagee, Subjected Fee Mortgagee, or by any prospective assignee of an interest under this Lease or by any prospective Major Sub-Ground Tenant of all or any portion of the Property. Failure to deliver such certificate within such 10 Business Day period shall be conclusive evidence as to the facts stated in the requested certificate and shall be binding upon the party who failed to deliver such certificate.

ARTICLE XIX NOTICES

Section 19.01 Notices. Until a different address is provided in a notice to the other party, all notices, demands, or requests made by either party to the other which are required or permitted by the provisions of this Lease shall be in writing and shall be deemed sufficiently given if: (a) delivered by hand (against a signed receipt); (b) mailed by United States certified or registered mail, return receipt requested, postage prepaid; (c) sent by a nationally recognized commercial overnight delivery service or (d) sent by electronic mail transmission or other electronic means of transmitting written documents with a copy to follow by overnight courier to the following addresses:

GROUND OWNER:

LRT HARDEEVILLE MULTIFAMILY 1 DST
10130 Perimeter Parkway,
Charlotte, NC 28126
Attention: Larry Labonte
Email: Lawrence.labonte@lrtccompany.com

GROUND TENANT:

LRT MULTI ONE LEASEE LLC
10130 Perimeter Parkway,
Charlotte, NC 28126
Attention: Larry Labonte
Email: Lawrence.labonte@lrtccompany.com

Notwithstanding anything contained in this Lease to the contrary, any notice required to be given by Ground Owner or Ground Tenant hereunder shall be deemed to be effective as of the date such notice

is received or refused as reflected on said notice.

ARTICLE XX
SUBMISSION OF MATTERS TO GROUND OWNER FOR APPROVAL

Section 20.01 Submission of Matters to Ground Owner for Approval. Any matter which must be submitted to and consented to or approved in writing by Ground Owner or any matter which must be submitted to Ground Owner which may become effective if not denied by Ground Owner, as required under this Lease, shall be submitted to Ground Owner in the manner and to the address of Ground Owner designated for the giving of notice to Ground Owner under Article XIX of this Lease and shall either be approved or rejected by Ground Owner within 15 days after receipt unless a shorter period of time is expressly stated elsewhere in this Lease. If Ground Owner should fail so to approve or reject within such 15 day period as provided for herein, Ground Owner's approval shall be deemed rejected. Upon Ground Tenant's written request, Ground Owner shall inform Ground Tenant in writing of its rejection or approval of such submitted matter in the manner and to the address of Ground Tenant designated for the giving of notice to Ground Tenant under Article XIX of this Lease. Any review by Ground Owner of any matter submitted to Ground Owner is for Ground Owner's own convenience and purpose only. By undertaking such review, Ground Owner does not obtain or have any liability to Ground Tenant or any other person, including, without limitation, the insurers and lenders of Ground Tenant.

ARTICLE XXI
HOLDING OVER

Section 21.01 Holding Over by Ground Tenant. Ground Tenant shall not use or remain in possession of the Property after the termination of this Lease. Any holding over, or continued use or occupancy by Ground Tenant after the termination of this Lease, without the written consent of Ground Owner, shall not constitute a Ground Tenant-at-will interest on behalf of Ground Tenant, but Ground Tenant shall become a Ground Tenant-at-sufferance and liable for Rent and all other expenses, obligations, and payments in effect for the immediately preceding year of the Term of this Lease. There shall be no renewal whatsoever of this Lease by operation of Law.

ARTICLE XXII
COMPLIANCE WITH LAWS; ENVIRONMENTAL LAWS

Section 22.01 Compliance with Laws. Ground Tenant warrants and agrees that, during the entire Term of this Lease and at its expense: (a) Ground Tenant will conduct Ground Tenant's business and activities on or related to the Property only in full compliance with all applicable Laws and the Property Agreements; (b) Ground Tenant will neither do nor permit any act or omission which could cause the Property and Ground Tenant's use thereof to fail to be in full compliance with all applicable Laws or the Property Agreements; and (c) Ground Tenant will neither do nor permit any act or omission which could cause any Liabilities to exist or be asserted against Ground Owner or the Property. Without limiting the foregoing, Ground Tenant shall promptly cure all violations of Law for which Ground Tenant has received notice or a public notice of violation has been issued and pay all fines, penalties, interest, or other costs imposed by any Governmental Authorities in connection with any violation or requirement of any Law or the Property Agreements.

Section 22.02 Environmental Laws. Ground Tenant warrants and agrees that, during the entire Term of this Lease and at its expense, Ground Tenant shall comply with all Environmental Laws. Such compliance shall include Ground Tenant's obligation to take Remedial Action when required by Law and to pay all fines, penalties, interest, or other costs imposed by any Governmental Authorities

in connection with any violation or requirement of any Law.

(a) Ground Tenant shall notify Ground Owner promptly in writing if: (i) Ground Tenant becomes aware of the presence or Release of any Hazardous Material at, on, under, over, emanating from, or migrating to the Property in any quantity or manner which could reasonably be expected to violate in any material respect any Environmental Law or give rise to any material Liability or the obligation to take Remedial Action; or (ii) Ground Tenant receives any written notice, claim, demand, request for information, or other communication from a Governmental Authority regarding the presence or Release of any Hazardous Material at, on, under, over, emanating from, or migrating to the Property.

(b) Ground Tenant shall take and complete any Remedial Action with respect to the Property in full compliance with all Laws and shall, when such Remedial Action is completed, submit to Ground Owner written confirmation from the applicable Governmental Authority that no further Remedial Action is required.

(c) Ground Tenant shall promptly provide Ground Owner with copies of all tests, studies, notices, claims, demands, requests for information, or other communications relating to the presence or Release of any Hazardous Materials at, on, under, over, emanating from, or migrating to the Property.

ARTICLE XXIII BROKERS

Section 23.01 Brokers. Ground Owner and Ground Tenant each represent and warrant to the other that they have not dealt with any broker in connection with this Lease. Ground Owner and Ground Tenant shall each indemnify and hold harmless the other from and against any and all claims for any brokerage fee or commission with respect to this Lease transaction by any broker with whom either Ground Owner or Ground Tenant has dealt or is alleged to have dealt. The provisions of this Section 23.01 shall survive any termination of this Lease.

ARTICLE XXIV NO IMPAIRMENT OF GROUND OWNER'S TITLE

Section 24.01 No Impairment of Ground Owner's Title. Nothing contained in this Lease, other than any provisions relating to a Subjected Fee Mortgage, or any action or inaction by Ground Owner, shall be deemed or construed to mean that Ground Owner has granted to Ground Tenant any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of Ground Owner in the Property. Ground Tenant shall not permit the Property to be used by any Person at any time or times during the Term of this Lease in such a manner as might reasonably impair Ground Owner's title to or interest in the Property or in such a manner as might reasonably cause a claim or claims of adverse possession, adverse use, prescription, dedication or other similar claims of, in, to, or with respect to the Property. Except for the Subjected Fee Mortgage, Ground Tenant shall not cause, or permit any Sub-Ground Tenant to cause, Ground Owner's fee estate in the Land to be encumbered by any lien or other encumbrance.

ARTICLE XXV QUIET ENJOYMENT

Section 25.01 Quiet Enjoyment. Ground Owner covenants and agrees that, if and so long as

Ground Tenant observes and performs each and every covenant, agreement, provision, and condition of this Lease on the part of Ground Tenant to be observed and performed throughout the Term of this Lease, Ground Tenant may peaceably and quietly enjoy the Property without hindrance or molestation of Ground Owner or any Person acting through Ground Owner.

**ARTICLE XXVI
LIMITATION OF GROUND OWNER'S LIABILITY**

Section 26.01 Limitation of Ground Owner's Liability.

(a) If Ground Owner sells, assigns, or otherwise transfers (whether by operation of Law or otherwise) all or part of its interests in the Property or this Lease: (i) Ground Owner shall be relieved of all obligations and Liabilities of Ground Owner under this Lease accruing after the effective date of such transfer; and (ii) the transferee shall be deemed to have assumed all of Ground Owner's obligations and Liabilities under this Lease effective from and after the effective date of the transfer.

(b) Ground Owner, its owners, partners, members, shareholders, managers, trustees, officers, directors, and principals, whether disclosed or undisclosed, shall have no personal liability under or in connection with this Lease. Ground Tenant agrees that it shall look solely to Ground Owner's interest in the Property and this Lease for the satisfaction of Ground Tenant's remedies or to collect any judgment requiring payment of any money by Ground Owner.

**ARTICLE XXVII
RESERVED**

**ARTICLE XXVIII
MEMORANDUM**

Section 28.01 Memorandum. Either Ground Owner or Ground Tenant may record a memorandum of this Lease or a memorandum of any amendment or modification of this Lease, provided the memorandum shall not include the financial terms of this Lease or of any amendment or modification of this Lease and that Ground Owner and Ground Tenant reasonably agree to the form of such memorandum. Each party shall, upon the request of the other, join in the execution of a memorandum of this Lease or a memorandum of any amendment or modification of this Lease in proper form for recordation together with any transfer tax returns or forms necessary for such recordation. The party requesting such memorandum of Lease shall be responsible for the payment of any recording fees. Upon the expiration or sooner termination of this Lease, Ground Tenant covenants that it will, at the request of Ground Owner, execute, acknowledge, and deliver an instrument canceling any memorandum of Lease that is recorded and all other documentation required to record same. If Ground Tenant fails or refuses to execute, acknowledge, and deliver such instrument of cancellation, then Ground Tenant hereby appoints Ground Owner as Ground Tenant's attorney-in-fact, coupled with an interest, to execute, acknowledge, and deliver such instrument of cancellation on Ground Tenant's behalf.

**ARTICLE XXIX
NO EXTENSION OPTION**

Section 29.01 No Option to Extend. Ground Tenant hereby acknowledges and agrees that Ground Tenant has not been granted an option to extend the Term of this Lease.

ARTICLE XXX PURCHASE OPTION

Section 30.01 Purchase Option. During the Option Period (as defined below), Ground Tenant will have the option to purchase the Land from Ground Owner (the “**Purchase Option**”) for a purchase price equal to the Purchase Option Land Price (as defined below).

Section 30.02 Option Period. Ground Tenant is permitted to exercise the Purchase Option by delivering written notice of such election to Ground Owner (the “**Purchase Option Election Notice**”) immediately following the Purchase Option Commencement Date (as defined below) and at any time thereafter until the end of the Term. The “Purchase Option Commencement Date” means the date commencing on the fourth anniversary of the Commencement Date.

Section 30.03 Purchase Option Price. During the Option Period, Ground Tenant will have the option to exercise the Purchase Option for a purchase price equal to the fair market value of the Land as determined by an appraisal performed by an independent Qualified Appraiser selected by Ground Owner, provided, however, that the purchase price cannot be less than the Minimum Option Land Price. For such purposes, the term “fair market value” is deemed to be the price that a willing buyer would offer, and a willing seller would accept, for all of seller’s right, title, and interest in the Land, subject to this Lease, with all extension options exercised, and unencumbered by any Fee Mortgage or Subjected Fee Mortgage. If Ground Tenant disputes the Ground Owner’s determination of fair market value, Ground Tenant may submit the dispute to arbitration in accordance with the terms hereof. Such fair market value herein shall be referred to as the “Purchase Option Land Price”. The Minimum Option Land Price shall be equal to \$25,200,000 (“**Minimum Option Land Price**”).

Section 30.04 Purchase Option Conveyance. Within 10 days after Ground Tenant delivers the Purchase Option Election Notice to Ground Owner, Ground Tenant and Ground Owner shall mutually agree on a date upon which Ground Owner will convey to Ground Tenant fee simple title to the Land (the “**Purchase Option Closing**”). The scheduled date for the Purchase Option Closing shall not be later than 60 days following Ground Owner’s receipt of the Purchase Option Election Notice. At the Purchase Option Closing, Ground Owner shall convey good and marketable fee simple title to the Land pursuant to a recordable special warranty deed, duly executed, witnessed and authorized, free and clear of liens and encumbrances created by Ground Owner other than (i) matters that were of record on the Commencement Date (other than any liens and security interests securing any loan to or other indebtedness of Ground Owner), (ii) utility, access and other easements required to construct the Improvements in accordance with the terms hereof, (iii) the lien for current ad valorem taxes applicable to the Land not yet due and payable, and (iv) any matters created by, though, under, at the direction of, or with the consent of Ground Tenant (collectively, the “**Purchase Option Permitted Exceptions**”). For purposes of this Section 30.04, “good and marketable fee simple title” shall mean fee simple ownership which is free of all claims, liens and encumbrances of any kind or nature whatsoever, other than the Purchase Option Permitted Exceptions. Further, Ground Owner and Ground Tenant shall execute and deliver at the Purchase Option Closing such additional documents as shall be reasonably required to consummate the conveyance of the Land as expressly contemplated in this Section 30.04, including a settlement statement mutually approved by Ground Owner and Ground Tenant, reflecting prorations with respect to the payment of costs and expenses in connection with the Land and the Purchase Option Closing.

ARTICLE XXXI MISCELLANEOUS

Section 31.01 Ground Owner and Ground Tenant Representations and Warranties.
Ground Owner and Ground Tenant each represent and warrant that:

(a) This Lease has been duly authorized, executed, and delivered by such party and constitutes the legal, valid, and binding obligation of such party.

(b) There are no actions, suits, or proceedings pending or, to the knowledge of such party, threatened against or affecting such party, at law or at equity or before any Governmental Authority that would impair such party's ability to perform its obligations under this lease.

(c) The consummation of the transactions hereby contemplated and the performance of this Lease will not result in any breach or violation of, or constitute a default under, any lease or financing agreement.

(d) Ground Tenant agrees that, if it is not an individual, it shall provide to Ground Owner, upon Ground Owner's request, evidence that the execution and delivery of this Lease have been duly authorized by Ground Tenant.

Section 31.02 No Waiver; Cumulative Rights of Ground Owner.

(a) No failure of Ground Owner to exercise any power given Ground Owner hereunder or to insist upon strict compliance by Ground Tenant with its undertakings, duties, and obligations hereunder, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of Ground Owner's right to demand exact compliance with the provisions contained in this Lease.

(b) All rights, powers, and privileges conferred herein upon both parties hereto are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, in equity, or otherwise.

Section 31.03 Attorneys' Fees. If any action is brought by either party against the other in connection with or arising out of this Lease, the prevailing party shall be entitled to recover from the other party its reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action.

Section 31.04 Provisions Are Binding Upon Successors and Assigns. It is mutually covenanted, understood, and agreed by and between the parties hereto, that each of the provisions of this Lease shall apply to, extend to, be binding upon, and inure to the benefit or detriment of not only the parties hereto, but also the legal representatives, successors, and assigns of Ground Owner and Ground Tenant hereto, and shall be deemed and treated as covenants running with the Property during the term of this Lease. Whenever a reference to the parties hereto is made, such reference shall be deemed to include the legal representatives, successors, and assigns of said party, the same as if in each case expressed.

Section 31.05 Applicable Law. This Lease shall be governed, construed, performed, and enforced in accordance with the Laws of the State of South Carolina.

Section 31.06 Waiver of Jury Trial. GROUND OWNER AND GROUND TENANT EACH WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER

ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF GROUND OWNER AND GROUND TENANT, OR GROUND TENANT'S USE OR OCCUPANCY OF THE PROPERTY.

Section 31.07 Interpretation and Construction. This Lease shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. Any captions or headings used in this Lease are for convenience only and do not define or limit the scope of this Lease. The singular of any term, including any defined term, shall include the plural and the plural of any term shall include the singular. Whenever the singular or plural number, or masculine or feminine gender is used in this Lease, it shall equally apply to, extend to, and include the other.

Section 31.08 Severability. In the event any provision, or any portion of any provision of this Lease is held invalid, the other provisions of this Lease and the remaining portion of said provision, shall not be affected thereby and shall continue in full force and effect.

Section 31.09 Time Is of the Essence; Calculation of Time Periods. All time limits stated in this Lease are of the essence of this Lease. Unless otherwise specified herein, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a Business Day, in which event the period will run until the end of the next day that is a Business Day. The last day of any period of time described herein will be deemed to end at 5:00 p.m., Charlotte, North Carolina time.

Section 31.10 No Agency. Nothing in this Lease is intended, or shall in any way be construed, so as to create any form of partnership or agency relationship between the parties. The parties hereby expressly disclaim any intention of any kind to create any partnership or agency relationship between themselves. Nothing in this Lease shall be construed to make either party liable for any of the indebtedness of the other, except as specifically provided in this Lease.

Section 31.11 Entire Agreement. The making, execution, and delivery of this Lease by Ground Tenant has not been induced by any representations, statements, covenants, or warranties by Ground Owner except for those contained in this Lease. This Lease constitutes the full, complete, and entire agreement between and among the parties hereto; no agent, employee, officer, representative, or attorney of the parties hereto has authority to make, or has made, any statement, agreement, representation, or contemporaneous agreement, oral or written, in connection herewith modifying, adding to, or changing the provisions of this Lease. No amendment of this Lease shall be binding unless such amendment shall be in writing, signed by both parties hereto and attached to, incorporated in, and by reference made a part of this Lease.

Section 31.12 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Ground Owner and Ground Tenant have caused this Lease to be duly executed in duplicate counterparts each of which shall be deemed to be an original, the day and year first above written.

GROUND OWNER:

LRT HARDEEVILLE MULTIFAMILY 1 DST
a Delaware Statutory Trust

By: LRT Multi One ST LLC
a Delaware limited liability company
Its: Signatory Trustee

By: _____
Name:
Title:

GROUND TENANT:

LRT MULTI ONE LEASEE LLC
a South Carolina limited liability company

By: _____
Name:
Title:

EXHIBIT A

LOT 1 – LEGAL DESCRIPTION OF THE PREMISES

All that certain lot, tract, or parcel of land situate, lying and being in the City of Hardeeville, Jasper County, South Carolina, designated as “Lot 1” on that certain plat entitled “Subdivision Plat of Revised Parcel 2A into Lots 1, 2, 3, 4, 5, 6 & 60’ Right-of-Way formerly the Coastal Land Tract”, prepared by Terry G. Hatchell, SCRLS No. 11059, dated March 3, 2020 and recorded in Plat Book 37 at Page 164 in the Jasper County, South Carolina records.

EXHIBIT B

INDEMNIFICATION AND GUARANTY AGREEMENT

This INDEMNIFICATION AND GUARANTY AGREEMENT (the “**Agreement**”) is made and entered into as of May 8, 2026 (the “**Effective Date**”), by LRT DEVELOPMENT COMPANY, LLC, a Delaware limited liability company (the “**Guarantor**”), and LRT HARDEEVILLE MULTIFAMILY 1 DST, a Delaware statutory trust, (“**Beneficiary**”), and its successors and assigns.

RECITALS:

WHEREAS, Beneficiary, as Ground Owner, and LRT MULTI ONE LEASEE LLC, as Ground Tenant, entered into that certain Ground Lease agreement dated May 8, 2026 (the “**Lease**”), pursuant to which the Ground Owner has leased to Ground Tenant that certain plot, piece, or parcel of land containing approximately 17.18 acres with a street address of Island Gate Way, Hardeeville, South Carolina 29927, located in the Town of Hardeeville, County of Jasper, State of South Carolina and which land is legally described on Exhibit A to the Lease (the “**Land**”);

WHEREAS, pursuant to the terms of the Lease, Ground Tenant is permitted to enter into a loan financing that is secured by Ground Tenant’s interest in the Lease and the leasehold estate created thereunder and Ground Tenant expects to enter into a loan with a bank or other lending institution (“the **Bank**”) which will be secured, in part, by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “**Original Mortgage**”), as assigned and modified, (the “**Leasehold Mortgage**”);

WHEREAS, as an accommodation to Ground Tenant, Beneficiary agreed, upon the terms and conditions set forth in the Lease, to further secure Ground Tenant’s Leasehold Mortgage financing by granting the Bank a fee mortgage or other lien on Beneficiary’s fee estate in the Land which will be evidenced by a fee mortgage (the “**Subjected Fee Mortgage**”);

WHEREAS, Guarantor has agreed to indemnify Beneficiary, up to the amount of the Indemnity Cap, for certain costs and liabilities related to the Subjected Fee Mortgage as hereinafter set forth;

WHEREAS, Beneficiary required Guarantor to deliver this Agreement in order for Beneficiary to enter into the Subjected Fee Mortgage; and

WHEREAS, Guarantor will obtain material financial benefit from Ground Tenant having entered into the Lease and the Leasehold Mortgage and has agreed to guarantee Ground Tenant’s indemnification obligations pursuant to the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of Beneficiary’s entering into the Subjected Fee Mortgage, the covenants made herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Guarantor, for itself, its legal representatives, and its permitted successors and assigns, hereby agrees as follows:

ARTICLE I

PREAMBLE; RECITALS; DEFINED TERMS

Section 1.01 Incorporation. The foregoing recitals of facts are hereby incorporated herein to

the same extent as if hereinafter fully set forth.

Section 1.02 Defined Terms. All capitalized terms used herein shall have the meanings given to them as set forth in the Lease, unless otherwise defined herein or unless the context clearly indicates otherwise.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.01 Guarantor Representations and Warranties. Guarantor hereby represents and warrants that:

(a) This Agreement has been duly authorized, executed, and delivered by Guarantor and constitutes the legal, valid, and binding obligation of Guarantor.

(b) There are no actions, suits, or proceedings pending or, to the knowledge of Guarantor, threatened against or affecting Guarantor, at law or at equity or before any Governmental Authority that would impair Guarantor's ability to perform its obligations under this Agreement.

(c) The consummation of the transactions hereby contemplated, and the performance of this Agreement will not result in any breach or violation of, or constitute a default under, any financing agreement, any contract, undertaking or other agreement to which Guarantor is a party or which is binding on Guarantor or any of its property or assets.

(d) Guarantor has received a copy of the Lease and has reviewed the Lease provisions that Guarantor deems necessary and appropriate to fulfill its obligations hereunder.

(e) Guarantor will obtain material financial benefit from Ground Tenant having entered into the Lease and the Leasehold Mortgage and from Beneficiary entering into the Subjected Fee Mortgage.

(f) As of the Effective Date, and after giving effect to this Agreement and the contingent obligations evidenced hereby, Guarantor is, and will be, solvent and has and will have, assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and has, and will have, property and assets sufficient to satisfy and repay its obligations and liabilities, including the Obligations. Guarantor shall provide Beneficiary with such additional information, reports or statements as Beneficiary may reasonably request from time to time (including, without limitation, filed federal or state tax returns).

Section 2.02 Survival. All representations and warranties made by Guarantor herein shall survive the execution hereof. Guarantor agrees that, if it is not an individual, it shall provide to Beneficiary, upon Beneficiary's request, evidence that the execution and delivery of this Agreement has been duly authorized by Guarantor.

ARTICLE III

INDEMNIFICATION

Section 3.01 Indemnification. Guarantor shall indemnify Beneficiary for (i) the Purchase Option Land Price, (ii) any costs and expenses incurred by Beneficiary in connection with the Subjected Fee Mortgage, which expenses shall include Beneficiary's reasonable legal fees and all recordation fees, mortgage taxes and other charges; and (iii) all losses, claims, suits, demand, costs, liabilities, and expenses, including reasonable attorneys' fees, penalties, interest, fines, judgment amounts, fees, and damages, of whatever kind or nature ("**Liabilities**") incurred by Beneficiary in connection with Beneficiary's subordination of its fee simple interest in the Land to the Bank pursuant to the Subjected Fee Mortgage or otherwise. Further, Guarantor shall indemnify, defend, protect and hold Beneficiary and all of its trustees, officers, managers, owners, employees, directors, agents, and consultants (hereinafter collectively referred to as the "**Indemnitees**") harmless from and against any such costs or Liabilities, including loss of the Land by reason of Ground Tenant's default under the Leasehold Mortgage. All of Guarantor's obligations set forth in this Section 3.01 are collectively referred to as the "Obligations." Notwithstanding anything contained herein to the contrary, the liability of Guarantor in connection with the Obligations shall not exceed an amount equal to the Subjected Fee Mortgage Indemnity Cap (referred to herein as the "**Indemnity Cap**").

Section 3.02 Foreclosure Proceeds. Guarantor hereby acknowledges that the Leasehold Mortgage and the Subjected Fee Mortgage will provide that, in the event of a foreclosure of the Premises, if there are any net proceeds after the satisfaction of all lender obligations, such proceeds will first go to Beneficiary to satisfy Guarantor's indemnification obligation under this Agreement and only once such obligation has been satisfied in full, any remaining proceeds will go to the Bank. To the extent such net proceeds are not sufficient to satisfy all or any of Guarantor's Obligations to Beneficiary, Guarantor will be required to pay the amount due to Beneficiary, subject to the Indemnity Cap.

ARTICLE IV GUARANTEE

Section 4.01 Guarantee. Guarantor hereby unconditionally and irrevocably guarantees to Beneficiary and its successors and assigns the full and prompt payment and performance of all Obligations, subject to the Indemnity Cap. Upon the payment and performance in full of all Obligations or the payment of amounts pursuant to this Agreement equal, in the aggregate, to the Indemnity Cap, neither the Beneficiary nor any third-party beneficiary shall have any further recourse against Guarantor for the Obligations.

Section 4.02 Lien Enforcement. Without the prior written consent of Beneficiary, Guarantor shall not (a) exercise or enforce any creditor's rights it may have against Ground Tenant or (b) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or the joinder in, any liquidation, bankruptcy, rearrangement, debtors relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Ground Tenant.

Section 4.03 No Duty to Mitigate. Beneficiary shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Obligations.

ARTICLE V
NOTICES

Section 5.01 Notices. All notices, demands, or requests or other communications (any of the foregoing, a “Notice”) which are required or permitted by the provisions of this Agreement shall be in writing and shall be deemed sufficiently given if: (a) delivered by hand (against a signed receipt); (b) mailed by United States certified or registered mail, return receipt requested, postage prepaid; (c) sent by a nationally recognized commercial overnight delivery service or (d) sent by electronic mail transmission or other electronic means of transmitting written documents with a copy to follow by overnight courier to the following addresses:

BENEFICIARY:

LRT HARDEEVILLE MULTIFAMILY 1 DST
10130 Perimeter Parkway
Charlotte, NC 28126

GUARANTOR:

LRT DEVELOPMENT COMPANY, LLC
10130 Perimeter Parkway
Charlotte, NC 28126 Attention:
Larry Labonte
Email: lawrence.labonte@lrtccompany.com

Notwithstanding anything contained in this Agreement to the contrary, any notice given hereunder shall be deemed to be effective as of the date such notice is received or refused as reflected on said notice.

ARTICLE VI
MISCELLANEOUS

Section 6.01 Term. This Agreement shall be effective as of the Effective Date and shall remain in full force and effect until such time as the earlier of (i) the date upon which the Obligations have been satisfied or terminated and no longer potentially remain in accordance with Section 13.11 of the Lease or (ii) the date upon which Guarantor has made payments of amounts pursuant to this Agreement equal, in the aggregate, to the Indemnity Cap.

Section 6.02 Waiver of Formalities. Guarantor hereby fully, unconditionally and irrevocably waives the following:

(a) Notice of acceptance of this Agreement, of the creation or existence of any of the Obligations, of any modifications of the Lease, and of any action by the Beneficiary in reliance hereon or in connection herewith;

(b) All notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against any guarantor, including, without limitation, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest, or any other notice of any other kind with respect to the Obligations;

(c) All rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating Guarantor to the rights of Beneficiary) to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Ground Tenant or any other party liable for payment of any or all of the Obligations for any payment made by Guarantor under or in connection with this Agreement or otherwise until such time as all Obligations are performed and paid in full or have expired by the terms of the Lease.

Section 6.03 Defaults. Any default by Guarantor under this Agreement shall constitute a default hereunder and an Event of Default under the Lease.

Section 6.04 No Waiver; Cumulative Rights of Beneficiary.

(a) No failure of Beneficiary to exercise any power given Beneficiary hereunder or to insist upon strict compliance by Guarantor with its undertakings, duties, and obligations hereunder, and no custom or practice of the parties hereto at variance with the provisions hereof shall constitute a waiver of Beneficiary's right to demand exact compliance with the provisions contained in this Agreement.

(b) All rights, powers, and privileges conferred herein upon Beneficiary and the parties hereto are cumulative and are in addition to and not in substitution for any other rights and remedies available at law, in equity, or otherwise.

Section 6.05 Attorneys' Fees. If any action is brought by Beneficiary or a party hereto against the other in connection with or arising out of this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable out-of-pocket costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with the prosecution or defense of such action.

Section 6.06 Provisions Are Binding Upon Successors and Assigns. It is mutually covenanted, understood, and agreed by and between the parties hereto, that each of the provisions of this Agreement shall apply to, extend to, be binding upon, and inure to the benefit or detriment of not only the parties hereto, but also the legal representatives, successors, and assigns of Beneficiary and Guarantor. Whenever a reference to Beneficiary or Guarantor is made, such reference shall be deemed to include the legal representatives, successors, and assigns of said party, the same as if in each case expressed. Any assignee or transferee of Beneficiary shall be entitled to all the benefits afforded to Beneficiary under this agreement. Guarantor shall not have the right to assign, delegate or transfer its or his rights or obligations under this Agreement without the prior written consent of Beneficiary, and any attempted assignment, delegation or transfer with without such consent shall be null and void.

Section 6.07 Applicable Law. This Agreement shall be governed, construed, performed, and enforced in accordance with the Laws of the State of South Carolina.

Section 6.08 Waiver of Jury Trial. GUARANTOR AND BENEFICIARY EACH WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

Section 6.09 Interpretation and Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. Any captions or headings used in this Agreement are for convenience only and do not define or limit the scope of this Agreement. The singular of any term, including any defined term, shall include the plural and the plural of any term shall include the singular. Whenever the singular or plural number, or masculine or feminine gender is used in this Agreement, it shall equally apply to, extend to, and include the other.

Section 6.10 Severability. In the event any provision, or any portion of any provision of this Agreement is held invalid, the other provisions of this Agreement and the remaining portion of said provision, shall not be affected thereby and shall continue in full force and effect.

Section 6.11 Time Is of the Essence; Calculation of Time Periods. All time limits stated in this Agreement are of the essence of this Agreement. Unless otherwise specified herein, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a Business Day, in which event the period will run until the end of the next day that is a Business Day. The last day of any period of time described herein will be deemed to end at 5:00 p.m., Charlotte, North Carolina time.

Section 6.12 Entire Agreement. The making, execution, and delivery of this Agreement by Guarantor has not been induced by any representations, statements, covenants, or warranties by Beneficiary except for those contained in this Agreement. This Agreement constitutes the full, complete, and entire agreement between and among the Beneficiary and the parties hereto; no agent, employee, officer, representative, or attorney of Beneficiary or the parties hereto has authority to make, or has made, any statement, agreement, representation, or contemporaneous agreement, oral or written, in connection herewith modifying, adding to, or changing the provisions of this Agreement. No amendment of this Agreement shall be binding unless such amendment shall be in writing, acknowledged in writing by Beneficiary, signed by both parties hereto and attached to, incorporated in, and by reference made a part of this Agreement.

Section 6.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Guarantor has executed this Agreement as of the date first set forth above.

GUARANTOR:

LRT DEVELOPMENT COMPANY, LLC
a Delaware limited liability company

By: _____

Name:

Title:

EXHIBIT C

RENT SCHEDULE



Summary of Ground Lease Payments

Year	Annual Rent
1	\$1,323,000
2	\$1,349,250
3	\$1,375,500
4	\$1,401,750
5	\$1,428,000
6	\$1,470,000
7	\$1,470,000
8	\$1,470,000
9	\$1,496,250
10	\$1,496,250
11	\$1,496,250
12	\$1,522,500
13	\$1,522,500
14	\$1,522,500
15	\$1,575,000
16	\$1,575,000
17	\$1,785,000
18	\$1,785,000
19	\$1,785,000
20	\$1,890,000
21	\$1,890,000
22	\$1,890,000
23	\$1,942,500
24	\$1,942,500
25	\$1,942,500
26	\$1,995,000
27	\$1,995,000
28	\$1,995,000
29	\$2,047,500
30	\$2,047,500
31	\$2,100,000
32	\$2,100,000
33	\$2,310,000
34	\$2,625,000
35	\$2,625,000
36	\$2,625,000
37	\$2,677,500
38	\$2,677,500
39	\$2,677,500
40	\$2,730,000
41	\$2,730,000
42	\$2,730,000
43	\$2,782,500
44	\$2,782,500
45	\$2,835,000
46	\$2,835,000
47	\$2,940,000
48	\$2,940,000
49	\$3,045,000
50	\$3,045,000
	\$104,238,750

EXHIBIT C

TAX OPINION

MCQUADE

— LAW GROUP —

12201 Gayton Road, Suite 102 | Richmond, Virginia 23238

May 12, 2026

LRT Development Company LLC
110 Traders Cross
Bluffton, SC 29909
Attn: Lawrence Labonte

Re: LRT Hardeeville Multifamily 1 DST - Tax Opinion

Dear Mr. Labonte:

LRT Development Company LLC, a Delaware limited liability company (the “Sponsor”), LRT Multi One ST LLC, a Delaware limited liability company (the “Signatory Trustee”), LRT Multi One Holdings LLC, a Delaware limited liability company (the “Depositor”), and LRT Hardeeville Multifamily 1 DST, a Delaware statutory trust described in Chapter 38 of Title 12 of the Delaware Code (the “Trust”), have retained McQuade Law Group, P.C. (the “Firm”) to address certain income tax issues in connection with a transaction related to the Trust’s acquisition of undeveloped land located at 5 Island Gate Drive Hardeeville, Jasper County, South Carolina 29927 (the “Land”). Specifically, this letter sets forth our opinion as to whether (i) the Trust should be treated as an investment trust described in Section 301.7701-4(c) of the Treasury Regulations that is classified as a “trust” under Section 301.7701-4(a) of the Treasury Regulations, (ii) the owners (the “Beneficial Owners”) of beneficial interests in the Trust (the “Interests”) should be treated as “grantors” of the Trust, (iii) the Interests should not be treated as a “security” under Section 1031 of the Internal Revenue Code of 1986, as amended (the “Code”), (iv) as “grantors,” the Beneficial Owners should be treated as acquiring and owning a direct interest in real property for federal income tax purposes, (v) the Ground Lease should be treated as a “true lease” for tax purposes, (vi) the Ground Lease should not be recharacterized as a partnership agreement, and (vii) the Ground Lease should not be recharacterized as a management agreement. (An Interest must be treated as an interest in real property to qualify as a replacement property in a real estate Section 1031 exchange.)

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

Qualification of a transaction pursuant to Section 1031 of the Code for Beneficial Owners involves issues based on numerous specific facts which are not, and cannot, be known to us. Therefore, we give no opinion as to the ability of Beneficial Owners to effectuate a tax-deferred exchange under Section 1031 of the Code. We are not opining, among other things, as to: (i) whether some portion of the Land may be treated as “personal property” as opposed to “real property” for purposes of Section 1031, or (ii) as to whether amounts paid by the Beneficial Owners with respect to costs or expenses of the offering or to fund will be deemed to constitute consideration paid for the acquisition of real property for purposes of Section

1031.

As described in the Confidential Private Placement Memorandum of the Trust (the “Memorandum”), the Trust will offer the Interests for sale to the Beneficial Owners. The relationship between the Beneficial Owners and the Trust will be governed by the Trust Agreement, the form of which is attached to the Memorandum as Exhibit A (the “Trust Agreement”).

The Trust acquired the Land from an Affiliate of the Sponsor on May 8, 2026 in exchange for 100% of the initial beneficial interests of the Trust, which will be held by the Depositor (a wholly-owned subsidiary of the Sponsor). An Affiliate of the Sponsor acquired the Land in 2020 for approximately \$1.1 million.

Transaction Documents

In issuing this opinion, we have reviewed the following:

- (i) The Trust Agreement, by and among Sorenson Entity Services LLC, as Delaware Trustee (the “Delaware Trustee”), Signatory Trustee (together with the Delaware Trustee, the “Trustees”) and Sponsor as the initial beneficiary of the Trust (the “Trust Agreement”);
- (ii) the form of purchase and sale agreement between the Sponsor, Depositor, and the Trust pursuant to which the Trust will acquire the Land from an Affiliate of the Sponsor;
- (iii) the form of Purchase Agreement, pursuant to which the Interests are to be acquired by the Beneficial Owners;
- (iv) the Ground Lease between the Trust as landlord and LRT Multi One Leasee LLC, a South Carolina limited liability company (the “Ground Lessee”) as tenant, which the Trust executed at the Depositor’s direction;
- (v) the Memorandum (items (i) through (v) are collectively referred to as the “Transaction Documents”);
- (vi) applicable provisions of the Code, final, temporary and proposed Treasury Regulations promulgated thereunder, judicial decisions, Revenue Rulings and other interpretative releases of the IRS;
- (vii) a letter dated of even date herewith, from the Sponsor, the Trust, the Ground Lessee, the Signatory Trustee, and the Depositor to the Firm (the “Representation Letter”); and
- (viii) such other materials and documents as we considered relevant.

Factual Assumptions

Our opinion is expressly based upon certain assumptions, factual information and representations that have been provided to us, including the following: (i) the Beneficial Owners will acquire the Interests directly from the Trust; (ii) no action will be taken that would cause the Trust to be classified as a corporation or a partnership for federal income tax purposes; (iii) the Beneficial Owners intend the Interests to be considered real property in order to qualify as an eligible replacement for other real property under the like-kind exchange rules of Section 1031 of the Code; (iv) the Land and the Interests will be acquired and held, in accordance with the terms of the Transaction Documents, and no action will be taken that is inconsistent with such terms; (v) no written or oral agreement exists that is inconsistent with the Transaction Documents; (vi) all payments made to the Trust, the Trustees and their affiliates will be at fair market value; (vii) the Beneficial Owners will contribute cash to the Trust in exchange for their Interests; (viii) each Beneficial Owner will have a reversionary interest in the Trust corpus; (ix) each Beneficial Owner will be entitled to receive his percentage share of the income of the Trust; and (x) the representations set forth in the Representation Letter are true, complete and correct in all respects as of the date hereof.

We have assumed the accuracy and completeness of all documents and records that we have reviewed, that any form documents provided to us as part of our evaluation will materially be the same as the final executed documents, the genuineness of all signatures, the authenticity of the documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as pro forma or reproduced copies. Capitalized terms which are not defined herein have the same meanings as in the Memorandum.

Relevant Provisions of the Trust Agreement

In forming our opinion, we have relied on the existence of certain facts based on the provisions of the Trust Agreement, as follows:

The Trust was formed (i) to acquire the Land; (ii) to enter into and comply with the Ground Lease; (iii) to manage and dispose of the Land; and (iv) to take such other actions as the Trustees deem necessary and advisable to carry out the foregoing. The Trust shall hold the Land solely for investment purposes (and not for the active conduct of a trade or business), that neither the Trustees, the Beneficiaries or their agents shall provide non-customary services with respect to the Land, and that the Trust shall conduct no activities other than as specifically provided in Section 2.03 of the Trust Agreement.

The Trustees are holding the Land for the benefit of the Beneficiaries, subject to the obligations of the Trust under the Ground Lease and Transaction Documents. It is the intention of the parties to the Trust Agreement that the Trust constitute “statutory trusts” within the meaning of Chapter 38, Title 12 of the Delaware Code, and that the Trust not constitute agencies, partnerships, or associations for federal income tax purposes. Instead, each Beneficiary shall be treated for federal income tax purposes as owning a direct interest in the Land and shall be obligated to report its interest consistently with such characterization.

The Signatory Trustee must distribute all available cash to the Beneficiaries in accordance with their respective Percentage Interests (as defined in the Trust Agreement), only retaining funds as required for a reasonable reserve as necessary to pay anticipated current and future ordinary expenses and liabilities. Undistributed cash may be invested only in short-term government obligations and in certificates of deposit or interest-bearing bank accounts with a bank or trust company having FDIC insurance. All such obligations must be held until maturity and must mature prior to distribution to Beneficiaries.

The Trust Agreement shall not impose a partnership or joint venture relationship on Beneficiaries, and no Beneficiary shall have any liability for debts or obligations of any other Beneficiary, nor have authority to act on behalf of any other Beneficiary with respect to the Land. The Trust shall constitute “investment” trusts within the meaning of Treas. Reg. § 301.7701-4(c) and “grantor trusts” within the meaning of Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 et seq.) and shall not constitute a “business entity.”

The Trust, not the Beneficiary, shall have legal title to the Land, and the Trust Agreement shall not be terminated by reason of the bankruptcy, death or other incapacity of any Beneficiary, or the transfer by any Beneficiary of any interest in the Land.

Except as otherwise provided in the Trust Agreement, the Beneficiaries shall not be liable for any liabilities or obligations of the Trust or the Trustees or for the performance of the Trust Agreement.

Prior to entering into a binding contract to sell the Land, the Signatory Trustee will solicit the views of the Beneficiaries regarding the potential sale. Although the Trustees will consider such views in good faith, they will not be bound by them, and any sale of the Land by the Trustees will be binding on the Beneficiaries.

Beneficiaries do not have the right to demand or receive an in-kind distribution of the Land from the Trust.

The Trustees shall manage, control, dispose of or otherwise deal with the Land, subject to the restrictions set forth in the Trust Agreement.

The Signatory Trustee is authorized to take all actions necessary to conserve and protect the Land, including: (a) to acquire, hold and dispose of the Land; (b) to enter into and comply with the terms of the Ground Lease; (c) to collect rents and make distributions to the Beneficiaries; (d) to enter into agreements for purposes of completing tax-free exchanges of real property with a Qualified Intermediary (as defined in Section 1031 of the Code); (e) to notify the parties of any default in the Transaction Documents; and (f) to enter into new leases with respect to the Land or to refinance any debt secured by the Land, but solely to the extent necessitated by the bankruptcy or insolvency of a tenant.

The Trustees are prohibited from taking the following actions, if the effect of such actions would constitute the exercise of a power under the Trust Agreement to “vary the investment of the certificate investors” under Treas. Reg. § 301.7701-4(c)(1): (a) reinvest any monies except as provided in Section 4.02 of the Trust Agreement; (b) enter into new financing, renegotiate the Ground Lease or enter into new leases except in the case of the Ground Lessee’s bankruptcy or insolvency; (c) make other than minor non-structural modifications to the Land, other than as required by law; (d) accept any capital from current Beneficiaries or subsequently admitted Beneficiaries except as provided for in connection with the initial capitalization; or (e) take any other action which in the opinion of tax counsel to the Trust would cause any of the Trust to be treated as a “business entity” for federal income tax purposes.

The Trust will dissolve in accordance with Section 3808 of the Delaware Code, and each Beneficiary’s share of the Land shall be distributed to the Beneficiaries pro rata in proportion to each Beneficiary’s Percentage Interest (as defined in the Trust Agreement) in the Trust.

If the Trustees determine that the Ground Lessee has defaulted under the Ground Lease, the property is in jeopardy of being lost, the Ground Lease is terminated, or in certain other circumstances, the Trustees may determine to convert the Trust (or otherwise effecting the transfer of the Land to) a Delaware limited liability company and converting or exchanging the Interests with the Beneficiaries for equivalent membership interests in the limited liability company (a “Transfer Distribution”). In lieu of a Transfer Distribution, the Trust may be converted into a tenancy in common arrangement (a “TIC Arrangement,” and such conversion, a “TIC Conversion”). In the event of a TIC conversion, the Trustees would distribute the Land to the Beneficial Owners and establish agreements governing the TIC Arrangement that, as determined by the Trustees, are materially consistent with the terms and conditions set forth in IRS Revenue Procedure 2002-22 or such other guidance as may apply to the treatment of a TIC Arrangement as the direct ownership of its underlying property.

Relevant Provisions of the Ground Lease

The Ground Lease has a term of fifty (50) years, and it is a “net” lease pursuant to which the Ground Lessee is responsible for all insurance, maintenance, ordinary repairs and utilities. The Ground Lessee owns the Project during the term of the Ground Lease. At the expiration or sooner termination of the Ground Lease (including upon a termination of the Ground Lease in consequence of a default by the Ground Lessee thereunder), the Ground Lessee is obligated to remove the Project from the Land and restore the Land to the condition in which it existed on the commencement date of the Ground Lease.

As an accommodation to the Ground Lessee, the Trust has agreed to further secure the Ground Lessee’s financing by granting a mortgage in the Land and delivering such to the Ground Lessee’s lender. In connection with granting such mortgage interest, Sponsor shall sign a guaranty (the “Guaranty”), the form of which is attached as Exhibit B to the Ground Lease. Under the Guaranty, Sponsor will be required to indemnify the Trust for any costs and expenses incurred by the Trust in connection with its subjected fee mortgage, losses incurred by the Trust in connection with its subordination of its fee simple interest in the Land.

The Ground Lessee holds an option to purchase (the “Purchase Option”) the Land for a purchase price equal to the fair market value of the Land subject to the Ground Lease, provided however, that the purchase price cannot be lower than \$21,000,000.

Description of Revenue Ruling 2004-86

On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-2, C.B. 191 (the “Ruling”), which is the principal authority on the treatment of an interest in a statutory trust for purposes of Section 1031 of the Code. The Ruling concluded that under the facts contained therein, beneficial owners of interests in an “investment trust” will be considered to have directly acquired interests in real property for purposes of the like-kind exchange rules under Section 1031. To reach such conclusion, the IRS concluded, first, that the trust would be considered a trust rather than a corporation or partnership for tax purposes; next, that the beneficial owners of the trust possessed such rights over the trust income and principal as to be considered direct owners of the trust’s assets for income tax purposes. Accordingly, assuming other requirements of Section 1031 of the Code are satisfied, a taxpayer may exchange real property for a beneficial interest in a Delaware statutory trust such as the trust described in the Ruling (the “DST”) in a tax-free exchange under Section 1031 of the Code. The holding of the Ruling is based on certain factual assumptions regarding the provisions of the trust agreement of the DST. The facts in the Ruling are as follows:

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

Immediately following A’s purchase of Blackacre, A enters into a net lease with Z for a term of 10 years. Under the terms of the lease, Z is to pay all taxes, assessments, fees, or other charges imposed on Blackacre by federal, state, or local authorities. In addition, Z is

to pay all insurance, maintenance, ordinary repairs, and utilities relating to Blackacre, and Z may sublease Blackacre. Z's rent is a fixed amount that may be adjusted by a formula described in the lease agreement that is based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustments to the rate or index are not within the control of any of the parties to the lease. Z's rent is not contingent on Z's ability to lease the property or on Z's gross sales or net profits derived from the property.

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

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

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

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

DST under local law.

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

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

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

The IRS reached the following conclusions in the Ruling:

- (1) The Delaware statutory trust described in the Ruling is an investment trust, under Section 301.7701-4(c) of the Treasury Regulations, which will be classified as a trust for federal tax purposes.
- (2) A taxpayer may exchange real property for an interest in the Delaware statutory trust described in the Ruling without recognition of gain or loss under Section 1031 of the Code, if the other requirements of Section 1031 of the Code are satisfied.

According to the IRS, under the facts of the Ruling, if DST's trustee had the power to do one or more of the following acts, DST would be classified as a partnership or other business entity:

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

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

Delaware law provides that a Delaware statutory trust is an unincorporated association recognized as an entity separate from its owners. A Delaware statutory trust is created by executing a governing instrument and filing an executed certificate of trust. Creditors of the beneficial owners of a Delaware statutory trust may not assert claims directly against the property in the trust. A Delaware statutory trust may sue or be sued, and property held in a Delaware statutory trust is subject to attachment or execution as if the trust were a corporation. Beneficial owners of a Delaware statutory trust are entitled to the same limitation on personal liability because of actions of the Delaware statutory trust that is extended to stockholders of Delaware corporations. A Delaware statutory trust may merge or consolidate with or into one or more statutory entities or other business entities.

Section 671 of the Code provides that, where the grantor or another person is treated as the owner of any portion of a trust (commonly referred to as a “grantor trust”), there will be included in computing the taxable income and credits of the grantor or the other person those items of income, deductions, and credits against tax of the trust which are attributable to that portion of the trust to the extent that the items would be taken into account under Chapter 1 of the Code in computing taxable income or credits against the tax of an individual.

Section 1.671-2(e)(1) of the Treasury Regulations provides that, for purposes of Subchapter J of the Code, a grantor includes any person to the extent such person either creates a trust or directly or indirectly makes a gratuitous transfer of property to a trust.

Under Section 1.671-2(e)(3) of the Treasury Regulations, the term “grantor” includes any person who acquires an interest in a trust from a grantor of the trust if the interest acquired is an interest in certain investment trusts described in Section 301.7701-4(c) of the Treasury Regulations.

Under Section 677(a) of the Code, the 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 nonadverse party, or both, may be distributed, or held or accumulated for future distribution, to the grantor or the grantor’s spouse.

A person that is treated as the owner of an undivided fractional interest of a trust under subpart E of part I, Subchapter J of the Code (Sections 671 and following), is considered to own the trust assets attributable to that undivided fractional interest of the trust for federal income tax purposes. *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; and Rev. Rul. 85-13, 1985-1 C.B. 184. *See also* Section 1.1001-2(c), Example 5, of the Treasury Regulations.

Section 761(a) of the Code provides that the term “partnership” includes a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and that is not a corporation or a trust or estate. Under regulations, the IRS may, at the election of all the members of the unincorporated organization, exclude such organization from the application of all or part of Subchapter K, if the income of the members of the organization may be adequately determined without the computation of partnership taxable income and the organization is availed of (1) for investment purposes only and not for the active conduct of a business, (2) for the joint

production, extraction, or use of property, but not for the purpose of selling services or property produced or extracted, or (3) by dealers in securities for a short period for the purpose of underwriting, selling, or distributing a particular issue of securities.

Section 1.761-2(a)(2) of the Treasury Regulations provides the requirements that must be satisfied for participants in the joint purchase, retention, sale, or exchange of investment property to elect to be excluded from the application of the provisions of Subchapter K of the Code. One of these requirements is that the participants own the property as co-owners.

Section 1031(a)(1) of the Code provides that no gain or loss is 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 that is to be held either for productive use in a trade or business or for investment.

Section 1031(a)(2) of the Code provides that Section 1031(a) of the Code does not apply to any exchange of stocks, bonds or notes, other securities or evidences of indebtedness or interest, interests in a partnership, or certificates of trust or beneficial interests. It further provides that an interest in a partnership that has in effect a valid election under Section 761(a) of the Code to be excluded from the application of all of Subchapter K of the Code will be treated as an interest in each of the assets of the partnership and not as an interest in a partnership.

Under Section 301.7701-1(a)(1) of the Treasury Regulations, whether an organization is an entity separate from its owners for federal tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.

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. See *Moline Properties, Inc. v. Commissioner*, 319 U.S. 436 (1943); *Zmuda v. Commissioner*, 731 F.2d 1417 (9th Cir. 1984); *Boca Investorings P'ship v. United States*, 314 F.3d 625 (D.C. Cir. 2003); *Saba P'ship v. Commissioner*, 273 F.3d 1135 (D.C. Cir. 2001); *ASA Investorings P'ship v. Commissioner*, 201 F.3d 505 (D.C. Cir. 2000); *Markosian v. Commissioner*, 73 T.C. 1235 (1980).

Section 301.7701-2(a) of the Treasury Regulations defines the term “business entity” as any entity recognized for federal tax purposes (including an entity with a single owner that may be disregarded as an entity separate from its owner under Section 301.7701-3 of such regulations) that is not properly classified as a trust under Section 301.7701-4 of the Treasury Regulations or otherwise subject to special treatment under the Code. A business entity with two or more owners is classified for federal tax purposes as either a corporation or a partnership. A business entity with only one owner is classified as a corporation or is disregarded.

Section 301.7701-3(a) of the Treasury Regulations provides that an eligible entity can elect its classification for federal tax purposes. Under Section 301.7701-3(b)(1) of the Treasury Regulations, unless the entity elects otherwise, a domestic eligible entity is a partnership if it has two or more owners or is disregarded as an entity separate from its owner if it has a single owner.

Section 301.7701-4(a) of the Treasury Regulations provides that the term “trust” refers to an arrangement created either by will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting and conserving it for the beneficiaries. Usually the beneficiaries of a trust do no more than accept the benefits thereof and are not voluntary planners or creators of the trust arrangement. However, the beneficiaries of a trust may be the persons who create it, and it will be recognized as a trust if it was created for the purpose of protecting and 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.

Section 301.7701-4(b) of the Treasury Regulations provides that there are other arrangements known as trusts because the legal title to property is conveyed to trustees for the benefit of beneficiaries, but that are not classified as trusts for federal tax purposes because they are not simply arrangements to protect or conserve the property for the beneficiaries. These trusts, which are often known as business or commercial trusts, generally are created by the beneficiaries simply as a device to carry on a profit-making business that normally would have been carried on through business organizations that are classified as corporations or partnerships.

Section 301.7701-4(c)(1) of the Treasury Regulations provides that an “investment” trust will not be classified as a trust for federal income tax purposes if there is a power under the trust agreement to vary the investment of the certificate holders. *See Commissioner v. North American Bond Trust*, 122 F.2d 545 (2d Cir. 1941), cert. denied, 314 U.S. 701 (1942). 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 to vary the investment of the certificate holders.

A power to vary the investment of the certificate holders exists where there is a 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. *See Commissioner v. North American Bond Trust*, 122 F.2d at 546.

Revenue Ruling 75-192, 1975-1 C.B. 384, discusses the situation where a provision in the trust agreement requires the trustee to invest cash on hand between the quarterly distribution dates. The trustee is required to invest the money in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee is permitted to invest only in obligations maturing prior to the next distribution date and is required to hold such obligations until maturity. Revenue Ruling 75-192 concludes that, because the restrictions on the types of permitted investments limit the trustee to a fixed return similar to that earned on a bank account and eliminate any opportunity to profit from market fluctuations, the power to invest in the specified kinds of short-term investments is not a power to vary the trust’s investment.

Revenue Ruling 78-371, 1978-2 C.B. 344, concludes that a trust established by the heirs to a number of contiguous parcels of real estate is an association taxable as a corporation for federal tax purposes where the trustees have the power to purchase and sell contiguous or adjacent real estate, accept or retain contributions of contiguous or adjacent real estate, raze or erect any building or structure, make any improvements to the land originally contributed, borrow money, and mortgage or lease the property. Such

an arrangement was not an investment trust because the trustees had a power to change the investment of the beneficial owners. Compare Revenue Ruling 79-77, 1979-1 C.B. 448 (concluding that a trust formed by three parties to hold a single parcel of real estate is classified as a trust for federal income tax purposes when the trustee has limited powers that do not evidence an intent to carry on a profit making business).

Revenue Ruling 92-105, 1992-2 C. B. 204, addresses the transfer of a taxpayer's interest in an Illinois land trust under Section 1031. Under the facts of the ruling, a single taxpayer created an Illinois land trust and named a domestic corporation as trustee. Under the deed of trust, the taxpayer transferred legal and equitable title to real property to the trust, subject to the provisions of an accompanying land trust agreement. The land trust agreement provided that the taxpayer retained exclusive control of the management, operation, renting, and selling of the real property, together with an exclusive right to the earnings and proceeds from the real property. Under the agreement, the taxpayer was required to file all tax returns, pay all taxes, and satisfy any other liabilities with respect to the real property. Revenue Ruling 92-105 concludes that, because the trustee's only responsibility was to hold and transfer title at the direction of the taxpayer, a trust, as defined in Section 301.7701-4(a) of the Treasury Regulations, was not established. Moreover, there were no other arrangements between the taxpayer and the trustee (or between the taxpayer and any other person) that would cause the overall arrangement to be classified as a partnership (or any other type of entity). Instead, the trustee was a mere agent for the holding and transfer of title to real property, and the taxpayer retained direct ownership of the real property for federal income tax purposes.

The IRS ruled that the DST under consideration was an entity for federal income tax purposes. The IRS next concluded that the Trust was not the agent of the beneficial owners because the beneficial owners had no right to direct the trustee's actions. The IRS also ruled that the DST would be considered a trust rather than a corporation or partnership for tax purposes because the trustee's activities must be limited to the collection and distribution of trust income and the beneficial owners had no right to participate in the management of the trust properties. The IRS ruled that the trust's beneficial owners would be considered the trust's grantors because they had a right to receive all of the trust's income and the trust's corpus. As owners of the DST for tax purposes, the beneficial owners would be considered to own, directly and outright, an interest in all property titled in the name of the DST. Because the DST owned real property, the beneficial owners who acquired interests in the DST will be deemed to have acquired interests in real property for purposes of Section 1031 of the Code.

Legal Analysis

In determining whether the acquisition of an Interest by a Beneficial Owner "should" be treated as the direct acquisition of the Land, we analyze this issue in light of all authorities relevant to the following: (i) the Trust's classification as an entity (and not as an agency or other co-ownership arrangement) for federal income tax purposes; (ii) the Trust's classification as an "investment" trust (and not as a business entity) for federal income tax purposes; (iii) the Trust's classification as a "grantor trust" for federal income tax purposes; and (iv) the treatment of the Beneficial Owners as holding a direct interest in the Land for federal income tax purposes.

A. Entity Classification and Treatment of Trust Land

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

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

Section 3801(g) of the Delaware Code provides that a Delaware statutory trust is an unincorporated association that is created by a governing instrument for the purpose of holding property for business or investment. This section further provides that “any such association ... shall be a statutory trust and a separate legal entity.” Section 3803 of the Delaware Code provides that owners of a trust are “entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the general corporation law...”. Section 3804 of the Delaware Code provides that a trust may sue or be sued, and that its property is subject to attachment and execution as if it were a corporation. Section 3805 of the Delaware Code provides that, except as otherwise provided in the trust agreement, a beneficial owner of an interest in a trust shall have an undivided beneficial interest in the property of the trust and shall share in the profits and losses of the trust pro rata in proportion to the owner’s percentage interest in the trust. Section 3805 further provides that no creditor of a beneficial owner has any right to obtain possession of trust property, and that, except to the extent otherwise provided in the trust agreement, interests in a trust are freely transferable. Section 3815 of the Delaware Code provides that a trust may merge into or consolidate with other trusts or other business entities.

In Revenue Ruling 2004-86, after describing certain relevant provisions of the Delaware Code (including those described above), and after observing that the DST was “formed for investment purposes,” the IRS concluded that the DST was an entity for federal income tax purposes. We believe that the Trust is substantially similar to the DST described in the Ruling. First, and most importantly, both the DST and the Trust are Delaware statutory trusts, subject to the provisions of the Delaware Code set forth above. Second, Section 2.3 of the Trust Agreement provides that the purposes of the Trust are (i) to acquire the Land; (ii) to enter into and comply with the Ground Lease; (iii) to manage and dispose of the Land; and (iv) to take only such other actions as the Signatory Trustee deems necessary or appropriate to carry out the foregoing, which is consistent with the purpose of DST in the Ruling (i.e., “to hold property for investment”). Third, Section 6.8 of the Trust Agreement provides that the Trust Agreement shall not impose a partnership or joint venture relationship on Beneficiaries, and no Beneficial Owner shall have any liability for the debts or obligations incurred by any other Beneficial Owner, with respect to the Trust Estate, or otherwise, and no Beneficial Owner shall have any authority, other than as specifically provided therein, to act on behalf of any other Beneficial Owner or to impose any obligation on any other Beneficial Owner. Fourth, consistent with DST, the Trust Agreement does not create or purport to create an agency relationship between the Beneficial Owners, on the one hand, and the Trust or the Delaware Trustee, on the other.

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

Under Treasury Regulation Section 301.7701-4(b), a trust may be classified as a business entity if it is an arrangement for profit-making activity with such activity being conducted either by the trustees (when the trust agreement expressly authorizes the trustee to engage in such activity) or by the beneficiary (when the trustee is merely an agent of the beneficiary and the beneficiary directs the trustee to engage in such activity). In contrast, Treasury Regulation Section 301.7701-4(c)(1) provides that a trust will be treated as an “investment” trust and not as a business entity if it has “a single class of ownership interests, representing undivided beneficial interests in the assets of the trust,” and “there is no power... to vary the investment of the certificate holders.” In the Ruling, DST was held to be an “investment” trust and not a business entity. The courts and the IRS have considered the distinctions between an “investment” trust and a business entity on several other occasions.

In *Commissioner v. Chase National Bank*, 122 F. 2d 540 (2d Cir. 1941), a depositor transferred “units” consisting of the common stock of a number of corporations to a trust, and then sold those trust certificates to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made that was consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The IRS argued that the trust was taxable as a corporation for federal income tax purposes. The Second Circuit rejected the IRS’s argument, holding that because the trust agreement required the trust property “to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose,” the trust was prevented from becoming more than a “strict investment” trust. *Id.* at 543.

In *Commissioner v. North American Bond Trust*, 122 F.2d 545 (2d Cir. 1941), cert. denied, 314 U.S. 701 (1942), an opinion issued by the Second Circuit on the same day that it issued the *Chase National Bank* opinion, the court reached a different conclusion regarding the treatment of a trust for federal income tax purposes. In contrast to the terms of the trust instrument in the *Chase National Bank* case, the terms of the trust instrument in *North American Bond Trust* accorded the depositor with the power “to take advantage of market variations to improve the investments even of the first investors.” *Id.* at 546. This power arose in two ways. First, in making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Second, the bonds of all units constituted a single pool in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors could be used to purchase new bond issues which would in turn reduce the existing certificate holding interests in the old bond issues. Based on these facts, the court held that the depositor “had power, though a limited power, to vary the existing investments of all certificate holders at will...” Accordingly, the trust was an association taxable as a corporation.

In Revenue Ruling 75-192 (described above), the IRS concluded that, because the trust agreement restricted the trustee’s investment of cash on hand to products that yielded a fixed return similar to that earned on a bank account, there was no opportunity to profit from market fluctuations. Accordingly, the

power to invest in short term instruments described in Revenue Ruling 75-192 is not a power to vary a trust's investment.

In Revenue Ruling 79-77, the IRS ruled that a trust formed to hold real property was a trust under Section 301.7701-4(a) of the Treasury Regulations and a "grantor trust" within the meaning of Subpart E of Subchapter 3, Chapter I of the Code (Code Section 671, et seq.), and not a "business entity" within the meaning of Section 301.7701-4(b) of the Treasury Regulations (e.g., a partnership or an association taxable as a corporation), where the trustee's duties were limited to the following: (i) holding title to real estate; (ii) at the direction of the beneficiaries, signing a 20-year "triple net" lease (with renewal options) for the real estate; (iii) enforcing the lease; (iv) signing such other agreements as are approved by the beneficiaries; (v) approving minor alterations to the real estate; and (vi) distributing net income of the trust to the beneficiaries on a quarterly basis.¹

In other situations, however, the IRS has determined that an arrangement formed to hold real estate was properly classified as a business entity. For example, in Revenue Ruling 78-371 (described above), the IRS concluded that the trustee's power to engage in extensive real estate operations and to invest the sales proceeds in financial products indicated that the trust was not formed to merely protect and conserve the trust's property and ruled that the trust was taxable as a corporation.

Additionally, in PLR 6501275170A (January 27, 1965) (the "1965 PLR"), the IRS determined that a power to "vary the investment" existed in an arrangement wherein a trust intended to acquire property in one or more sale-leaseback transactions. The leases in this arrangement imposed significant duties upon the lessee, such as the duty to pay reasonable compensation to the lessor's trustees and reimbursement of lessor expenses. Moreover, the stated intent of the parties to the leases considered in the 1965 PLR included that the lessee would manage the property in a manner ". . . that will insure that the said property will be used, applied and developed to the maximum benefit of [the trust] . . . and to the beneficiaries. . ." Even though the trust instrument limited trustees' power in a manner consistent with treatment of the trust as a fixed investment trust, the trust instrument contained repeated references to specific provisions of the leases. The leases granted the lessee the right, and arguably imposed a duty on the lessee, to construct additions or new improvements in a manner that maximizes value for both the lessee and the trust. Upon termination of the leases, such improvements must be accepted by the trustee.

The arrangement described above, in the opinion of the IRS in 1965, resulted in the tenant playing a role in the overall operation of the trust and having the power in its capacity therein to "vary the investment" of the trust's beneficiaries. In concluding that the trust should be taxed as a corporation, the IRS noted that "the provisions of the leases are sufficiently integrated with the other documents so that the powers of [the lessee] may be considered as power under the trust instrument to vary the investment of the

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

certificate holders.” The IRS further noted that possible improvements or replacement of buildings toward the “maximum benefit of both [the lessee] and the investors may be considered as involving the taking advantage of market variations to improve investments.” PLR 6501275170A (January 27, 1965).

We note that private letter rulings do not qualify as legal precedent. *See* Code Section 6110(k)(3). Even if private letter rulings qualified as legal precedent, we believe that the arrangements under the Trust Agreement and Ground Lease are sufficiently distinguishable from the arrangement set forth in the 1965 PLR such that the IRS should conclude that: (i) the arrangements set forth in the Trust Agreement and Ground Lease do not result in the Ground Lessee having a role in the overall operation of the Trust, and (ii) the Ground Lessee’s rights under the Ground Lease do not constitute a power to “vary the investment” of the Beneficial Owners. The terms of the Ground Lease are not intended to be integrated with the Trust Agreement or allow the Ground Lessee’s actions to alter the Beneficial Owners’ investment in the manner contemplated in the 1965 PLR.

Unlike the arrangement in the 1965 PLR: (i) the Trust Agreement does not reference specific provisions of the Ground Lease or contain restatements thereof, (ii) the Ground Lease does not contain a stated intent or duty of the Ground Lessee to manage the Land for the maximum benefit of the Trust, (iii) the Ground Lessee’s payment obligations are limited to rent and certain property-related expenses (i.e., the Ground Lessee is not required to pay any compensation to the Trust’s trustees), and (iv) upon termination of the Ground Lease, the Ground Lessee is required to remove or demolish any improvements; the right of the Trust to any improvements constructed by the Ground Lessee is limited solely to remedy damages for breach of the Ground Lease. These key distinctions are apparent in the Trust Agreement and Ground Lease, and we have relied on the following representations from the Ground Lessee and other parties set forth in the Representation Letter: (i) the Ground Lessee will act in its own interests pursuant to its reasonable business judgment in fulfilling its obligations under the Ground Lease, (ii) there are no other agreements which would require the Ground Lessee to consider or act in the best interests of the Trust or the Beneficial Owners in fulfilling the Ground Lessee’s obligations under the Ground Lease, and (iii) the Ground Lease is not intended as a means to convey improvements to the Trust or its Beneficial Owners. Finally, the IRS noted that the certificate holders in the 1965 PLR would “share in a pool of the trust properties” and therefore would have “no interest in the particular property but only in the profit on their investment.” By contrast, the Trust owns a single parcel of Land, and therefore, Beneficial Owners do not share in a pool of the Trust’s properties and have an interest in a particular property, as opposed to mere interest in the profit on their investment.

We believe that the arrangements that will be provided for under the Trust Agreement and the Ground Lease are similar to the arrangements described in *Chase National Bank* and Revenue Rulings 2004-86, 79-77 and 75-192, and not the arrangements discussed in *North American Bond Trust* and Revenue Ruling 78-371. The Trust satisfies the “one class of interests” requirement because Section 6.1 of the Trust Agreement states that the Interests are a single class. Section 3.3 of the Trust Agreement provides that the Land is held for investment purposes only, and that the Trust will only engage in activities that constitute customary services in connection with the maintenance and repair of the Land. Section 2.2 of the Trust Agreement further provides that (i) the Land is held for the benefit of the Beneficial Owners and (ii) it is the intention of the Trustees and the Beneficial Owners that the Trust constitute a “statutory trust”. Section 7.2 of the Trust Agreement requires the Signatory Trustee to distribute available cash monthly.

Section 3.3 of the Trust Agreement provides that the Beneficial Owners shall not take any action which 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. Section 3.3 of the Trust Agreement also provides that, notwithstanding any other provision of the Trust Agreement, the Trustees shall not take certain specified actions, on their own behalf or on the instruction of the Beneficial Owners, if the effect of such action would be to “vary the investment” of the Beneficial Owners under Section 301.7701-4(c)(1) of the Treasury Regulations. The Ground Lease is a “net” lease pursuant to which the Ground Lessee is responsible for all insurance, maintenance, ordinary repairs and utilities. The Ground Lessee will be responsible for the payment of all property taxes. The Sponsor, the Trust, the Depositor, the Ground Lessee, and the Signatory Trustee have provided, and counsel has relied upon, the Representation Letter in which such entities represent that the Ground Lease, considering all surrounding circumstances, will be a bona fide lease for federal tax purposes, and the Ground Lease is not designed as a means of basing rent on income or profits of the Land.

However, the Trust Agreement contains provisions that were not present in the trust arrangement and lease that were the subject of Revenue Ruling 2004-86, as follows: (i) the Signatory Trustee will have an ongoing role (but no power except to conserve and dispose of the Land), (ii) under limited circumstances, the Signatory Trustee may transfer the Land to a limited liability company in a Transfer Distribution, and (iii) the Signatory Trustee will have the discretion to cause a sale of the Land. We do not believe that any such term that will be contained in the Trust Agreement but was absent from the arrangement that is the subject of Revenue Ruling 2004-86 will cause the Signatory Trustee to have any power other than the power to conserve and protect trust property.

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

Sections 671 through 678 of the Code describe certain circumstances in which the grantor of a trust or another person will be considered to be the owner of all or a portion of the trust’s assets and income for federal income tax purposes. Section 677(a) of the Code provides that a grantor is treated as the owner of any portion of a trust whose income without the approval or consent of any adverse party or, in the discretion of the grantor or a nonadverse party (or both) may be distributed, held, or accumulated for future distribution to the grantor or its spouse. In the Ruling, the IRS held that the DST was a grantor trust.

Like the DST in the Ruling, the Trust should satisfy the requirements of the Code for qualification as a grantor trust. Section 3.3 provides that it is the intention of the parties that each Beneficial Owner is to be treated for federal income tax purposes as owning a direct interest in the Land and that the Trust shall constitute a grantor trust. Section 7.2 of the Trust Agreement provides that all available cash of the Trust is required to be distributed to the Beneficial Owners in accordance with their percentage interests in the Trust.

4. Treatment of the Beneficial Owners as Directly Holding Trust Land for Federal Income Tax Purposes

In the Ruling, the IRS held that an owner of a grantor trust that holds real property is considered to be the owner of an undivided interest in the real property for federal income tax purposes, and that accordingly, for purposes of Section 1031, real property can be exchanged for an interest in such a grantor

trust without the recognition of gain or loss, assuming the other requirements of Section 1031 are satisfied. It should be noted that the holding of the Ruling expressly assumed that “the other requirements of Section 1031 are satisfied.” This assumption is also being made for purposes of this Opinion.

B. Characterization of the Ground Lease for Federal Income Tax Purposes

If the Ground Lease is not a true lease for federal income tax purposes, then an Interest would not be eligible for a Section 1031 exchange because the Beneficial Owners would not be the tax owners of the Land. If the Ground Lease constitutes a partnership agreement for tax purposes, then an Interest in the Trust would also not be eligible for a Section 1031 exchange because partnership interests cannot be exchanged for real property on a tax-free basis. If the Ground Lease constitutes a contract under which the Ground Lessee manages the Land on behalf of the Trust, then the Trust would not be simply protecting and conserving the Trust estate but rather would be engaged in an active business such that the Trust would not constitute a trust for tax purposes and the Beneficial Owners would again not be the tax owners of the Land.

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

1. The Ground Lease Should be Respected as a True Lease

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

In 1978, the Supreme Court revisited the true lease issue in *Frank Lyon Company v. Commissioner*: “we hold that where, as here, there is a genuine multiple-party transaction with economic substance which is compelled or encouraged by business or regulatory realities, is imbued with tax-independent considerations, and is not shaped solely by tax-avoidance features that have meaningless labels attached, the Government should honor the allocation of rights and duties effectuated by the parties. Expressed another way, so long as the lessor retains significant and genuine attributes of the traditional lessor status, the form of the transaction adopted by the parties governs for tax purposes.” 435 U.S. 561, 583-84 (1978) (lessor is tax owner).

Both before and after the Supreme Court decisions, the IRS and the courts have considered the true lease issue. It is fair to conclude from the various cases and rulings that the principal aspect of a true lease for tax purposes is the availability to the lessor of a substantial anticipated residual value at the end of the

lease term in underlying property in which the lessor has made a substantial equity investment, the enjoyment of which is subject to market forces and conditions, and the opportunity of the lessor, by realizing such residual value, to achieve a substantial economic profit from the lease transaction apart from the value of tax benefits. *See generally*, Michael G. Robinson and William A. Macan IV, “Tax Considerations,” Chapter 3 of Ian Shrank and Arnold G. Gough, Jr. (eds.), *Equipment Leasing - Leveraged Leasing* (5th ed. 2014) (hereinafter, “Macan”); *see also*, Rev. Proc. 2001-28, 2001-1 C.B. 1156 (IRS advance ruling guidelines for leveraged lease transactions).

The Ground Lease is styled as a lease. The Ground Lease grants the right to possession and use of the Land to the Ground Lessee for a term of years. The Trust has customary lessor remedies such as repossession of the Land in the case of an uncured event of default. We have assumed for the purposes of this Opinion that as of the admission of the Beneficial Owners to the Trust, the Trust has made a substantial equity investment in the Land, reasonably expects the Land to have a substantial residual value at the end of the Ground Lease term, and reasonably expects to realize a substantial economic profit from the Ground Lease and subsequent further leasing or disposition of the Land apart from the value of tax benefits. In addition, the Sponsor has represented in the Representation Letter that the Trust and the Ground Lessee intend the Ground Lease to constitute a true lease. Additionally, the Ground Lease gives the Ground Lessee possession and control of the Land during the lease term and places the related operating responsibilities on the Ground Lessee, not the Trust. During the term of the Ground Lease, the Ground Lessee has the exclusive right to possess, develop, operate and maintain the Land and the Project, and bears the costs and burdens associated with such activities. The Trust does not control the day-to-day development, construction, operation or management of the Project, does not share in project operating profits, and retains only the rights of a ground lessor, including the right to receive rent and to enforce the Ground Lease upon default. These facts support treatment of the Ground Lease as a true lease rather than a joint venture, financing arrangement or other non-lease relationship. The principal remaining issue is whether the existence of the Purchase Option could cause tax ownership of the Land to be treated as vested in the Ground Lessee as of the execution and delivery of the Ground Lease.

In a variety of contexts, the Treasury Regulations promulgated under the Code treat an option as having been effectively exercised upon grant if exercise of the option is reasonably certain or substantially certain as of the date of grant. *See, e.g.*, Treasury Regulation Section 1.1504-4 (subject to specified exceptions, an option to acquire the stock of a corporation is treated as exercised for purposes of determining whether the corporation is a member of an affiliated group eligible to file a consolidated federal income tax return if based on all the facts and circumstances it is reasonably certain that the option will be exercised and it could reasonably be anticipated that the issuance or transfer of the option in lieu of the issuance, redemption or transfer of the underlying stock would result in the elimination or deferral of a substantial amount of federal income tax liability); Treasury Regulation Section 1.1361-1(l)(4)(iii) (subject to specified exceptions, an option issued by a corporation with respect to its stock is treated as a second class of stock in the corporation for purposes of Subchapter S of the Code if, taking into account all the facts and circumstances, the option is substantially certain to be exercised (by the holder or a potential transferee) and has a strike price substantially below the fair market value of the underlying stock on the date the option is issued, transferred by a person who is eligible to be a shareholder in an S corporation to a person who is not eligible to be a shareholder in an S corporation, or materially modified).

Revenue Rulings issued by the IRS in a variety of contexts similarly look to whether an option is

deep in the money, whether there is otherwise a very high probability that the option will be exercised, or whether there is economic compulsion to exercise the option. *See, e.g.*, Rev. Rul. 82-150, 1982-2 C.B. 110 (U.S. person holding option to purchase at any time all of the stock in a foreign corporation treated as the owner of the stock for foreign personal holding company purposes where the holder paid 70% of the fair market value of the stock to the issuer of the option at the time the option was granted); Rev. Rul. 83-98, 1983-2 C.B. 40 (notes convertible into stock of the issuer treated as equity where, among other things, the notes were structured such that there was a very high probability of conversion); Rev. Rul. 2003-97, 2003-2 C.B. 380 (investment unit consisting of note plus forward contract to purchase stock treated as consisting of two separate items of property for federal income tax purposes where the holder had a legal right to separate the note from the forward and the holder was not economically compelled to keep them unseparated; if the characterization of an instrument or a transaction for federal income tax purposes either depends on, or could be affected by, the existence of a person's legal right or option to elect a certain course of action, the tax consequences often depend on whether the exercise (or non-exercise) of the right or option is economically compelled based on all the facts and circumstances).

IRS rulings and case law in the leasing context generally follow the above pattern. *See, e.g.*, Rev. Rul. 60-122, 1960-1 C.B. 56 (it is reasonable to assume that lessee will exercise its renewal options where only a nominal amount is payable for the use of the leased property during the renewal periods and there is no indication the renewal options will not be exercised). *See generally*, Michael H. Simonson, "Determining Tax Ownership of Leased Property," 38 Tax Lawyer 1, 7-11 (1984); Macan, *supra*, at 3-52 to 64.

In "listed" transactions (identified by the IRS as abusive tax shelters) involving defeased and otherwise highly structured sale/leaseback and lease/leaseback transactions with lessees that were not U.S. taxpayers (such as governmental entities and foreign entities, including foreign entities claiming tax ownership of the leased property in their home jurisdictions), courts have declined to honor the form of the transaction for federal income tax purposes where, among other things, there was a reasonable likelihood that lessees would exercise fixed-price purchase options. *See, e.g.*, *Exelon Corporation v. Commissioner*, 906 F.3d 513 (7th Cir. 2018); *Consolidated Edison Company of New York, Inc. and Subsidiaries v. United States*, 703 F.3d 1367 (Fed. Cir. 2013); *John Hancock Life Insurance Company, et al. v. Commissioner*, 141 T.C. 1 (2013).

Under the terms of the Ground Lease, the Purchase Option price may not be less than the fair market value of the Land subject to the Ground Lease as determined by an appraisal procedure at such time, if any, as the Purchase Option is exercised. That said, upon an exercise of the Purchase Option the Ground Lease will terminate, at least for tax purposes, because the Ground Lessee would become both the lessor and the lessee. As a result, upon an exercise of the Purchase Option the Ground Lessee will in effect acquire the Land free of the Ground Lease. To be sure, the value of the Land subject to the Ground Lease may be different from the value of the Land without regard to the Ground Lease. Be that as it may, the Ground Lessee must pay for the Land upon an exercise of the Purchase Option the same amount that an unrelated party would have to pay for the Land upon a consensual purchase of the Land. That is to say, any decrease in value of the Land resulting from the existence of the Ground Lease is effectively captured by the Ground Lessee upon the commencement of the Ground Lease and is not contingent upon an exercise of the Purchase Option by the Ground Lessee. The fact that the Ground Lessee must pay then-current fair market value for the Land upon any exercise of the Purchase Option materially distinguishes the Purchase Option from a

nominal or bargain purchase right.

A lessee would have an incentive to exercise a purchase option, even where the Purchase Option price is fair market value, if by exercising the purchase option the lessee were relieved from paying an above market continuing rent obligation or if the lessee were relieved of any other burdensome obligation imposed on it under the lease. In the current situation, the Sponsor has represented in the Representation Letter that the obligation of the Ground Lessee to remove any improvements at the end of the Ground Lease term and restore the Land to the condition it was in at the inception of the Ground Lease does not create a material inducement to the Ground Lessee to exercise the Purchase Option.

Based upon the foregoing observations, it appears reasonable to us to assume, and we have with your permission assumed, that the Ground Lessee is neither contractually nor economically compelled to exercise the Purchase Option and in any event, as of the date of the commencement of the Ground Lease, is at least as likely not to exercise the Purchase Option as it is to exercise the Purchase Option. Moreover, the Purchase Option price is not a fixed dollar amount, but rather is based upon future values determined in the future by an appraisal procedure. Accordingly, the existence of the Purchase Option should not vest tax ownership of the Land in the Ground Lessee (until such time, if any, as the Ground Lessee exercises the Purchase Option), with the result that the Ground Lease should be respected as a true lease for federal income tax purposes.

2. The Ground Lease Should Not be Recharacterized as a Partnership Agreement

The Trust may share in the results of the Ground Lessee's development and operation of the Land in the event that the Ground Lessee exercises the Purchase Option at a time when the fair market value of the property is lower than the minimum purchase price under the Ground Lease. Additionally, the Trust subordinates its fee interest in the Land to the lien of the Ground Lessee's lender. These features raise the question of whether, for federal tax purposes, the Trust and the Ground Lessee should be treated as having formed a partnership or joint venture with respect to the Land.

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

An organization need not be an entity under applicable non-tax law to constitute a business entity in a tax sense. Thus, an economic relationship governed by a contract that does not create a juridical entity under local law, such as the relationship created by the Ground Lease, may constitute an organization that rises to the level of an entity for purposes of the check-the-box Regulations. A contractual arrangement will create a separate entity for federal income tax purposes and will constitute a business entity potentially classifiable as a partnership for tax purposes if the participants carry on a trade, business, financial

operation, or venture and divide the profits therefrom. Treasury Regulation Sections 301.7701-1(a)(1), (2), -2(a).

The determination whether an arrangement constitutes a partnership is based on all of the facts and circumstances. In *Commissioner v. Culbertson*, 337 U.S. 733 (1949), the Supreme Court indicated that the inquiry turns on whether, considering the agreement, the parties' conduct in execution of its provisions, their statements, the relationship of the parties, their respective contributions, actual control of income, and other facts bearing on their true intent, the parties in good faith and acting with a business purpose intended to join together in the present conduct of an enterprise. Factors commonly considered include joint contribution of capital or services, joint control and ownership of capital and earnings, sharing of profits, sharing of losses, control over the business, the parties' agreement and conduct, maintenance of separate books and records, and whether partnership tax returns are filed or the parties otherwise hold themselves out as partners. See also, *Commissioner v. Tower*, 327 U.S. 280 (1946); *Luna v. Commissioner*, 42 T.C. 1067 (1964).

Courts have applied these principles with particular scrutiny in syndicated leasing and sale-leaseback arrangements where the economics and allocation of rights suggest that the parties have joined together in a common venture rather than entered into an ordinary lessor-lessee relationship. In *Bergford v. Commissioner*, 12 F.3d 166 (9th Cir. 1993), the court held that a syndicated equipment arrangement was a partnership where, among other things, the manager exercised substantial authority over the property and participated in both upside and downside economics through a remarketing fee and cash-flow advances. Similarly, in *Bussing v. Commissioner*, 89 T.C. 1050 (1987), the Tax Court found partnership treatment where the leasing company had a residual economic participation in the equipment and future rents, and the investors were required to act in concert in dealing with the equipment. Although the courts in those cases also considered restrictions on the investors' ability to act independently with respect to the property, the principal concern for purposes of the Ground Lease is whether the Trust and the Ground Lessee have agreed to share the benefits and burdens of a common enterprise. Here, unlike in *Bergford* and *Bussing*, the Trust is not entitled to receive any portion of the Ground Lessee's project revenues, net profits, residual value, or operating upside, and the Ground Lessee is not entitled to participate in the Trust's rental income or residual ownership of the Land, except to the extent the Ground Lessee actually acquires the Land pursuant to a valid exercise of the Purchase Option. Rather, the Trust's economic return is limited to rent and other amounts payable under the Ground Lease, while the Ground Lessee, in its separate capacity as tenant and owner/operator of the Project, bears the costs and risks of development and operation and retains the income generated by the Project. Accordingly, the Ground Lease should not be viewed as an arrangement through which the Trust and the Ground Lessee jointly conduct a business or divide the profits therefrom.

The usual partnership factors likewise support the conclusion that the Trust and the Ground Lessee have not formed a partnership or joint venture. The Trust and the Ground Lessee do not jointly contribute capital or services to a common venture: the Trust contributes possession and use of the Land pursuant to the Ground Lease in exchange for rent, while the Ground Lessee develops and operates the Project for its own benefit. They do not jointly control capital or earnings: the Ground Lessee controls the development and operation of the Project and retains all revenue and income from the Project, while the Trust is entitled only to rent and other amounts payable under the Ground Lease. They do not share profits as co-proprietors,

because rent payable to the Trust is not based on the Ground Lessee's gross receipts, net income or profits. They do not share operating losses, because the Ground Lessee bears the costs and burdens of development, operation, maintenance, insurance, taxes and ordinary repairs, and the Trust has no obligation to fund operating deficits of the Project.

The parties' agreement and conduct also support non-partnership treatment. The Ground Lease recites the parties' intent that it not constitute a partnership or joint venture. The Trust and the Ground Lessee will not maintain books or records as a partnership, will not file partnership tax returns with respect to the Land or the Project, and will not represent their relationship to third parties as a partnership. In addition, based on the Transaction Documents and the representations on which we rely, amounts payable to the Trust, the Trustees, the Sponsor and their affiliates are intended to represent rent, reimbursements or reasonable compensation for services or rights actually provided, and not a residual participation in the Ground Lessee's project profits or losses.

Insofar as the minimum purchase price for the Purchase Option is concerned, the future value of the Project is only relevant if the fair market value of the property falls below the purchase price paid by the Trust for the Land. Even if the Purchase Option is exercised at a time when the then-current fair market value is lower than the purchase price, the owner of property would be clearly entitled to establish an above market purchase option price for the leased property to its lessee or any other person, which its lessee or such other person would logically pay only if it were worth it to the buyer to overpay for the property. Nor does the Trust have any reversionary interest in any improvements on the Land because the Ground Lessee is obligated upon the expiration or sooner termination of the Ground Lease to remove the improvements and return the Land to the Trust in the condition it was in at the inception of the Ground Lease term. Accordingly, in our view the reference to the future value of any improvements in the determination of a future purchase price serves only as a measuring rod, and indeed a contingent measuring rod, in determining the overall Purchase Option price for the Land, and does not vest in the Trust any right to share in the value of the Ground Lessee's property in a manner that would make it a partner of the Ground Lessee for tax purposes.

Insofar as the subordination of the fee interest is concerned, it is not unusual in the course of arm's length negotiations for a ground lessor to subordinate its fee interest to a nonaffiliated groundlessee's construction loan, because the ground lease, which is expected to be highly beneficial to the groundlessor, would often be impossible to secure without such a subordination. Accordingly, in our view, the subordination of the fee interest by the Trust does not cause the Ground Lease to fail to be a bona fide lease even though the Trust and Ground Lessee are affiliates in this case. Furthermore, the legal owner of the property is indemnified by its lessee for any loss of the property by reason of a foreclosure by the lessee's lender, which indemnity is guaranteed by the Sponsor which has a current net worth in excess of the value of the fee title being subordinated. In addition, the Trust is not entitled under the Ground Lease to receive any portion above the fixed base rent of the Ground Lessee's gross or net income from the Land.

Accordingly, in our view the Trust and the Ground Lessee should be viewed as having separate profit motives and as not being engaged in carrying on a joint enterprise with a view to dividing the profits therefrom within the meaning of the check the box Regulations. Accordingly, the Ground Lease should not be re-characterized as a partnership agreement for federal income tax purposes. *See generally*, McKee,

Nelson and Whitmire, *Federal Taxation of Partnerships and Partners* (4th ed. 2007 and Supp. 2020-1), at para. 3.02, 3.04, 3.05; *Bussing v. Commissioner*, 88 T.C. 449 (1987), supplemental opinion, 89 T.C. 1050 (1987).

3. The Ground Lease Should Not be Recharacterized as a Management Contract

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

The Trust granted to the Ground Lessee the right to possession and use of the Land for a term of years. We have assumed that the Rent payable under the Ground Lease constitutes fair market rent, such that the Trust is appropriately compensated for leasing the Land to the Ground Lessee. Having ceded the right to possession and use of the Land to the Ground Lessee, the Trust and its Trustees do not control or have the right to control the day-to-day operations of the Land. Rather, the operation and maintenance of the Land will be handled by the Ground Lessee or its agents. The Ground Lessee and not the Trust will be the counterparty under any property management agreement, with the result that it will be the Ground Lessee and not the Trust that hires an agent or independent contractor to run a business on the Land.

The Signatory Trustee, the Depositor, and the Ground Lessee are commonly controlled by the Sponsor or its principals. Such common control raises the question of whether the activities of the Ground Lessee and/or the Manager with respect to the construction, operation and management of the Project should be attributed to the Trust for tax purposes.

We do not believe the relationship between the Signatory Trustee on the one hand, and the Ground Lessee and/or its property manager on the other hand, should lead to a conclusion that the Trust is engaged in the business of the Ground Lessee or in the operations of a property manager with respect to the Land. As an entity that is classified as a corporation for federal income tax purposes, the Signatory Trustee is a separate entity from the Ground Lessee for both commercial law and tax law purposes. Moreover, the functions of the Signatory Trustee under the Trust Agreement are essentially ministerial. The Trust Agreement expressly requires the Signatory Trustee to deal with the Land and the Ground Lease consistent with its duties to conserve and protect the Trust estate for the benefit of the Beneficial Owners as provided in the Trust Agreement. And the Signatory Trustee is subject under the Delaware Statutory Trust Act to an implied contractual covenant of good faith and fair dealing.

The issue might arguably be more troubling if the Depositor were the sole owner of the Trust because in that event the lessor (whether a grantor trust with a single beneficiary or a disregarded entity for tax purposes) and the lessee under the Ground Lease would be related parties. The Depositor is not expected to be an Investor, however, and in the event of unsold Interests the Depositor will not have more than a 20% interest in the Trust. In our view it would be inappropriate to ascribe the activities of the Ground Lessee or its hired property manager to the Trust on the basis that a minority owner of the Trust is related to the Trust's lessee, especially where the Trust owns the land on which the lessee's business is run but has

no ownership of that business itself and no right or obligation to operate, maintain or manage the lessee's business or to direct the lessee's contractors as to the manner of construction, subsequent physical alteration, operation, maintenance or management of the business. The Trust has very limited approval rights under the Ground Lease and no approval rights under the Management Agreement, and the Sponsor has represented in the Representation Letter that the Trustees will grant any requested consents based solely on protecting and preserving the Trust estate for the benefit of the Beneficial Owners. Rev. Rul. 79-77, 1979-1 C. B. 448; Rev. Rul. 90-63, 1990-2 C. B. 270.

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

C. Interests as a Security

Section 1031 of the Code expressly excludes a "security" from the categories of property that may qualify for nonrecognition. Thus, if the IRS were to classify the Interests as "securities" for federal income tax purposes, they would not qualify as replacement property in a Section 1031 exchange.

The term "security" is not defined in Section 1031 of the Code or the regulations promulgated thereunder. In addition, the term is defined differently under different sections of the Code and, therefore, has a different meaning in Section 475 of the Code than it has in Code Sections 165(g), 402(e), 731, 1083(f), 1236, or 6323(h)(4). Neither an undivided interest in real property or a beneficial interest in a Delaware statutory trust are included within the definition of a security in any provision of the Code. In G.C.M. 38206 (1979), the IRS concluded that warrants and calls were securities for purposes of the like-kind exchange rules of Section 1031 of the Code because they were included within the definition of "security" under certain other provisions of the Code. The fact that neither an undivided interest in real property or a beneficial interest in a Delaware statutory trust are listed as a security in any other provisions of the Code which defines a security suggest that Interests would not be considered securities for purposes of Code Section 1031.

An interest that is deemed a "security" under federal securities law is not necessarily a "security" for federal income tax purposes. In *Plow Realty Co. of Texas v. Commissioner*, 4 T.C. 600 (1945), the Tax Court held that mineral deeds were not "securities" under the Code section at issue even though they were considered "securities" under the federal securities laws. In addition, in G.C.M. 35242 (1973), the IRS concluded that whiskey warehouse receipts were not securities for purposes of Code Section 1031 although

they were securities under the securities laws.

The legislative history of Code Section 1031 indicates that the disqualification of a security from like-kind exchange treatment was part of a broader goal of disqualifying all highly liquid investments from such treatment. *See* S. Rept. 1113, 67th Cong. (1927), 1939-1 (Part 2) C.B. 945-46 (adopting H. Rept. 1432, 67th Cong.); H. Rept. 704, 73d Cong., 2d Sess. 13 (1934). There is no public market for the Interests and it is unlikely that one ever would develop. In addition, it is highly unlikely that anyone would consider a beneficial interest in a Delaware statutory trust formed for the sole purpose of holding an interest in real property highly liquid. Thus, based on Congress' expressed purpose in disqualifying securities from like-kind exchange treatment, and the authority cited above, the Interests should not be considered securities for federal income tax purposes.

Conclusion

Based on the foregoing, it is our opinion that (i) the Trust should be treated as an investment trust described in Section 301.7701-4(c) of the Treasury Regulations that is classified as a "trust" under Section 301.7701-4(a) of the Treasury Regulations, (ii) the Beneficial Owners should be treated as "grantors" of the Trust, (iii) the Interests should not be treated as a "security" under Section 1031 of the Code, (iv) as "grantors," the Beneficial Owners should be treated as acquiring and owning an undivided fractional interest in the Land for federal income tax purposes, (v) the Ground Lease should be treated as a "true lease" for tax purposes, (vi) the Ground Lease should not be recharacterized as a partnership agreement, and (vii) the Ground Lease should not be recharacterized as a management agreement. The Trust generally complies with the requirements described in the Ruling, including the fact that the powers and authority of the Trust do not appear to exceed the powers and authority of the "investment trust" described in the Ruling.

In certain respects, the transaction that is the subject of the Offering varies from the facts in the arrangement that was the subject of the Ruling. Specifically, the Trust Agreement will grant the Signatory Trustee the authority to conduct activities on an ongoing basis, including the authority to dissolve and wind-up the Trust, to protect and conserve the Land, and to effect a Transfer Distribution of the Land to a newly formed Delaware limited liability company in certain limited circumstances. The Trust is expected to receive multiple contributions over time instead of a single contribution, although the Trust will not retain such contributions. The Trust being required pursuant to the Ground Lease to subordinate its ownership interest in the Land to the Ground Lessee's lender, and the purchase option discussed above were not present in the arrangement that was the subject of the Ruling. While these facts were not present in the Ruling, the Trust's structure and ownership of the Land are similar to the overall substance of the transactions described in the Ruling. Accordingly, the factual differences between the trust arrangement described in the Ruling and the transaction described in the Memorandum do not cause us to reach a different conclusion.

Notwithstanding the foregoing, qualification of a transaction pursuant to Section 1031 for a specific Beneficial Owner involves issues based on numerous specific facts that are not and cannot be known to us; therefore, we give no opinion as to the ability of any particular Beneficial Owner to effectuate an acquisition of replacement property under Section 1031 of the Code. In addition, this opinion addresses only one aspect of qualifying under Section 1031 of the Code, i.e., whether Interests should be treated as interests in real property for purposes of Section 1031 of the Code. We express no opinion as to whether some portion of

the Land may be “personal property” rather than “real property,” or whether certain amounts that the Beneficial Owners pay and are used for offering costs or expenses, financing costs, and funding reserves (as described in the Memorandum) will be considered taxable boot. We further express no opinion with respect to the Disposition Fee or whether the treatment of the Disposition Fee as a liability for purposes of Section 1031 will be respected by the IRS and/or state tax authorities, nor that the Beneficial Owners will be permitted to allocate their proportionate share of the Disposition Fee when determining their tax basis in the Land. Finally, we express no opinion about the state or local tax consequences of the transactions described herein.

As described herein, we have made a number of assumptions, and have relied on the facts and conditions set forth in the Representation Letter, the Memorandum, and herein in rendering our opinion. Accordingly, our opinion is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts or assumptions set forth in the Representation Letter, the Memorandum and herein prove incorrect, it is possible that the tax consequences would change.

In rendering our opinion, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings of the IRS and such other authorities as we have considered relevant. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. This opinion is not binding upon the IRS or courts of applicable jurisdiction, which may disagree with all or any portion of the opinion expressed herein. We undertake no obligation to update the opinion expressed herein after the date of this letter. Furthermore, our opinion is conditioned upon the accuracy and completeness of the representations set forth in the Representation Letter. Our opinion does not constitute an opinion as to whether the exchange actually entered by a prospective investor satisfies all of the requirements of Section 1031 of the Code. This opinion does not address any other tax consequences of the sale of the Interests.

Under Treasury Department Circular 230, which governs practice before the IRS, we are required to inform you that: (a) this opinion has been written to support the marketing of the Interests; (b) this opinion is not intended to be used and cannot be used by any investor for purposes of avoiding penalties that may be imposed under federal tax law; and (c) all investors must consult their own independent tax advisors regarding the federal income tax consequences to them of investing in the Interests in the context of their own particular circumstances.

We are furnishing this opinion to you solely in connection with the sale of the Interests described herein. Accordingly, the Sponsor, the Signatory Trustee and the Trust, or any of their affiliates, may only circulate this opinion in connection with the sale of the Interests to potential investors. This opinion may not be relied upon, circulated, quoted or otherwise referred to by any other persons in connection with any other property or co-ownership arrangement.

Our opinion is not intended or written to be used, and it cannot be used, by any prospective investor for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code. This opinion was written to support the promotion or marketing of the offering of the Interests. A prospective investor

should seek advice based on the investor's particular circumstances from an independent tax advisor.

McQuade Law Group, P.C.

By: 