COPY NO. ____________

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
BENEFICIAL INTERESTS IN
DRIFTWOOD HOTEL INCOME I, DST

$23,975,543 of Delaware Statutory Trust Interests
Minimum Purchase for Section 1031 Investors: $100,000
Minimum Purchase for Cash Investors: $25,000

Driftwood Hotel Income I, DST, a newly formed Delaware statutory trust (the "**Trust**") and an affiliate of Driftwood Capital, LLC, a Delaware limited liability company (the "**Sponsor**"), is hereby offering (the "**Offering**") to sell to certain qualified, Accredited Investors (as defined herein) (the "**Investors**") pursuant to this Confidential Private Placement Memorandum (as amended and supplemented and with all exhibits hereto, the "**Memorandum**") beneficial interests (the "**Interests**") in the Trust. **This Memorandum should be read in its entirety before making an investment decision**.

For the avoidance of doubt, the Maximum Offering Amount of this Offering is stated as $23,975,543. Nevertheless, that amount includes the $4,862,787 of the Interests in the Trust purchased by the Initial Investor (as defined below) at the closing of the Trust's acquisition of the Property. That amount also includes $1,198,777 of the Interests representing the approximately five percent (5%) of the Interests that the Contributor (as defined below) intends to retain. These amounts also include $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor purchased its Interests net of Selling Commissions and Offering Expenses and the Interests retained by the Contributor are net of Selling Commissions and Offering Expenses. All references in this Memorandum to fees, expenses, and other related items with respect to the Offering have been computed based on the Maximum Offering Amount of $23,975,543, except that Selling Commissions, the Managing Broker-Dealer Fee, the Marketing and Due Diligence Allowance and O&O Expenses have been calculated only with respect to the Interests that are subject to such Selling Commissions and Offering Expenses, as described herein. Accordingly, of the Maximum Offering Amount, we will only be soliciting up to $17,913,979 of Interests from Investors (other than the Contributor and Initial Investor) in this Offering.

The total capitalization, based on the Maximum Offering Amount and the Loan proceeds disbursed as of the date of this Memorandum, is $41,725,543, consisting of $23,975,543 of equity and $17,750,000 of debt. Based on the foregoing, the minimum amount of Interests that a Section 1031 Investor may purchase is $100,000, which is equal to an approximately 0.42% Interest in the Trust and represents approximately $74,034 of attributable debt, unless the Trust waives this minimum requirement. The minimum amount of Interests that a Cash Investor may purchase is $25,000, which is equal to an approximately 0.10% Interest in the Trust and represents approximately $18,509 of attributable debt, unless the Trust waives this minimum requirement. The Maximum Offering Amount assumes the sale of 100% of the Interests, equivalent to $23,975,543.

The Property

Driftwood HI Contributor I, LLC (the "**Contributor**") currently owns 79.7% of the beneficial interests in the Trust. The Contributor is wholly owned by Driftwood Capital Holdings, LP, a Delaware limited partnership ("**DCH**"). The Contributor intends to maintain a five percent (5%) ownership in the Trust (the "**Contributor Retained Interest**"). For purposes of determining the Maximum Offering Amount described above, the Contributor Retained Interest is included and is reflected net of the Selling Commissions and Offering Expenses (as defined below). An unaffiliated third party investor familiar to the Sponsor (the "**Initial Investor**") owns 20.3% of the beneficial interests in the Trust as the initial investor in the Trust as further described in this Memorandum. The Interests of the Initial Investor were purchased net of the Selling Commissions and Offering Expenses (as defined below) described in this Memorandum.

The Trust owns a fee simple interest in the land and improvements located at 2000 N. Commerce Parkway, Weston, FL 33326 (the "**Property**"), which includes the Courtyard Fort Lauderdale Weston hotel property (the "***Hotel***") that is located in a sought-after suburban market of Florida. The Hotel is a recently renovated 176-key, six story building that also includes The Bistro, an on-site food and beverage outlet, and three functional meeting spaces.

The Hotel benefits from a large corporate and medical office presence that drives year-round lodging demand. The Hotel completed approximately $5 million in guest-facing renovations to rooms and public spaces in 2024, which positions it well for new ownership to drive further income growth. Pursuant to the Franchise Agreement (as defined below), the Hotel is operated under the name Courtyard by Marriott (the "**Brand**"), which is a brand of Marriott International, Inc. ("**Marriott**").

The Trust has leased the Property to 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company and affiliate of the Sponsor (the "**Master Tenant**"), pursuant to a master lease agreement (the "**Master Lease**"), a copy of which is attached as Exhibit C to this Memorandum.

The Master Tenant has entered into a management agreement (the "**Property Management Agreement**") with Driftwood Hospitality Management II, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Property Manager**"), for the management and operation of the Property. The Property Manager is an indirect subsidiary of the Sponsor.

Acquisition and Financing of the Property

The Trust acquired the Property on April 15, 2026 for an aggregate purchase price of $35,500,000. The purchase price consists of (i) the purchase price paid by the Trust to the seller of the Property in the amount of $35,000,000 pursuant to the Purchase and Sale Agreement for the Property dated January 22, 2026 (as amended from time to time, the "**Purchase Agreement**"), and (ii) the $500,000 fee required to be paid by seller to the Franchisor in connection with the termination of the Property's pre-acquisition management agreement with Franchisor or its affiliate, and credited to seller pursuant to the Purchase Agreement (the "**Termination Fee**"). The Trust funded the acquisition of the Property with cash, a portion of which came from a bridge loan provided by First American Bank, an Illinois banking corporation (the "**Bridge Lender**"), to the Contributor (the "**Bridge Loan**"), which contributed the proceeds from the Bridge Loan as equity to the Trust (the "**Contributor Bridge Capital**"). The Trust also funded the acquisition of the Property with the equity from the purchase of Interests by the Initial Investor.

The Trust obtained a mortgage loan from Fifth Third Bank, National Association (the "**Lender**") for a commitment amount of $19,250,000, of which $17,750,000 has been disbursed as of the date of this Memorandum and an additional $1,500,000 of funding is available to finance the future cyclical renovation of the Property required pursuant to the Franchise Agreement and PIP (each as defined below) (the "**Loan**"). The Loan has a term of 5 years, plus one, 24-month extension, subject to the satisfaction of certain conditions described herein and the payment of an extension fee in the amount equal to 0.20% of the amount of unpaid principal balance of the Loan as of the date of the maturity of the Loan. The Trust is required to make monthly payments of interest only to the Lender during the term of the Loan, plus monthly principal payments based on a 25 year amortization schedule commencing in May 2029. The interest rate is variable and is calculated as 1-month Term SOFR (the "**Index**") + 225 basis points (2.25%) (the "**Spread**"), provided that the Index is subject to a floor of 0.00% for purposes of the calculation. Pursuant to the Loan Agreement, the Trust is required to maintain an interest rate swap or other rate management agreement acceptable to the Lender with respect to the Loan. Accordingly, the Trust entered into an interest rate swap agreement with the Lender to fix the Index at 3.66% during the initial term of the Loan at the notional amount of $17,750,000 decreasing in accordance with the Loan's amortization schedule. The Trust is not required to enter into a rate management agreement with respect to any additional future funding disbursement made during the initial Loan term. The Trust must enter into a rate management agreement acceptable to the Lender as a condition to exercise its 24-month extension option. Accordingly, although the stated interest rate on the Loan is variable, the Trust's interest rate exposure may be limited or effectively fixed, in whole or in part, pursuant to such rate management agreement. The Loan is the separate obligation of the Trust. For purposes of determining liabilities assumed with respect to the Property in connection with an Investor's Section 1031 Exchange (as defined herein), each Investor will be allocated a pro rata percentage of the Loan (equal to approximately $74,034 per $100,000 Interest).

As of the date of this Memorandum, the Contributor owns 79.7% of the beneficial interests in the Trust and the Initial Investor owns 20.3% of the beneficial interests in the Trust. The Contributor intends to retain five percent (5%) of the beneficial interests in the Trust. If any Interests in the Trust cannot be sold, the Contributor or its affiliate will own the remaining Interests. For purposes of this Memorandum, whenever a reference is made to the Contributor owning an Interest, this reference should also be construed as including the Contributor's affiliate as referenced above.

The Interests retained by the Contributor and the investment by the Initial Investor will be held for investment purposes and not for resale.

The Trust and the Trust Agreement

The terms of the Trust are governed by a trust agreement (the "**Trust Agreement**"), a copy of which is attached as Exhibit B to this Memorandum. Driftwood HI Signatory I, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Signatory Trustee**"), is the trust manager under the Trust Agreement and is responsible for the operation of the Trust. The Trust has entered into an asset management agreement (the "**Asset Management Agreement**") with Driftwood Capital Owners, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Asset Manager**"), for the day-to-day management of the Trust.

As of the date of this Memorandum, the beneficiaries of the Trust are (1) the Contributor, with respect to 79.7% of the beneficial interests (five percent (5%) of which the Contributor intends to retain) and (2) the Initial Investor, with respect to 20.3% of the beneficial interests. The Interests offered herein, in addition to the Interests purchased by the Initial Investor and Contributor Retained Interest, represent 100% of the beneficial interests in the Trust. The Offering is being made for purposes of returning to the Contributor its capital contributions and reducing the Contributor's beneficial ownership of the Trust, establishing reserves and paying all related fees and expenses. The Contributor intends to continue to own five percent (5%) of the beneficial interests in the Trust after the completion of this Offering as the Contributor Retained Interest. If any Interests cannot be sold, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. The Interests owned will be held for investment purposes and not for resale.

The Franchise Documents

The Master Tenant has entered into a franchise agreement dated March 3, 2026 (the "**Franchise Agreement**") with MIF, L.L.C., a Delaware limited liability company (the "**Franchisor**") and related ancillary agreements (the "**Franchise Related Documents**" and together with the Franchise Agreement, the "**Franchise Documents**") with the Franchisor or its affiliates. The Franchise Agreement was amended pursuant to an Amendment to Courtyard by Marriott Franchise Agreement dated April 7, 2026, which amended the PIP (as defined below) to clarify that the required completion date for the next Periodic Renovation / cyclical renovation of the Property is November 28, 2031, and added a Fire & Life Safety Certification requirement. Pursuant to the terms and conditions of the Franchise Documents, a limited, non-exclusive license has been granted to the Master Tenant to operate the Hotel under the brand Courtyard by Marriott. The Franchise Agreement became effective on March 3, 2026 (the "**Franchise Effective Date**") and expires on the twentieth anniversary of the Conversion Date, which is April 15, 2026 (i.e., the date of the Trust's acquisition of the Property) (the "**Franchise Term**"), unless earlier terminated in accordance with the Franchise Agreement.

The Offering

The principal objectives of the Trust are to (1) lease the Property to the Master Tenant with the intent that it manage the Property to realize its maximum operating performance; (2) pay distributions to Investors as described in the Financial Forecast (the "**Financial Forecast**") attached as Exhibit E to this Memorandum; (3) maintain the long-term value of the Property, and (4) complete a sale or other disposition of the Property prior to the maturity date of the Loan in a manner intended to maximize the Investors' return of capital. **There can be no assurance that any of these objectives will be achieved.**

Acquisition of the Interests is designed for, but not limited to, prospective Investors (each, a "**Section 1031 Investor**") seeking to defer the recognition of gain on the sale of other real property (the "**Relinquished Property**") under Section 1031 ("**Section 1031**") of the Internal Revenue Code of 1986, as amended (the "**Code**"). A Section 1031 transaction (a "**Section 1031 Exchange**") generally allows the seller of real estate to defer federal and state capital gains taxation on the sale by exchanging the Relinquished Property for another property of like kind. The Trust has not requested, and does not plan to request, a ruling from the United States Internal Revenue Service (the "**IRS**") that the Interests will be treated as a direct acquisition of the Property by the Investors for purposes of Section 1031. However, tax counsel to the Trust has provided a tax opinion that the acquisition of an Interest by an Investor should be treated as a direct acquisition of the Property by an Investor for purposes of Section 1031. This opinion, however, is limited in scope and does not opine on all matters necessary for the prospective Investor's acquisition to qualify under Section 1031.

The minimum amount of Interests that a Section 1031 Investor may purchase is $100,000, unless the Trust waives this minimum requirement. The minimum amount of Interests that a prospective Investor making a cash investment without a Section 1031 Exchange (each, a "**Cash Investor**") may purchase is $25,000, unless the Trust waives this minimum requirement. For purposes of this Memorandum, various fees have been calculated based on the sale of 100% of the Interests, equivalent to total proceeds of $23,975,543 (the "**Maximum Offering Amount**"). As described above, the Maximum Offering Amount includes the $4,862,787 of the Interests in the Trust purchased by the Initial Investor at the closing of the Trust's acquisition of the Property, and the $1,198,777 representing the Contributor Retained Interest. These amounts also include $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor purchased its Interests net of Selling Commissions and Offering Expenses and the Contributor Retained Interest is reflected net of Selling Commissions and Offering Expenses. Accordingly, of the Maximum Offering Amount, we will only be soliciting up to $17,913,979 of Interests from Investors (other than the Contributor and Initial Investor) in this Offering.

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The Offering will terminate on or before the earlier of the one (1) year anniversary of the date of this Memorandum and commencement of the Offering (which date is subject to extension by the Sponsor, in its sole discretion, for two (2) additional six (6) month periods) or the date on which all $23,975,543 of the Interests offered hereby have been sold.

	Price to Investors	Selling Commissions and Offering Expenses[1]	Proceeds to Trust[2]
Minimum Section 1031 Purchase[3]	$100,000	$10,750	$89,250
Minimum Cash Purchase[3]	$25,000	$2,687	$22,312
Maximum Offering Amount[3]	$23,975,543	$1,925,753[4]	$22,049,790[4]

(1) Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (the "**Selling Group Members**") who are members of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"). Metric Financial LLC (the "**Managing Broker-Dealer**"), a member of FINRA, serves as the Managing Broker-Dealer and will receive selling commissions ("**Selling Commissions**") of up to 6.0% of the purchase price of the Interests sold by Selling Group Members (the "**Total Sales**"), some or all of which it may re-allow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. Thus, certain Investors may acquire Interests net of Selling Commissions. Offers and sales of Interests may also be made by approved registered investment advisers ("**Participating RIAs**"). Participating RIAs will not be paid any Selling Commissions, but subject to all legal and regulatory restrictions, Participating RIAs may be reimbursed a "**Due Diligence Allowance**" for their due diligence and/or marketing burdens related to the Offering. The Managing Broker-Dealer will be re-allowed one percent (1%) of the gross offering proceeds from the sale of Interests by Participating RIAs. The Managing Broker-Dealer will also receive: (a) a non-accountable marketing and due diligence allowance of up to 1.0% of Total Sales (the "**Marketing and Due Diligence Allowance**"), which may be re-allowed, in whole or in part, to the Selling Group Members and (b) a managing broker-dealer fee of up to 2.75% of the Total Sales (the "**Managing Broker-Dealer Fee**"), which may be re-allowed, in whole or in part, to the Selling Group Members or to wholesalers or other associated persons eligible to receive

such compensation. The Managing Broker-Dealer may also sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. In the event a Marketing and Due Diligence Allowance greater than 1.0% is re-allowed, the Managing Broker-Dealer will reduce its Managing Broker-Dealer Fee by an equal amount. The Trust will also reimburse the Sponsor, its affiliates, and certain third parties for offering and organizational expenses (the "**O&O Expenses**") in an amount equal to 1.0% of the $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses. The Selling Commissions, the Marketing and Due Diligence Allowance, the Managing Broker-Dealer Fee, the O&O Expenses, as well as other costs of the Offering (collectively, the "**Selling Commissions and Offering Expenses**"), will be paid by the Trust out of the Offering proceeds.

In addition to the foregoing fees and expenses, the Managing Broker-Dealer will receive the following fees and reimbursements: (1) (a) a servicing fee of up to $5,000 per month, and (b) certain reimbursements, in each case for the duration of the Offering, in connection with its role in effectuating the Offering, neither of which will come from the Offering proceeds or distributions from the Trust.

(2) The proceeds shown above are after deducting the Selling Commissions and Offering Expenses, but before deducting the following fees and expenses, which will be paid by the Trust out of gross Offering proceeds: (i) closing costs in connection with the acquisition of the Property of approximately $716,009; (ii) financing costs of approximately $325,591; (iii) interest costs related to Contributor Bridge Capital of approximately $1,050,072; (iv) amounts deposited into the property tax and insurance reserve account (the "***T&I Reserve Account***") of approximately $219,000; (v) amounts deposited into the FF&E Reserve Account of approximately $100,000; (vi) working capital of approximately $350,000; and (vii) an acquisition fee payable to the Sponsor or its affiliate in the amount of $887,500 for its role in arranging the acquisition of the Property, and/or the Offering. See "ESTIMATED SOURCES AND USES OF PROCEEDS." Certain of these costs and expenses are based on certain assumptions made by the Contributor. If the actual costs and expenses exceed the estimates, the Contributor will be responsible for the excess amount. Conversely, if the estimates exceed the actual costs and expenses, the Contributor will retain the difference as additional compensation. The Contributor expects that no proceeds of the Offering after payment of the costs and expenses described above will be retained by the Contributor. The Sponsor and its affiliates will be entitled to additional compensation in connection with this Offering and the operation of the Property. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

(3) The minimum amount of Interests that a Section 1031 Investor may purchase is $100,000, which is equal to an approximately 0.42% Interest in the Trust, unless the Trust waives this minimum requirement. The minimum amount of Interests that a Cash Investor may purchase is $25,000, which is equal to an approximately 0.10% Interest in the Trust, unless the Trust waives this minimum requirement. The Maximum Offering Amount assumes the sale of 100% of the Interests, equivalent to $23,975,543.

(4) The Interests purchased by the Initial Investor and the Contributor Retained Interest are reflected net of Selling Commissions and Offering Expenses, resulting in $651,618 of additional equity attributable to the Initial Investor and the Contributor being included in the Maximum Offering Amount. Accordingly, the Selling Commissions and Offering Expenses shown in the Maximum Offering Amount row are calculated only with respect to the $17,913,979 of Interests being solicited from Investors other than the Contributor and the Initial Investor.

This Confidential Private Placement Memorandum is dated April 15, 2026.

A WARNING ABOUT INVESTING IN THE INTERESTS

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

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

- Investors have limited control over the Trust and the Property.
- The Trustees (as defined herein) have limited duties to Investors, and limited authority.
- There are inherent risks with real estate investments generally.
- The long-term macroeconomic effects of any pandemic or epidemic could have a material adverse impact on the financial performance and results of operations of the Property.
- Certain risks are inherent to the hotel industry, such as the demand for hospitality services in the general vicinity of the Hotel.
- The success of the Hotel is dependent on the ability of the Brand and the other Marriott brands to shape and stimulate consumer tastes and demands by maintaining name, image and brand and the Marriott name.
- If the Franchisor terminates the Franchise Agreement due to a default by the Master Tenant, or upon an early termination of the Franchise Agreement (with limited exceptions), the Master Tenant will owe substantial liquidated damages to the Franchisor pursuant to the Franchise Agreement.
- An investment in Interests will not be diversified as to the type of asset, geographic location or tenant mix.
- The Trust depends on the Master Tenant for revenue and the success of the Master Tenant will depend on the Hotel's occupancy and room revenue and any default by the Master Tenant will adversely affect the operations of the Trust.
- The Trust and the Master Tenant depend on the Property Manager to operate the Property.
- The Trust may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of the Master Tenant.
- There are certain risks to the Master Lease structure, including that the Master Tenant is an affiliate of the Sponsor that has limited capital and may not pay rent or perform its other obligations under the Master Lease.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The Loan will reduce the funds available for distribution and increase the risk of loss.
- If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution (as defined herein).
- The Loan Documents will contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the applicable Loan to be in default.
- One or more affiliates of the Sponsor owns Interests, which could result in potential conflicts of interest.
- There is and will be no public market or liquidity for the Interests.

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

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

The Interests are being offered only to persons who are "Accredited Investors," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") and applicable state securities laws, which definition is set forth below in "WHO MAY INVEST."

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

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

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

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

The mailing address of the Trust is Driftwood Hotel Income I, DST, 255 Alhambra Circle, Suite 760, Coral Gables, FL, 33134, and the telephone number is (305) 500-9900.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

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

A WARNING ABOUT INFORMATION PROVIDED BY THIRD PARTIES

Certain information set forth in this Memorandum and in other materials provided to prospective Investors by the Trust or the Sponsor in connection with this Offering, including but not limited to information regarding the Property, was obtained from third party sources not affiliated with the Trust or the Sponsor. In many cases these third-party source materials were not prepared by third parties expressly or exclusively for the Trust, the Sponsor or their respective affiliates, or for the Investors, for the purpose of evaluating an investment decision with respect to the Interests. The Trust and the Sponsor have relied upon these third-party materials in preparing this Memorandum and establishing the terms of this Offering and they believe such reliance is reasonable. However, neither the Trust, the Sponsor nor any of their respective affiliates have independently verified the information or data obtained from these sources and no assurances can be given regarding the accuracy or completeness of the information or data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this Memorandum. Any information sourced from third parties may have changed since the date it was provided or accessed and should not be construed as investment, tax, accounting, or legal advice. Information sourced from a third party is provided "as is," "with all faults" and "as available." Unless otherwise disclosed, there are no third-party warranties or guaranties of any kind with respect to the information included herein or provided by such parties. None of the third parties referenced herein sponsor, endorse, offer or promote an investment in the securities offered herein.

LEGENDS

NOTICE TO INVESTORS IN ALL U.S. STATES

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

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

ADDITIONAL NOTICE TO FLORIDA INVESTORS

IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, AND YOU PURCHASE SECURITIES HEREUNDER, THEN YOU MAY VOID SUCH PURCHASE EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY YOU TO THE ISSUER, AN

AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO YOU, WHICHEVER OCCURS LATER.

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Additional information related to the Offering is available in the Sponsor's investor data room (the "**Investor Data Room**"), access to which is available through your broker-dealer and/or investment representative. However, paper copies are available upon request. To obtain paper copies, please contact the Sponsor at 255 Alhambra Circle, Suite 760, Coral Gables, FL 33134 or (305) 500-9900.

Copies of the following additional documents are available in the Investor Data Room:

- Purchase and Sale Agreement
- Appraisal

- Hotel Asset Management Agreement
- Loan Documents
- Property Condition Report
- Management Agreement
- Franchise Agreement
- Settlement Statement

THE DOCUMENTS THAT ARE AVAILABLE IN THE INVESTOR DATA ROOM ARE IMPORTANT TO PROSPECTIVE INVESTORS’ REVIEW OF THE OFFERING. IF YOU ARE NOT ABLE TO ACCESS THE INVESTOR DATA ROOM, PLEASE CONTACT THE SPONSOR IMMEDIATELY.

WHO MAY INVEST

The offer and sale of the Interests is being made in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth below. The Trust may declare any prospective Investor ineligible to purchase an Interest for any legal reason. **The Interests will be sold only to Accredited Investors (as defined below)**.

Investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. The Interests will be sold only to persons or entities who (i) make the minimum investment and (ii) represent in writing that they meet the Investor suitability requirements established by the Trust and as may be required under federal or state law. The Trust may accept purchases smaller than the minimum investment.

Each prospective Investor must represent in writing that the Investor meets, among others, **ALL** of the following requirements, and provide documentary evidence that the Investor meets such requirements either to the Trust or an attorney, certified public accountant, registered broker-dealer or registered investment adviser who must certify to the Trust that it has verified such Investor's qualification as an Accredited Investor:

(a) The Investor has received, read, and fully understands the Memorandum, all exhibits hereto, and all other materials provided to the Investor. The Investor is basing the Investor's decision to invest on the Memorandum and such other materials. The Investor has relied only on the information contained in said materials and has not relied upon any representations made by any other person; and

(b) The Investor understands that an investment in the Interests involves substantial risk and 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 in the section entitled "RISK FACTORS" in this Memorandum, and is prepared to bear the risk of an investment in the Interests for an indefinite period of time; and

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

(d) The Investor has adequate means of providing for the Investor's financial requirements, both current and anticipated, and has no need for liquidity in this investment; and

(e) The Investor can bear and is willing to accept the economic risk of losing the Investor's entire investment in the Interests; and

(f) The Investor is acquiring the Interest for the Investor's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Interests; and

(g) The Investor is an "**Accredited Investor**." An "**Accredited Investor**" is:

(1) If a natural person, one of the following:

(i) a person that has (a) an individual net worth, or joint net worth with the Investor's spouse or spousal equivalent, of more than $1,000,000 exclusive of the value of the Investor's primary residence or (b) individual income in excess of $200,000, or joint income with the Investor's spouse or spousal equivalent in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; or

(ii) a person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status;

(2) If not a natural person, one of the following:

(i) an organization described in Code Section 501(c)(3), a corporation, a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of $5,000,000;

(ii) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring an Interest and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of an investment in an Interest;

(iii) a broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**");

(iv) an investment company registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**");

(v) a business development company (as defined in section 2(a)(48) of the Investment Company Act);

(vi) a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

(vii) a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act;

(viii) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**");

(ix) a bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;

(x) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than $5,000,000;

(xi) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), if 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 if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;

(xii) an investment adviser registered pursuant to section 203 of the Investment Advisers Act or registered pursuant to the laws of a state or an investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act;

(xiii) (A) a family office, as defined in rule 202(a)(11)(G)–1 of the Investment Advisers Act, with assets under management in excess of $5,000,000, that is not formed for the specific purpose of acquiring an Interest, and whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of an investment in an Interest, or (B) a family client, as defined in rule 202(a)(11)(G)–1 of the Investment Advisers Act, of a family office meeting the requirements described in the preceding clause (A) and whose purchase is directed by such family office; or

(xiv) an entity in which all of the equity owners are Accredited Investors.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (a) or (b) of paragraph (g)(1)(i) above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

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

In addition, the Investor and each subsequent transferee must represent that either:

(a) the Interests are being purchased by or on behalf of (1) an employee benefit plan as defined in Section 3(3) of ERISA, whether or not it is subject to Title I of ERISA, (2) a plan described in Code Section 4975 (including but not limited to an individual retirement account or a Keogh plan), or (3) an entity whose underlying assets include "plan assets" as defined in Department of Labor ("**DOL**") Regulation Section 2510.3-101 (the "**Plan Asset Rules**") by reason of a plan's investment in such entity (including but not limited to an insurance company general account) (all such investors, "**Benefit Plan Investors**"); and, additionally, all or part of the assets to be used to purchase the Interests constitute assets of one or more Benefit Plan Investors; or

(b) the Interests are not being purchased by or on behalf of Benefit Plan Investors.

Representations with respect to the foregoing and certain other matters must be made by each Investor in the Investor Questionnaire (the "**Investor Questionnaire**") and Purchase Agreement (the "**Purchase Agreement**"), the forms of which are attached as Exhibit A to this Memorandum. The Trust will rely on the accuracy of each person's or entity's representations set forth therein, and if an Investor makes a misrepresentation that causes the assets of the Trust to constitute plan assets, the Investor may be liable to indemnify the Trust and/or the Signatory Trustee against any damages suffered. The Trust may require additional evidence that any such person or entity meets the applicable standards at any time prior to the Trust's acceptance of the Purchase Agreement. An Investor is not obligated to supply any information requested by the Trust, but the Trust may reject any Investor who fails to supply any information so requested.

Prospective Investors that do not meet the requirements described above must not read further and must immediately return this Memorandum to the Trust or the applicable broker-dealer. If the prospective Investor does not meet such requirements, this Memorandum does not constitute an offer to sell the Interests to the prospective Investor.

Also, each prospective Investor must represent and warrant that:

The Investor understands that neither the Sponsor nor the Trust has obtained a ruling from the IRS that the Interests will be treated as undivided interests in real estate as opposed to partnership interests or interests in another entity that is separately taxable rather than disregarded for tax purposes. The Investor understands that the tax consequences of an investment in an Interest, especially the qualification of the Interests under Section 1031, are complex and vary with the facts and circumstances of each individual Investor. The Investor represents and warrants that: (i) the Investor has consulted his, her or its own independent tax advisor regarding an investment in an Interest and the qualification of the transaction under Section 1031, (ii) the Investor is not relying on (a) the Trust, the Sponsor, any of their respective affiliates, or their agents, including their counsel and accountants, or (b) any broker-dealer, or the representatives of a broker-dealer through whom the Interest is purchased, for any tax advice regarding the qualification of the Interest under Section 1031 or any other matter, and (iii) except as expressly provided in the Tax Opinion, a copy of which is attached as Exhibit D to this Memorandum, which is based on numerous assumptions and qualifications that may not be applicable to the Investor, the Investor is not relying on any statements made in this Memorandum regarding the qualification of the Interests under Section 1031.

Trust's Discretion to Accept Investors

The investor suitability requirements stated above represent the Trust's minimum suitability requirements for Investors. However, satisfaction of these requirements by any person or entity will not necessarily mean that an Interest is a suitable investment for such person or entity, or that the Trust will accept such person or entity as an

Investor. Furthermore, the Trust, as appropriate, may modify such requirements, and such modification may raise the suitability requirements for Investors.

The written representations made by the prospective Investors will be reviewed to determine the suitability of such person or entity for investment in the Trust. The Trust may refuse an offer to purchase the Interests if the Trust believes that a person or entity does not meet the applicable investor suitability requirements or the Interests otherwise constitute an unsuitable investment for a person or entity for any legal reason.

HOW TO PURCHASE

The Interests may only be purchased by Accredited Investors, as described above in "WHO MAY INVEST." Prospective Investors must carefully read this Memorandum. Each prospective Investor will be required to return to the Trust an executed copy of a (1) complete and accurate Investor Questionnaire and Purchase Agreement, the forms of which are attached as Exhibit A to this Memorandum, together with the documentary evidence of accredited investor status specified in the Purchase Agreement, and (2) signature page to the Trust Agreement, the form of which is attached to the Investor Questionnaire. Upon receipt of such documents and verification of the prospective Investor's investment qualifications, the Trust will elect whether to accept the prospective Investor's investment. Upon the Trust's acceptance of a prospective Investor for the purchase of an Interest, the Trust will notify the prospective Investor.

Your investment representative will forward the documents to his, her or its broker/dealer. The broker/dealer will then forward the documents to the Trust. Unless otherwise directed by the Trust, the documents should be delivered to the Trust via e-mail to andy.marshall@metric-financial.com and InvestorRelations.DriftwoodCapital@jtcgroup.com.

Driftwood Hotel Income I, DST
c/o Metric Financial LLC
Attn: Andy Marshall
1180 W Peachtree St. NW
Suite 1910
Atlanta, GA 30309

Prospective Investors may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected. Prospective Investors cannot acquire Interests if the Trust does not approve such purchase. If approved by the Trust, the Investor must deliver the full amount of the purchase price to the Trust and satisfy certain other closing conditions set forth in the Purchase Agreement. See "SUMMARY OF THE PURCHASE AGREEMENT."

Closing of the purchase will take place at the above address and the executed documents will be forwarded to the Investor.

SUMMARY OF THE OFFERING

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

Terms of the Offering:

The minimum exchange investment is $100,000 for Section 1031 Investors acquiring an Interest by means of a Section 1031 Exchange. The minimum cash investment is $25,000 for Cash Investors acquiring an Interest without a Section 1031 Exchange. The Trust may waive these minimum investment requirements in its sole discretion.

The Offering is designed for, but not limited to, Investors seeking to participate in a Section 1031 Exchange. No assurances, however, can be made that any particular prospective Investor's purchase of the Interests will qualify under Section 1031 as each prospective Investor's situation is unique.

The Maximum Offering Amount of $23,975,543 includes the $4,862,787 of the Interests in the Trust purchased by the Initial Investor at the closing of the Trust's acquisition of the Property, and the $1,198,777 representing the Contributor Retained Interest. These amounts also include $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor purchased its Interests net of Selling Commissions and Offering Expenses and the Contributor Retained Interest is reflected net of Selling Commissions and Offering Expenses. Accordingly, of the Maximum Offering Amount, we will only be soliciting up to $17,913,979 of Interests from Investors (other than the Contributor and Initial Investor) in this Offering. The Interests offered herein, including the Interests purchased by the Initial Investor and the Contributor Retained Interest, represent 100% of the beneficial interests. As of the date of this Memorandum, the beneficiaries of the Trust are the Contributor (with respect to 79.7% of the beneficial interests) and the Initial Investor, an unaffiliated third party investor familiar to the Sponsor (with respect to 20.3% of the beneficial interests). The Offering is being made for purposes of returning to the Contributor its capital contributions and reducing the Contributor's beneficial ownership of the Trust, establishing reserves, and paying all related fees and expenses. The Contributor intends to continue to own a five percent (5%) beneficial interest in the Trust after the completion of the Offering as the Contributor Retained Interest. The Initial Investor expects to continue to own its 20.3% beneficial interest in the Trust after the completion of the Offering. If any Interests cannot be sold, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. The Interests owned will be held for investment purposes and not for resale.

The Offering will terminate on or before the earlier of the one (1) year anniversary of the date of this Memorandum and commencement of the Offering (which date is subject to extension by the Sponsor, in its sole discretion, for two (2) additional six (6) month periods) or the date on which all $23,975,543 of the Interests offered hereby have been sold. See "PLAN OF DISTRIBUTION."

Business Objectives:

The principal objectives of the Trust are to (1) lease the Property to the Master Tenant with the intent that it manage the Property to realize its maximum operating performance; (2) pay distributions to Investors as described in the Financial Forecast attached as Exhibit E to this Memorandum; (3) maintain the long-term value of the Property, and (4) complete a sale of the Property prior to the maturity date of the Loan that maximizes the Investors' return of capital. There can be no assurance that any of these objectives will be achieved. Prospective Investors must read and carefully consider the discussion set forth below in the section captioned "RISK FACTORS" of this Memorandum.

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

Recent Renovation. The Property recently underwent a comprehensive renovation that was completed in May 2024 with approximately $5 million spent on guestrooms and public space renovations (approximately $28,000 per key), plus an additional subsequent $1 million spend in back-of-house and facilities upgrades.

Discount to Replacement. The Trust believes the Property was acquired at an all-in investment level that is below the cost to replace. The construction standards and recent renovation will allow for minimal post-acquisition obligations and costs for changes. The next mandated cyclical renovation pursuant to the PIP (as defined below) is due November 28, 2031.

Value of the Brand. The Hotel is operated under the name Courtyard by Marriott (the "**Brand**"), which is a brand of Marriott International, Inc. ("**Marriott**"). The Brand is part of Marriott's international brand family and is one of the most popular and productive select-service brands for customers. The Brand fits well within the corporate suburb where the Property is located, which is an area that attracts white-collar type guests that appreciate the consistency of the Brand and global reach of its rewards program.

Affluent Location in Dynamic Florida Market. The Property is in a desirable exurban location in Weston, Florida, a prosperous enclave west of Fort Lauderdale that is recognized as one of Florida's most desirable submarkets. The median single family home sale price is over $880,000[1] and median household income is nearly $140,000[2].

Tourist Demand. The Fort Lauderdale market attracts millions of visitors annually who seek to enjoy the beaches, waterways, neighborhoods and downtown districts, and upscale restaurants, retailers, and attractions. The Fort Lauderdale-Hollywood International Airport is also undergoing a capital renovation to make the area more accessible. Amerant Bank Arena, home to the Florida Panthers of the National Hockey League and host to dozens of concert events each year, is located approximately 15 minutes' drive (approximately 7 miles) north on Interstate 75.

Corporate & Group Demand. There are approximately 889,000 square feet of office space in the immediate vicinity of the Property, which creates opportunity for local corporate and group demand. In addition, Broward County has significant special meeting facilities that could draw large corporate groups to the area that would be interested in staying at the Property.

Medical Demand. The Property is located approximately 1.3 miles from the 258-bed Cleveland Clinic Weston, a large, multi-facility, multidisciplinary hospital complex. This large medical provider contributes more than $4 billion to the Southeast Florida economy.[3]

Consistent Track Record. The Property has yielded bottom-line profits throughout its operating history. The Property maintained solid operating margins and maintained cash flow near historical benchmarks through its recent renovation.

Master Lease Structure. The Master Lease structure allows the Master Tenant to operate the Property on behalf of the Trust and to enable actions to be taken with respect to the Property that the Trust would be unable to take due to tax law-related restrictions, including, but not limited to,

[1] Source: https://www.redfin.com/city/19368/FL/Weston/housing-market

[2] Source: https://www.census.gov/quickfacts/fact/table/westoncityflorida/INC110224

[3] Source: https://newsroom.clevelandclinic.org/2021/09/15/cleveland-clinic-boosts-floridas-economy-by-4-12-billion and https://my.clevelandclinic.org/about/community/reports/economic-impact-report

a restriction against re-leasing the Property. See “SUMMARY OF THE MASTER LEASE” for additional information about the Master Lease.

Property – Description: The Trust is the beneficial owner of a fee simple interest in the Property. The Property is located at 2000 N. Commerce Parkway, Weston, FL 33326 and consists of a 4.0-acre parcel of land and the Hotel, commonly known as “Courtyard Fort Lauderdale Weston”, which is a six-story building comprised of 176 guestrooms and related service areas. Amenities at the Hotel include an on-site restaurant, The Bistro, and multiple event spaces. The Hotel originally opened in 2002 and a $5 million guest-facing renovation was completed in May 2024.

Address	Approximate Land Area*	Approximate Square Footage*	Guestrooms*	Year Built	Parking
2000 N. Commerce Parkway, Weston, FL 33326	4.0 acres	~ 96,072 sq. ft.	176	2002	183 striped parking spaces

*References in this Memorandum to (1) the acreage of the Property and the number of parking spaces are based on the Assessment; and (2) the approximate square footage is of the Hotel. Copies of the Assessment and the survey are available in the Investor Data Room.

See “DESCRIPTION OF THE PROPERTY” for additional information.

Property – Acquisition and Financing: The Trust acquired the Property on April 15, 2026 for an aggregate purchase price of $35,500,000. The purchase price consists of (i) the purchase price paid by the Trust to the seller of the Property in the amount of $35,000,000 pursuant to the Purchase and Sale Agreement for the Property dated January 22, 2026 (as amended from time to time, the “**Purchase Agreement**”), and (ii) the $500,000 fee required to be paid by seller to the Franchisor in connection with the termination of the Property’s pre-acquisition management agreement with Franchisor or its affiliate, and credited to seller pursuant to the Purchase Agreement (the “**Termination Fee**”). The Trust funded the acquisition of the Property with cash, a portion of which came from a bridge loan provided by First American Bank, an Illinois banking corporation (the “**Bridge Lender**”), to the Contributor (the “**Bridge Loan**”), which contributed the proceeds from the Bridge Loan as equity to the Trust (the “**Contributor Bridge Capital**”). The Trust also funded the acquisition of the Property with the equity from the purchase of Interests by the Initial Investor.

The Sponsor, Driftwood Capital Holdings, LP, a Delaware limited partnership, Driftwood Acquisition & Development L.P., a Delaware limited partnership, and Driftwood Acquisitions Partners, LP, a Delaware limited partnership (collectively, the “**Bridge Guarantors**”) entered into guaranties for the benefit of the Bridge Lender in connection with the Bridge Loan. The Sponsor is required to pay off the Bridge Loan out of the net proceeds of the Offering as Investors purchase the Interests and the Contributor’s capital contribution is returned. Security for the Bridge Loan consists of security agreements pursuant to which each of the Contributor and Bridge Guarantors grants a continuing security interest in and general lien upon and right of set off against, all right, title and interest of the assets of Contributor and each respective Bridge Guarantor. No Investor will be allocated a portion of the liability for the Bridge Loan in connection with its purchase of an Interest.

See “ACQUISITION AND FINANCING OF THE PROPERTY” for additional discussion regarding the acquisition of the Property.

Financing Terms: The Trust obtained a mortgage loan from Fifth Third Bank, National Association (the “**Lender**”) for a commitment amount of $19,250,000, of which $17,750,000 has been disbursed as of the date of this Memorandum and an additional $1,500,000 of funding is available to finance the future cyclical renovation of the Property required pursuant to the Franchise Agreement and PIP (each as defined below) (the “**Loan**”). The Loan has a term of 5 years, plus one, 24-month extension, subject to the satisfaction of certain conditions described herein and the payment of an extension fee in the amount equal to 0.20% of the amount of unpaid principal balance of the Loan as of the date of the maturity of the Loan. The Trust is required to make monthly payments of interest only to the Lender during the term of the Loan, plus monthly principal payments based on a 25 year amortization schedule commencing in May 2029. The interest rate is variable and is calculated as 1-month Term SOFR (the "**Index**") + 225 basis points (2.25%) (the "**Spread**"), provided that the Index is subject to a floor of 0.00% for purposes of the calculation. Pursuant to the Loan Agreement, the Trust is required to maintain an interest rate swap or other rate management agreement acceptable to the Lender with respect to the Loan. Accordingly, the Trust entered into an interest rate swap agreement with the Lender to fix the Index at 3.66% during the initial term of the Loan at the notional amount of $17,750,000 decreasing in accordance with the Loan's amortization schedule. The Trust is not required to enter into a rate management agreement with respect to any additional future funding disbursement made during the initial Loan term. The Trust must enter into a rate management agreement acceptable to the Lender as a condition to exercise its 24-month extension option. Accordingly, although the stated interest rate on the Loan is variable, the Trust's interest rate exposure may be limited or effectively fixed, in whole or in part, pursuant to such rate management agreement. The Loan is the separate obligation of the Trust. For purposes of determining liabilities assumed with respect to the Property in connection with an Investor's Section 1031 Exchange (as defined herein), each Investor will be allocated a pro rata percentage of the Loan (equal to approximately $74,034 per $100,000 Interest).

The Trust obtained the Loan from the Lender and the Loan is evidenced by a loan agreement (the "**Loan Agreement**") and a promissory note (the "**Note**") and secured by, *inter alia*, a deed of trust on the Property (the "**Mortgage**") and an assignment of the leases and the rents thereunder (the "**Assignment**"). The Loan Agreement, the Note, the Mortgage, the Assignment and all other documents related to the Loan are collectively referred to herein as the "**Loan Documents**," copies of which are available in the Investor Data Room.

The Loan Documents with respect to the Loan contain similar terms and are described together in this Memorandum. Investors should note, however, that the Loan Documents with respect to the Loan are entirely separate and distinct agreements and Investors should review each of the Loan Documents in their entirety before making a decision to purchase the Interests.

The Loan is secured by, *inter alia*, the Assignment and Mortgage. The Trust is responsible for repayment of the Loan. The Loan will be non-recourse to the Investors. Accordingly, the Investors have no personal liability in connection with the Loan. However, upon an uncured event of default under the Loan, the Lender will have the right to foreclose on the Property. If this were to occur, the Investors would be likely to lose all or a portion of their investment in the Trust.

See "ACQUISITION AND FINANCING OF THE PROPERTY – Financing Terms" and "RISK FACTORS – Risks Related to the Financing" for additional discussion regarding the Loan.

Master Lease: The Trust has entered into the Master Lease, a copy of which is attached as Exhibit C to this Memorandum, for the Property with the Master Tenant, which is an affiliate of the Sponsor.

The term of the Master Lease commences on the date of the Master Lease (i.e., April 15, 2026) and expires on the date that is seven (7) years after the anniversary of such date (i.e., April 15, 2034) (the "**Original Term**"), unless terminated sooner in accordance with the terms of the Master Lease. The Master Lease will automatically renew for successive one (1) year renewal terms on the same terms and conditions; provided, the Master Tenant is not then in default and the Trust continues to own the Property on the last day of the Original Term. The Master Tenant may elect not to renew by giving the Trust at least sixty (60) days' prior written notice before the expiration of the Original Term. The Master Lease automatically terminates upon a sale of the Property. In addition, so long as any obligations remain outstanding under the Loan Documents, the Master Lease is subject and subordinate to the Loan Documents, the Loan Documents control in the event of any inconsistency with the Master Lease, and no amendment, termination or other modification of the Master Lease will be effective without the prior written consent of the Lender.

At the closing of the Trust's acquisition of the Property, the Trust transferred all personal property associated with the operation of the Property (the "**Personalty**") to the Master Tenant and the Master Tenant shall be responsible for the Personalty. The Master Tenant shall take good care (or cause good care to be taken) of the Property, alleyways and passageways and the sidewalks, curbs and vaults adjoining the Property, and keep the same (or cause the same to be kept) in good order and condition, ordinary wear and tear and obsolescence excepted, and make necessary nonstructural repairs thereto, interior and exterior. The Master Tenant shall perform all personal property replacements and repairs, and all repairs necessary to avoid any structural damage or injury to the Property.

Pursuant to the Master Lease, the Master Tenant shall pay all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operation, maintenance, management and security of the Property which, in accordance with generally accepted accounting principles, are properly chargeable to the operation, maintenance, management and security of the Property, including the "**Cost of Utilities**" (which for purposes of the Master Lease shall mean the cost of electricity, gas, oil, steam, water, air conditioning, cable, internet and other fuel and utilities used or consumed in connection with the Property), property management fees, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses (the "**Operating Costs**").

During the term of the Master Lease, the Master Tenant is responsible for the payment of "**Capital Expenditures**" which shall mean any and all costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which are not Operating Costs and thus would be capitalized under generally accepted accounting principles, including, but not limited to (i) replacement of roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, parking lots, balconies, patios, foundations, exterior walls and all load bearing walls, exterior doors and doorways, interior flooring and carpeting, windows, elevators, fences, gates, pools and the mechanical and structural components thereof, and HVAC and water heating and conditioning systems and components thereof; (ii) exterior painting or other façade maintenance; (iii) any obligations of the Trust under the Loan Documents with respect to environmental matters and capital repairs made at the Property, including any latent defect in the Property, whether identified in the Loan Documents or otherwise; and (iv) the PIP Work in accordance with the Franchise Agreement, as well as unanticipated costs.

The Master Tenant may use funds in the FF&E Reserve Account to pay for Capital Expenditures required under the Master Lease, the Franchise Agreement or Loan Agreement. *See* "SUMMARY OF THE MASTER LEASE."

Master Lease Rent: During the term of the Master Lease, the Master Tenant pays base rent to the Trust in an annual amount set forth in the Master Lease, paid on the first day of each month in arrears ("**Base Rent**"). The Base Rent equates to the amount of debt service due to be paid by the Trust to the Lender under the Loan Agreement.

In addition to the Base Rent, the Master Tenant is responsible for paying Additional Rent and Bonus Rent to the Trust. "**Additional Rent**" for each "**Lease Year**" of the Master Lease, consists of 100% of the Master Tenant's gross income from the Property over a specifically stated hurdle for each Lease Year of the Master Lease and up to a capped amount for each such Lease Year. "**Bonus Rent**" consists of fifty percent (50%) of the Master Tenant's gross income from the Property for each Lease Year of the Master Lease above a specifically stated hurdle for each Lease Year of the Master Lease. Additional Rent is paid monthly on an estimated basis and is subject to a year-end reconciliation within 120 days of the end of each Lease Year or as soon as practicable thereafter. Bonus Rent is paid annually within 120 days of the end of each Lease Year or as soon as practicable thereafter. Both Additional Rent and Bonus Rent are calculated on a Lease Year basis, with such calculations prorated for any partial Lease Year. The Base Rent, Additional Rent and Bonus Rent are collectively referred to herein as the "**Rent**." In addition, the Master Lease provides that the Master Tenant is required to pay the real estate taxes, utility costs and Property insurance costs (collectively, the "**Uncontrollable Expenses**") for each Lease Year of the Master Lease (prorated for any partial Lease Year) up to the amount of projected Uncontrollable Expenses for each Lease Year as set forth in the Financial Forecast attached as Exhibit E to this Memorandum (the "**Projected Uncontrollable Expenses**"). To the extent the actual Uncontrollable Expenses for a Lease Year exceed Projected Uncontrollable Expenses for such Lease Year, the Trust is responsible for such difference through reduction in amounts otherwise payable by the Master Tenant as Additional Rent or Bonus Rent. However, if the actual Uncontrollable Expenses are less than the Projected Uncontrollable Expenses for a Lease Year, the difference is paid by the Master Tenant to the Trust as Additional Rent (not later than the completion of a year-end reconciliation of such amounts, within 120 days of the end of each Lease Year or as soon as practicable thereafter).

Master Tenant Capitalization: The Master Tenant, 2000 North Commerce Parkway Owner, LLC, is a newly formed Delaware limited liability company, which is wholly owned by the Sponsor. In order to induce the Master Tenant to enter into the Master Lease, the Trust has made or is required to make the following transfers and payments to the Master Tenant:

(1) At the closing of its acquisition of the Property and upon the execution of the Master Lease, the Trust conveyed all Personalty to the Master Tenant.

(2) Upon the execution of the Master Lease and over the time frame of the offering of ownership interests in the Trust pursuant to the Confidential Private Placement Memorandum for Driftwood Hotel Income I, DST (the "**Offering**"), the Trust shall pay to the Master Tenant (the "**Master Lease Inducement Payment**") an aggregate amount of $752,167.42, consisting of: (a) $183,167.42, to reimburse the Master Tenant for certain fees paid to MIF, L.L.C., a Delaware limited liability company (the "**Franchisor**"), pursuant to that certain franchise agreement (the "**Franchise Agreement**") by and between the Master Tenant and Franchisor (the "**Franchise Fee Reimbursement**") and expenses incurred with respect thereto; (b) $350,000 to capitalize the Master Tenant with respect to certain operating prorations to be funded at the execution of the Master Lease (the "***Working Capital***"); and (c) $219,000, to fund the T&I Reserve required by the Lender under the Loan Agreement.

(3) On or before the date hereof, the Trust shall make one or more payments to the Master Tenant (such payment or payments, as the case may be, the "**Master Lease PIP Payment**") in the aggregate amount of up to $100,000, which the Master Tenant will use to address certain capital expenditure needs of the Property, including certain repairs and renovations required pursuant to the Franchise Agreement and PIP in connection with the change of ownership of the Property (together with the cyclical renovation set forth in the PIP, the "**PIP Work**"). The Master Lease PIP Payment shall be funded by the Trust to the FF&E Reserve Account. The Master Tenant shall be solely responsible for the completion of the PIP Work (including any funding thereof in addition to the Master Lease PIP Payment), provided, however, with respect to any cyclical renovation required under the Franchise Agreement, if there are insufficient funds in the FF&E Reserve Account to complete such PIP Work, the Trust may draw additional Loan proceeds of up to $1,500,000 to fund the same, subject to the terms and conditions of the Loan Agreement.

For the avoidance of doubt, the dates set forth above may be extended, in the sole and absolute discretion of the Trust if, and only if, the timing for such payments is extended by the Franchisor.

Franchise Agreement: Concurrent with entering into the Master Lease, the Master Tenant entered into the Franchise Documents, including the Franchise Agreement, pursuant to which a limited, non-exclusive license was granted to the Master Tenant to operate the Hotel under the Brand.

The Franchise Agreement became effective on March 3, 2026 (the "**Franchise Effective Date**") and expires on the twentieth anniversary of the Conversion Date, which is April 15, 2026 (the "**Franchise Term**"), unless earlier terminated in accordance with the Franchise Agreement. The Franchise Agreement was amended pursuant to an Amendment to Courtyard by Marriott Franchise Agreement dated April 7, 2026, which amended the PIP (as defined below) to clarify that the required completion date for the next Periodic Renovation / cyclical renovation of the Property is November 28, 2031, and added a Fire & Life Safety Certification requirement. The Franchise Agreement is not renewable.

The Franchisor will require the implementation of the renovation requirements for the Property ("**PIP**") to continue to operate with the Franchisor, which will require the Master Tenant to perform certain work to the Property to meet the standards of the Franchisor. The PIP requires the completion of certain change of ownership PIP work by April 15, 2028, and the completion of a cyclical renovation (the "**Periodic Renovation**") by November 28, 2031, in accordance with Franchisor's 28-year renovation requirements. The Master Tenant will be required to perform the PIP Work at its sole cost and expense in the time frame the Franchisor requires, provided, however, with respect to the Periodic Renovation, if there are insufficient funds in the FF&E Reserve Account to complete such PIP Work, the Trust may draw additional Loan proceeds of up to $1,500,000 to fund the same, subject to the terms and conditions of the Loan Agreement. Pursuant to the Amendment, the Franchisee is not eligible for any extension of time to complete the PIP or the next Periodic Renovation, which next Periodic Renovation must be completed no later than November 28, 2031.

Important Note to Prospective Investors: If a prospective Investor wishes to obtain a copy of the Franchise Agreement, he, she or it may execute a Confidentiality Agreement, and submit the Confidentiality Agreement, along with the Investor Questionnaire and Purchase Agreement, to his, her or its investment representative. See "HOW TO PURCHASE" for additional information regarding the submission of the Confidentiality Agreement. A copy of the Franchise Agreement will be made available to Investors prior to an Investor's purchase of Interests, subject to the submission of a Confidentiality Agreement, as described herein.

Asset Management: The Trust has entered into an asset management agreement (the "**Asset Management Agreement**") with Driftwood Capital Owners, LLC, a Delaware limited liability company (the "**Asset Manager**"), to manage the day-to-day operations of the Trust. In its capacity as asset manager, the Asset Manager is responsible for ensuring that the Trust is managed and operated in accordance with the Asset Management Agreement in a commercially reasonable manner.

Pursuant to the Asset Management Agreement, the Trust will pay the Asset Manager certain compensation, as described under "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES – *Asset Management Fees and Disposition Fees*". The Asset Manager may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under the Asset Management Agreement, and any excess amount that is not paid may, in the Asset Manager's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.

Property Management Agreement: Concurrently with entering into the Master Lease, the Master Tenant entered into a management agreement (the "**Property Management Agreement**") with Driftwood Hospitality Management II, LLC, a Delaware limited liability company (the "**Property Manager**") and an affiliate of the Sponsor.

The Property Management Agreement has an initial term of 5 years, and will automatically renew for successive periods of 5 years, unless either party notifies the other of its election not to renew at least 30 days before the end of the current term. The Property Management Agreement may be terminated: (a) by mutual written agreement of the Property Manager and the Master Tenant or (b) by the non-defaulting party, upon 60 days' prior written notice to the defaulting party.

Except for management fees that are incurred in connection with a construction matter involving a Capital Expenditure (which are included as part of such Capital Expenditure and thus borne by the Master Tenant under the terms of the Master Lease), the Master Tenant is responsible for any fees payable to the Property Manager. The Property Manager is entitled to the following fees under the Property Management Agreement:

(1) a monthly fee in an amount equal to the greater of 3% of Gross Revenue (as defined in the Property Management Agreement) or $6,000 (the "**Base Management Fee**");

(2) service fees for construction management and/or procurement services for the Property, if such services are requested, or any other services beyond the scope of services to be provided pursuant to the Property Management Agreement. These services include renovation coordination, design review, and related services.

Additionally, the Master Tenant is responsible for reimbursing the Property Manager for all expenses paid or incurred by the Property Manager in providing services under the Property Management Agreement, in accordance with the approved budget and the terms of the Property Management Agreement.

The compensation arrangements described above, and in more detail throughout this Memorandum, are not the result of arm's-length negotiations. *See* "MANAGEMENT – *Property Management*," "RISK FACTORS – *Risks Related to the Master Lease and the Management of the Property*" and "CONFLICTS OF INTEREST" for additional discussion.

A copy of the Property Management Agreement is available in the Investor Data Room. *See* "MANAGEMENT – *Property Management*" for additional information about the Property Management Agreement and a description of the Property Manager and its management team.

FF&E Reserve Account: The Master Tenant has established and will maintain a reserve account (the "**FF&E Reserve Account**") to make funds available for PIP Work, replacement of furniture, fixtures & equipment and other capital expenditures relating to the Property. The FF&E Reserve Account is pledged to the Lender as collateral security for all obligations under the Loan. The Trust will make an initial contribution to the FF&E Reserve Account of $100,000 from proceeds of the Offering. The Master Tenant will contribute additional amounts funded from gross revenues of the Property as set forth in the Financial Forecast attached to this Memorandum as Exhibit E. See "ESTIMATED SOURCES AND USES OF PROCEEDS – FF&E Reserve Account."

Any interest earned on the funds in the FF&E Reserve Account will be retained as additional reserves. If additional reserves are needed, the Signatory Trustee may withhold distributions from the Trust to the Investors, thereby reducing targeted distributions. See "RISK FACTORS – Risks Related to the Master Lease and the Management of the Property." Any amounts remaining in the FF&E Reserve Account upon the sale of the Property will be distributed to the Master Tenant or its designee.

T&I Reserve Account: Pursuant to the Loan Agreement, the Trust has established and maintains a dedicated tax and insurance reserve account (the "**T&I Reserve Account**"). The T&I Reserve Account is pledged to the Lender as collateral security for all obligations under the Loan. The Master Tenant is required to fund the account on a monthly basis in an amount of (i) one-twelfth of the estimated real estate taxes on the property expected to be due and payable during the next twelve months; and (ii) one-twelfth of the insurance premiums for all required coverages expected to be due and payable during the next twelve months. The Trust funded the initial account balance of $219,000. See "ESTIMATED SOURCES AND USES OF PROCEEDS – T&I Reserve Account."

Trust Agreement: The Trust is governed by the Trust Agreement, a copy of which is attached as Exhibit B to this Memorandum. The Trust Agreement sets forth the rights and duties of the Investors and the Trustees with respect to the Property. The Signatory Trustee is responsible for the operation of the

Trust. The Corporation Trust Company serves as co-trustee of the Trust (the "**Delaware Trustee**").

In connection with each Investor's purchase of Interests, the Investor will be required to enter into the Trust Agreement. The Trust will convey the respective Interests to each Investor by issuing each Investor an assignment of beneficial interest. However, pursuant to the Trust Agreement, which was designed to meet the parameters of Revenue Ruling 2004-86, 2004-2 C.B. 191, issued by the IRS, the Investors who own the beneficial interests in the Trust are not permitted to have any voting rights with respect to the operation and ownership of the Property.

Under the Trust Agreement, if: (1) the property of the Trust, including the Property (the "**Trust Property**") or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; or (2) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests and the Signatory Trustee is prohibited from taking action to cure or mitigate such events because such action would "vary the investment" of the Investors, the Signatory Trustee shall terminate the Trust by either (a) converting it into a limited liability company (a "**Springing LLC**") or (b) distributing tenant-in-common interests in the Trust Property to the Investors in proportion to their ownership of the Trust. As a result of converting the Trust into a Springing LLC, referred to herein as a "**Transfer Distribution**," each of the Investors would become a member of the new Springing LLC, owning an interest in the Springing LLC identical to its Interests in the Trust, and the Signatory Trustee would become the manager of the Springing LLC (the "**LLC Manager**"). As a result of distributing tenant-in-common interests in the Trust Property to the Investors in proportion to their ownership of the Trust, such interests (and the Investors) would be subject to an agency and/or co-ownership arrangement and other agreements that are in form and substance satisfactory to the Signatory Trustee as determined in its discretion and 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 tenancy-in-common arrangements as direct interests in the underlying property for purposes of Code Section 1031.

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

Sale of the Property: The anticipated holding period of the Property is five to seven years, subject to modification based on market conditions and amounts required to fund PIP Work at the time. Any sale of the Property with an assumption of the Loan will require approval of the Lender. The Investors will not be entitled to approve a sale of the Property, any refinancing of the Loan or any Transfer Distribution necessary to effectuate a refinancing of the Loan. Nevertheless, before the Trust enters into a binding contract for the sale or conveyance of the Property, the Signatory Trustee will canvass the Investors regarding their view of the potential sale. The Signatory Trustee will consider the views and opinions of the Investors in good faith but will not be bound by their opinions, and the decision whether and when to sell or convey the Property will rest solely with the Signatory Trustee. See "SUMMARY OF THE TRUST AGREEMENT".

Conflicts and Compensation of the Sponsor and its Affiliates: Affiliates of the Sponsor serve in various capacities with respect to the Trust and the management of the Trust and the Property, as discussed throughout this Memorandum. The Signatory Trustee, the Contributor, the Master Tenant, the Asset Manager, and the Property Manager are each affiliates of the Sponsor. See "MANAGEMENT" and "PRIOR PERFORMANCE OF THE SPONSOR AND ITS AFFILIATES" for information regarding the Sponsor, the Asset Manager and the Property Manager.

The Sponsor and certain of its affiliates will receive substantial fees and compensation from the Offering and the operation of the Property and will have conflicts of interest, as described in this Memorandum. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES,"

	"CONFLICTS OF INTEREST," and "RISK FACTORS – Risks Related to the Master Lease and the Management of the Property."
Investor Suitability:	Investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity and who can afford to lose their entire investment. The Trust will only accept a subscription from an Accredited Investor who satisfies the investor suitability requirements set forth herein and who must provide documentary evidence demonstrating that they are Accredited Investors. See "WHO MAY INVEST" for more information.
Use of Proceeds:	The Offering is being made for purposes of acquiring the Property and returning to the Contributor its capital contributions and reducing the Contributor's beneficial ownership of the Trust, establishing reserves and paying all related fees and expenses. See "ESTIMATED SOURCES AND USES OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."
Purchase of an Interest:	The Interests may only be purchased by Accredited Investors, as described in "WHO MAY INVEST." Prospective Investors must carefully read this Memorandum. To purchase an Interest, a prospective Investor will be required to return to the Trust an executed copy of a (1) complete and accurate Investor Questionnaire and Purchase Agreement, the forms of which are attached as Exhibit A to this Memorandum, and (2) signature page to the Trust Agreement, the form of which is attached to the Investor Questionnaire. Prospective Investors may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected. Prospective Investors cannot acquire Interests if the Trust does not approve such purchase. If approved by the Trust, the Investor must deliver the full amount of the purchase price to the Trust and satisfy certain other closing conditions set forth in the Purchase Agreement. See "SUMMARY OF THE PURCHASE AGREEMENT." See "HOW TO PURCHASE" and "PLAN OF DISTRIBUTION."
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 – Terms of the Trust Agreement – *Restrictions on Transfer of Interests*." If an Investor is able to sell the Investor's Interest, the Investor and the Investor's purchaser(s) will bear the costs, if any, of the sale or transfer.
Exit Strategies with respect to the Property; Potential Sale of the Property	The Trust's exit strategy with respect to the Property includes a sale of the Property prior to the maturity date of the Loan that maximizes the Investors' return of capital. The Signatory Trustee has broad discretion under the Trust Agreement to dispose of the Property at such time and in such manner as it determines in its discretion pursuant to the terms of the Trust Agreement including the power to sell the Property to an operating partnership (the "**Operating Partnership**" and such sale an "**OP Transaction**"), which would be formed as a subsidiary of a real estate investment trust (a "**REIT**") that is affiliated with the Sponsor, and provide Investors the opportunity to elect to receive as consideration for their Interests in the Trust either cash, or interests in the Operating Partnership or any successor entity to the Operating Partnership ("**OP Units**"), or a mix of cash and OP Units. The Investors' transfer of their Interests to the Operating Partnership in exchange for OP Units pursuant to an OP Transaction would be intended to qualify as a tax-deferred contribution of the Property to the Operating Partnership under Code Section 721 (a "**Section 721 Contribution**") whereby the sale proceeds or OP Units would be distributed to the Investors in liquidation of the Trust. In the event the Signatory Trustee were to dispose of the Property pursuant to an exit strategy consisting of a Section 721 Contribution, the amount of cash consideration or OP Units received by the Investors would be based on the fair market value of the Property, determined by an

appraisal of the Property effective on or about the date of the contribution transaction (the "**Valuation Date**") conducted by a third party appraiser. If a Section 721 Contribution is undertaken, it is intended that the value of OP Units exchanged for the Property would be determined pursuant to the valuation policies of the Operating Partnership or such other procedures as are commercially reasonable with respect to such partnership unit valuations.

The rights and obligations of any Operating Partnership would be set forth in its limited partnership agreement, which would be made available to Investors in the event of an OP Transaction.

Tax Consideration: Tax counsel to the Trust ("**Special Tax Counsel**") has provided a tax opinion (the "**Tax Opinion**") that the acquisition of the Interests by an Investor should be treated as a direct acquisition of the Property for purposes of Section 1031. The Tax Opinion is specifically limited to the treatment of an Interest for purposes of Section 1031 however, and does not address any other tax issues that may be of interest to Investors based on their own particular circumstances. Accordingly, all prospective Investors must consult their own independent legal, tax, accounting and financial advisors and must represent in the Purchase Agreement that they have done so as an investment requirement. In addition, the Tax Opinion has been provided to the Trust to support the marketing of the Interests, and is not intended to be used and cannot be used to avoid penalties that may be imposed under federal tax law (although other facts can be used to avoid penalties, such as evidence of an Investor's good faith reliance on advice of his, her or its own independent counsel or the existence of substantial legal authority). See the Tax Opinion, a copy of which is attached as Exhibit D to this Memorandum, "FEDERAL INCOME TAX CONSEQUENCES" and "RISK FACTORS – Tax Risks" for additional discussion regarding tax considerations.

Tax Exempt Investors: Prospective tax-exempt investors 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 – Taxation of Tax-Exempt Investors."

ORGANIZATIONAL STRUCTURE

Driftwood HI Contributor I, LLC (the "**Contributor**") currently owns 79.7% of the beneficial interests in the Trust and the Initial Investor, an unaffiliated third party investor familiar to the Sponsor, owns 20.3% of the beneficial interests in the Trust. The Offering is being made for purposes of returning to the Contributor its capital contributions and reducing the Contributor's beneficial ownership of the Trust, establishing reserves, and paying all related fees and expenses. The Contributor intends to continue to own five percent (5%) of the beneficial interests in the Trust after the completion of the Offering as the Contributor Retained Interest. If any Interests cannot be sold, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. The Interests owned will be held for investment purposes and not for resale.

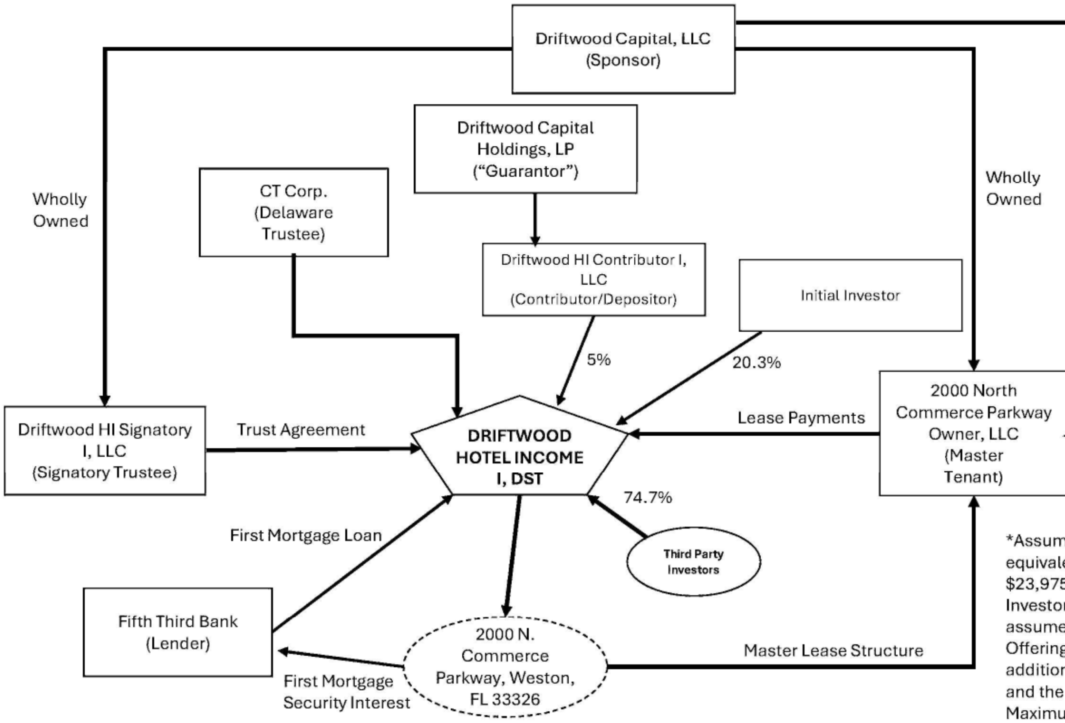
The terms of the Trust are governed by a trust agreement (the "**Trust Agreement**"), a copy of which is attached as Exhibit B to this Memorandum. Driftwood HI Signatory I, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Signatory Trustee**"), is the trust manager under the Trust Agreement and is responsible for the operation of the Trust.

The Trust has leased the Property to 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company and affiliate of the Sponsor (the "**Master Tenant**"), pursuant to a master lease agreement (the "**Master Lease**"), a copy of which is attached as Exhibit C to this Memorandum.

Concurrently with entering into the Master Lease, the Master Tenant entered into a property management agreement (the "**Property Management Agreement**") with Driftwood Hospitality Management II, LLC, a Delaware limited liability company (the "**Property Manager**").

Driftwood Capital, LLC (the "**Sponsor**") wholly owns and controls the Signatory Trustee and the Master Tenant, and majority-owns and controls the Property Manager. Driftwood Capital Holdings, LP ("**DCH**") wholly owns and controls the Contributor.

Driftwood DST Structure*



*Assumes the sale of 100% of the Interests, equivalent to a Maximum Offering Amount of $23,975,543. The Interests purchased by the Initial Investor and the Contributor Retained Interest are assumed to be net of Selling Commissions and Offering Expenses, resulting in $651,618 of additional equity attributable to the Initial Investor and the Contributor being included in the Maximum Offering Amount.

ESTIMATED SOURCES AND USES OF PROCEEDS

The following table sets forth the estimated sources and uses of the proceeds of the Offering. The Sponsor, the Signatory Trustee, the Master Tenant, and their respective affiliates will receive substantial compensation and fees in connection with the Offering and the acquisition and operation of the Property, as described in this Memorandum. The figures below assume the sale of 100% of the Interests, equivalent to $23,975,543, and assume that the Interests purchased by the Initial Investor and the Contributor Retained Interest are net of Selling Commissions and Offering Expenses, resulting in $651,618 of additional equity attributable to the Initial Investor and the Contributor being included in the Maximum Offering Amount.

This table has been included for purposes of informing prospective Investors about the compensation and expenses that have been, or will be, received or incurred in connection with this Offering. This table does not address the allocation for federal income tax purposes of the amount paid by an Investor for its Interest. Prospective Investors should discuss with their own tax advisors the tax treatment of the purchase of an Interest.

Certain of the costs reflected below have been estimated. If the actual costs and expenses are greater than this amount, the Contributor will bear such excess costs and expenses. If the actual costs and expenses are less than this amount, the Contributor will retain such excess as additional compensation.

	Amount from Offering Proceeds	**Percentage of Overall Expenditures**	**Percentage of Offering Proceeds**
Sources			
Offering Proceeds	$23,975,543	57.46%	100%
Loan Proceeds	$17,750,000	42.54%	0%
Total Sources	**$**41,725,543	**100.00%**	**100.00%**
Application[1]			
Offering Costs			
Selling Commissions[2]	$1,074,839	2.58%	6.00%
Managing Broker-Dealer Fee[2]	$492,634	1.18%	2.75%
Marketing & Due Diligence Allowance[2]	$179,140	0.43%	1.00%
O&O Expenses[3]	$179,140	0.43%	1.00%
Equity Attributable to Initial Investor & Contributor[4]	$651,618	1.56%	
Subtotal	$2,577,371	6.18%	10.75%
Costs of Acquisition			
Purchase Price	$35,500,000	85.08%	
Closing Costs[5]	$716,009	1.72%	
Financing Costs[6]	$325,591	0.78%	
Contributor Bridge Capital Costs[7]	$1,050,072	2.52%	
T&I Reserve Account[8]	$219,000	0.52%	
FF&E Reserve Account[9]	$100,000	0.24%	
Acquisition Fee	$887,500	2.13%	
Working Capital	$350,000	0.84%	
Subtotal	$39,148,172	93.82%	
Total Application	**$**41,725,543	**100.00%**	

<u>NOTES</u>:

(1) The Trust will pay or reimburse some or all of these amounts to affiliates of the Trust as described in this Memorandum. Certain of these costs and expenses are based on certain assumptions made by the Sponsor. If the actual costs and expenses exceed the estimates, the Contributor will be responsible for the excess amount. Conversely, if the estimates exceed the actual costs and expenses, the Contributor will retain the difference as additional compensation. See “PLAN OF DISTRIBUTION.”

(2) Offers and sales of Interests will be made on a “best efforts” basis by broker-dealers (the “**Selling Group Members**”) who are members of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”). Metric Financial LLC (the “**Managing Broker-Dealer**”), a member of FINRA, serves as the Managing Broker-Dealer and will receive selling commissions (“**Selling Commissions**”) of up to 6.0% of the purchase price of the Interests sold by Selling Group Members (the “**Total Sales**”), some or all of which it may re-allow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. Thus, certain Investors may acquire Interests net of Selling Commissions. Offers and sales of Interests may also be made by approved registered investment advisers (“**Participating RIAs**”). Participating RIAs will not be paid any Selling Commissions, but subject to all legal and regulatory restrictions, Participating RIAs may be reimbursed a “**Due Diligence Allowance**” for their due diligence and/or marketing burdens related to the Offering. The Managing Broker-Dealer will be re-allowed one percent (1%) of the gross offering proceeds from the sale of Interests by Participating RIAs. The Managing Broker-Dealer will also receive: (a) a non-accountable marketing and due diligence allowance of up to 1.0% of Total Sales (the “**Marketing and Due Diligence Allowance**”), which may be re-allowed, in whole or in part, to the Selling Group Members and (b) a managing broker-dealer fee of up to 2.75% of the Total Sales (the “**Managing Broker-Dealer Fee**”), which may be re-allowed, in whole or in part, to the Selling Group Members or to wholesalers or other associated persons eligible to receive such compensation. The Managing Broker-Dealer may also sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. In the event a Marketing and Due Diligence Allowance greater than 1.0% is re-allowed, the Managing Broker-Dealer will reduce its Managing Broker-Dealer Fee by an equal amount. The Trust will also reimburse the Sponsor, its affiliates, and certain third parties for offering and organizational expenses (the “**O&O Expenses**”) in an amount equal to 1.0% of the $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses. The Selling Commissions, the Marketing and Due Diligence Allowance, the Managing Broker-Dealer Fee, the O&O Expenses, as well as other costs of the Offering (collectively, the “**Selling Commissions and Offering Expenses**”), will be paid by the Trust out of the Offering proceeds. The Selling Commissions, Managing Broker-Dealer Fee and Marketing and Due Diligence Allowance, and O&O Expenses shown in the table are calculated based on $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses, which excludes the Interests purchased by the Initial Investor and the Contributor Retained Interest, which are net of such Selling Commissions and Offering Expenses.

(3) Represents offering and organizational expenses payable or reimbursable to the Sponsor, its affiliates and certain third parties in an amount equal to 1.0% of the $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses. The Interests purchased by the Initial Investor and the Contributor Retained Interest are net of O&O Expenses.

(4) Represents $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor purchased its Interests net of Selling Commissions and Offering Expenses and the Contributor Retained Interest is reflected net of Selling Commissions and Offering Expenses. The amount is included in the Maximum Offering Amount but is not included in the amount of Interests used to calculate the Selling Commissions, Managing Broker-Dealer Fee, Marketing and Due Diligence Allowance or O&O Expenses shown above.

(5) “**Closing Costs**” consists of the $716,009 estimated closing costs incurred in connection with the Trust’s acquisition of the Property, including customary acquisition closing costs and related transaction expenses. If the actual costs and expenses exceed the estimates, the Contributor will be responsible for the excess

amount. Conversely, if the estimates exceed the actual costs and expenses, the Contributor and its affiliates will retain the difference as additional compensation.

(6) "**Financing Costs**" consist of costs incurred with the Loan, including costs related to the origination of the Loan and related financing expenses.

(7) "**Contributor Bridge Capital Costs**" consists of $1,050,072 of carry costs relating to funds advanced by the Contributor to the Trust to initially purchase one hundred percent (100%) of the Interests. The Contributor Bridge Capital Costs reflect the anticipated cost to the Contributor of the sources of financing required for the Trust to acquire the Property. To the extent the actual Contributor Bridge Capital Costs are greater than this amount, the Contributor will absorb such additional costs, and to the extent they are less than this amount, the Contributor will retain the excess on a nonaccountable basis.

(8) "**T&I Reserve Account**" represents amounts deposited into the property tax and insurance reserve account.

(9) "**FF&E Reserve Account**" will consist of an aggregate amount of $100,000 to be used for working capital and certain prefunded Trust costs, capital expenditures including repositioning costs, and unanticipated costs relating to the Property and the Trust. Such reserves will be funded out of the proceeds of the Offering. Any amounts remaining in the FF&E Reserve Account upon the sale of the Property will be distributed to the Master Tenant or its designee.

DESCRIPTION OF THE PROPERTY

The Trust owns a fee simple interest in the Property. The Trust has leased 100% of its Property to the Master Tenant pursuant to the Master Lease. See “SUMMARY OF THE MASTER LEASE” for additional information regarding the Master Tenant and the terms of the Master Lease.

General Property Information

The Property consists of a 4.0-acre parcel of land and the Hotel containing an approximately 96,072 square foot, six-story building with 176 guestrooms and related service areas. Amenities at the Hotel include an on-site restaurant, approximately 1,378 square feet of meeting space, an outdoor swimming pool, outdoor seating area, a fitness center, and sundry shop.

Property specific information for the Property is available in the Property Condition Report (the “**Assessment**”) dated January 30, 2026, prepared by Partner Engineering and Science, Inc. Copies of the Assessment are available in the Investor Data Room. Additional information concerning the Property is summarized in the tables below.

The following table is a summary of certain general information about the Property:

Address	Approximate Land Area*	Approximate Square Footage*	Guestrooms*	Year Built	Parking
2000 N. Commerce Parkway, Weston, FL 33326	4.00 acres	~ 96,072 sq. ft.	176	2002	183 striped parking spaces

*References in this Memorandum to (1) the acreage of the Property and the number of parking spaces are based on the Assessment; and (2) the approximate square footage is of the Hotel. Copies of the Assessment and the survey are available in the Investor Data Room.

Detailed Description of the Property

Building Exterior/Structure

Foundation system likely consists of a conventional concrete spread footing system with a reinforced-concrete slab-on-grade over continuous footings at the perimeter and isolated pad footings at interior bearing locations. The Hotel was constructed of concrete masonry unit load bearing walls with interior steel columns. Upper floors consisted of cast-in-place concrete with concrete decking. The roof structure was constructed of cast-in-place concrete. The exterior walls of the Hotel consist primarily of stucco. Accent facades consist of fluted metal wall paneling. Observed soffits were finished with stucco. The windows are single-pane, fixed units and single-pane, operable units. Window framing is aluminum.

Roof

Roof coverings consist of clay/concrete mission tiles and single-ply thermoplastic membrane over low-slope and pitched roof construction. The TPO roofing was installed in 2004. Storm water runoff for the roofing is directed to roof drains connected to internal leaders that discharge directly into the storm drain collection system.

Building Interior

The Hotel includes a lobby lounge, on-site restaurant, fitness center, business center, outdoor pool, three meeting rooms, sundry shop, and outdoor seating area.

The lobby includes three pod-style front desks. The recently renovated lobby also includes soft goods, front doors, F&B décor, and public restrooms. The on-site restaurant, The Bistro, is adjacent to the lobby and provides an area where guests can purchase breakfast, dinner, and drinks. The lobby also has a seating area with couches, large armchairs, and multiple flat screen televisions that provide a comfortable area for patrons to meet and socialize.

The Hotel includes three meeting rooms totaling 1,378 square feet of meeting space with newly upgraded audio/visual equipment. The largest meeting room can hold up to 50 people.

There are 176 guestrooms as described below:

Guestroom Type	Keys
General/Standard	77
Queen-Queen	47
Executive Queen-Queen	29
Deluxe King	20
King Suite	3
Total	**176**

The guestrooms are located on floors one through six. The guestrooms include the latest in soft goods, decor, and finishes. All guestrooms are equipped with new bedding and pillows, as well as coffee makers, mini-refrigerators, and ironing boards and irons. The guestrooms include a desk and office chair, as well as a comfortable sitting chair and ottoman. Certain guestrooms also include a pullout sofa bed. All guestrooms include complimentary internet access.

The interior stairs consist of cast in place concrete. Open sides are protected by steel pipe guardrails and steel pipe handrails are located on the walls at the closed sides. The interior stairs are finished with painted treads. Balconies are constructed of concrete and balconies are supported by columns at each corner with metal railings.

Elevator

The Hotel has three hydraulic passenger elevators. The three elevators were manufactured by Nidec and each featured a lift capacity of 2,500 pounds. The service area includes all floors. The interior cab finishes consist of tile and vinyl flooring, composite panel and metal wall finishes and a lighting panel and a metal ceiling. The control panels are provided with illuminated push button floor indicators, alarm buttons, and emergency communication. The elevators are provided with audible floor indicators, manual sensors that automatically open the doors upon contact with an obstruction, and optical sensors that automatically open the doors when an obstruction is encountered.

Mechanical/Electrical/Plumbing

Heating and cooling to the common areas are provided by HVAC packaged units. Manufactured by Carrier and AAON, each of the units features an input capacity ranging from 3 to 20 tons. Cooling is provided by direct expansion and appears to utilize R410A refrigerant, while heating is provided by electric resistance coils. The packaged units are located on the roof. Conditioned air is distributed through sheet metal ducts to diffusers located in finished ceilings. Fresh air is supplied by intakes on the side of the packaged units. Return air is collected by concealed sheet metal ducts through ceiling-mounted intakes. Temperature is controlled by local thermostats located throughout the interior space. Ventilation is provided by common area fans that vent through the roof.

Heating and cooling to the common areas are also provided by direct expansion HVAC split systems. Each system features a fan coil unit and a condensing unit. The fan coil units are typically located above the ceiling. Manufactured by Carrier, the condensing units are located at grade. The units feature a typical input capacity ranging from 3 to 5 tons and use R-410A refrigerant. Distribution of the conditioned air is by concealed sheet metal ductwork. Temperature is controlled by local thermostats located throughout the interior space. Ventilation is provided by common area fans that vent through the roof.

Heating and cooling in the guest rooms are provided by packaged terminal air conditioner (PTAC) units set in through-wall sleeves. One unit is typically provided for each guest room, except for the larger suites which feature two units. Manufacturers vary; however, the air conditioning units have an average capacity of 1.5 tons. Temperature is controlled by local thermostats located throughout the interior space.

Electrical service is provided via a pad-mounted transformer located in the landscaped areas. The Hotel is configured with one electrical service. Main electrical service is rated at 4,000-amp, 208Y/120-volt power. Breaker panels for lighting and power controls are located in the electrical room. Observed panels are manufactured by Square D. Ground fault circuit interrupter (GFCI) outlets are not observed in all required areas. The electrical branch wiring is copper.

Backup electrical power is provided by a generator. Located on the east side of the building in an enclosure, the diesel-fueled generator is manufactured by Cummins, model DFCE-5001605, and is rated at 500kVA. The generator reportedly provides power for emergency lighting, one elevator, and life safety systems throughout the hotel building.

Domestic water piping is reported to be copper. Vent piping is cast iron and PVC. The sanitary drainage and vent piping were reported to be cast iron and PVC.

Domestic hot water is supplied to the housekeeping laundry by one gas-fired boiler with an associated storage tank. Manufactured by Raypak, the gas-fired boiler features a rated input capacity of 399 MBH. Water is stored in a steel tank adjacent to the boiler. The tank was manufactured by A.O. Smith and was specified to have a storage capacity of 250 gallons.

Domestic hot water is supplied to the common restrooms, guest rooms, and kitchen by six central, gas-fired water heaters. Water heaters were manufactured by A.O. Smith and featured a typical rated capacity of 100 gallons.

Fire Protection/Life Safety

The Hotel is equipped with a wet-pipe automatic sprinkler system. Water is supplied via a fire sprinkler line from the municipal main that is reportedly fitted with flow and tamper switches and a backflow prevention device. A 750 gallon-per-minute fire pump powered by a 75 horsepower electric motor manufactured by Marathon Electric is observed. The stairwells at each floor feature a standpipe with fire department connection. Fire sprinkler piping appears to be steel. Sprinkler heads in the spares' cabinet appear to be manufactured by Tyco.

A chemical fire suppression system is located in the exhaust hood above the cooking equipment in the kitchen. The chemical tank is located on a wall near the commercial kitchen hood.

Fire extinguishers are present in the common areas and within the mechanical and electrical spaces. The annual inspection of the fire extinguishers last occurred in October of 2025.

Fire hydrants are observed in the landscaped areas.

Utilities

Domestic water and sanitary services are provided by the City of Weston, electrical service by Florida Power & Light, and gas service by TECO.

Amenities

The below is a summary of various amenities available at the Hotel:

- On-site restaurant, The Bistro, where guests can purchase breakfast, dinner, and drinks.
- Lobby seating area with couches, large armchairs, and multiple flat screen televisions that provide a comfortable area for patrons to meet and socialize.
- Small business center with computers with internet access and printers.
- Three meeting rooms totaling 1,378 square feet of meeting space with newly upgraded audio/visual equipment. The largest meeting room can hold up to 50 people.
- Guests have 24-hour access to The Market, the Property’s sundry shop, where guests can purchase food and drinks.
- Fitness center with cardio equipment, free weights, and a stretching area.
- Access to a larger, offsite fitness center is provided to guests at no additional charge.

The Assessment includes the following information regarding the amenities:

The Hotel features one in-ground, outdoor swimming pool. The swimming pool is located east of the building. The pool is constructed of concrete and ceramic tile at the waterline. The surrounding area consists of brick paver deck. Equipment is located in a dedicated room adjacent to the pool, which consists of filters and a gas-fired heater. The heater is manufactured by Raypak and features a rated input capacity of 399 MBH. Tables and benches are provided and are located at the outdoor pool deck. The amenities also include a lounge area, various sitting areas, meeting rooms, a business center, fitness center, and dining area. A laundry room with card-operated washers and dryers is located on the 5th floor. The card-operated washers and dryers are leased, serviced, and maintained by an outside vendor. Flooring in the amenity area consists of carpet and ceramic tile. Amenity area wall finishes include painted gypsum board. Amenity area ceiling finishes include painted gypsum board.

Parking

Vehicular access is provided by two-way drive lanes leading from the adjacent public right-of-way to the on-site parking areas and drive aisles. Signalization is not provided at the entrance point.

Parking is provided in surface lots with asphalt pavement. The property includes 183 total striped parking spaces, including 6 ADA spaces, 1 of which is van-accessible.

Zoning

There are no expected pending or prospective zoning changes. The current use represents a legally nonconforming use that pre-dates the existing zoning regulations, as the current zoning classification permits office development only. It is therefore assumed that the Property is grandfathered with respect to its existing hotel use.

Condition of the Property

Based on the systems and components observed during the site visit, the Hotel appeared to be in good condition. The overall level of preventative maintenance appeared to be good.

Related Reserves

The Master Tenant has established and will maintain a reserve account (the "**FF&E Reserve Account**") to make funds available for PIP Work, replacement of furniture, fixtures & equipment and other capital expenditures relating to the Property. The FF&E Reserve Account is pledged to the Lender as collateral security for all obligations under the Loan. The Trust will make an initial contribution to the FF&E Reserve Account of $100,000 from proceeds of the Offering. The Master Tenant will contribute additional amounts funded from gross revenues of the Property as set forth in the Financial Forecast attached to this Memorandum as Exhibit E.

Any interest earned on the funds in the FF&E Reserve Account will be retained as additional reserves. If additional reserves are needed, the Signatory Trustee may withhold distributions from the Trust to the Investors, thereby reducing targeted distributions. Any amounts remaining in the FF&E Reserve Account upon the sale of the Property will be distributed to the Master Tenant or its designee.

Subject to any required approvals of the first lienholder of the Property and, if applicable, to the terms of the Loan Documents, funds in the FF&E Reserve Account shall be available to and may be withdrawn by the Master Tenant to pay for (i) Operating Costs and Capital Expenditures, including certain repositioning costs with respect to the Property, as determined by the Master Tenant in its sole discretion, (ii) any Restoration, and (iii) any Condemnation Restoration. If the FF&E Reserve Account is not available for any reason and additional funds of the Master Tenant are used to pay for expenses for which the Trust is responsible hereunder or under the Loan Documents, such amount shall be treated as a loan from the Master Tenant to the Trust bearing interest at the prime rate (or base rate) reported from time to time in the "Money Rates" column or section of The Wall Street Journal as being the base rate on corporate loans at larger United States money center commercial banks plus five percent (5%), which the Master Tenant may recover by set off against Additional Rent and Bonus Rent (but not, for the avoidance of doubt, against Base Rent) and, if not previously repaid, out of the gross sales proceeds of the Property if such amounts are not repaid prior to the sale or exchange of the Property (or the expiration or earlier termination of the Master Lease if sooner). Any amounts so reimbursed by the Trust to the Master Tenant out of Additional Rent, Bonus Rent or proceeds from the sale of the Property shall be treated first as having been paid to the Master Tenant (whether as Additional Rent, Bonus Rent or proceeds from the sale of the Property) and then remitted by the Trust to the Master Tenant in satisfaction of the Trust's obligation pursuant to the Master Lease.

Defined terms used in the above two paragraphs that are not defined herein shall have the meaning defined in the Master Lease.

Environmental

A Phase I Environmental Site Assessment of the Property was prepared by Partner Engineering and Science, Inc. (Project No. 26-573061.1), dated January 29, 2026, in accordance with ASTM Practice E1527-21 and EPA All Appropriate Inquiries standards; the assessment identified no recognized environmental conditions, controlled recognized environmental conditions, or historical recognized environmental conditions at the Property.

Agreements Affecting the Property

The Property is subject to various matters affecting title, including but not limited to zoning ordinances, building codes and matters set forth in the pro forma owner's title insurance policy and survey, which policy and survey are available in the Investor Data Room. These matters may include, for example, easements, declarations, restrictions, agreements and other limitations on the right of the Trust to construct, develop and use the Property and may impose certain maintenance obligations upon the Trust. Documents related to the most significant matters affecting title are available in the Investor Data Room. See "RISK FACTORS – *Risks Related to the Property – The Trust does not guarantee the condition of, or title to, the Property*" for additional discussion.

SUMMARY OF THE MASTER LEASE

The Trust has entered into the Master Lease, a copy of which is attached as Exhibit C to this Memorandum, for the Property with the Master Tenant, a wholly owned subsidiary of the Sponsor. The Master Lease covers the entire Property.

Below is a summary of significant, but select and limited, economic terms of the Master Lease. The fundamental information listed below is not exhaustive of all important terms of the Master Lease, such as, for example, the Trust's and Investors' liabilities associated with indemnification and termination provisions of the Master Lease. Prospective Investors are strongly encouraged and expected to review the entire Master Lease, copies of which are available in the Investor Data Room. The following summary is qualified in its entirety by reference to the full text of the Master Lease. Capitalized terms used in this section but not defined herein shall have the meaning defined in the Master Lease.

General. The Master Lease is a net lease incorporating all expenses and debt service, if any, associated with the operation of the Property. The Master Tenant operates the Property for its own benefit and is entitled to retain certain positive differences between the operating cash flow of the Property and payments due from the Master Tenant to the Trust, as described in greater detail below. Likewise, the Master Tenant is liable for the cash shortfalls between the operating cash flow and payments due from the Master Tenant to the Trust.

Term. The term of the Master Lease commences on the date of the Master Lease (i.e., April 15, 2026) and expires on the date that is seven (7) years after the anniversary of such date (i.e., April 15, 2034) (the "**Original Term**"), unless terminated sooner in accordance with the terms of the Master Lease. The Master Lease will automatically renew for successive one (1) year renewal terms on the same terms and conditions; provided, the Master Tenant is not then in default and the Trust continues to own the Property on the last day of the Original Term. The Master Tenant may elect not to renew by giving the Trust at least sixty (60) days' prior written notice before the expiration of the Original Term. The Master Lease automatically terminates upon a sale of the Property. In addition, so long as any obligations remain outstanding under the Loan Documents, the Master Lease is subject and subordinate to the Loan Documents, the Loan Documents control in the event of any inconsistency with the Master Lease, and no amendment, termination or other modification of the Master Lease will be effective without the prior written consent of the Lender.

Rental Payments. During the term of the Master Lease, the Master Tenant pays base rent to the Trust in an annual amount set forth in the Master Lease, paid on the first day of each month in arrears ("**Base Rent**"). The Base Rent equates to the amount of debt service due to be paid by the Trust to the Lender under the Loan Agreement. Such amounts do not include any additional amounts that may become payable to the Lender due to, for example, a default under the Loan Documents, or a balloon payment becoming due under the Loan Documents. The Trust may direct its Master Tenant to pay the monthly installment of Base Rent to the Lender in accordance with the terms and conditions of the applicable Loan Documents. This direction does not, however, constitute an assumption of the Trust's obligations under the Loan Documents, and does not alter the Trust's obligations thereunder, but rather is an accommodation to the Trust.

In addition to the Base Rent, the Master Tenant is responsible for paying Additional Rent and Bonus Rent to the Trust. "**Additional Rent**" for each "**Lease Year**" of the Master Lease, consists of 100% of the Master Tenant's gross income from the Property over a specifically stated hurdle for each Lease Year of the Master Lease and up to a capped amount for each such Lease Year. "**Bonus Rent**" consists of fifty percent (50%) of the Master Tenant's gross income from the Property for each Lease Year of the Master Lease above a specifically stated hurdle for each Lease Year of the Master Lease. Additional Rent is paid monthly on an estimated basis and is subject to a year-end reconciliation within 120 days of the end of each Lease Year or as soon as practicable thereafter. Bonus Rent is paid annually within 120 days of the end of each Lease Year or as soon as practicable thereafter. Both Additional Rent and Bonus Rent are calculated on a Lease Year basis, with such calculations prorated for any partial Lease Year. The Base Rent, Additional Rent and Bonus Rent are collectively referred to herein as the "**Rent**."

As defined in the Master Lease, "**Gross Income**" means all income collected by the Master Tenant from guests, customers and invitees making transient use or occupancy of guestrooms, banquet rooms, conference rooms or other facilities in the normal course of the operation of the Property, rents, license fees and/or assessments and other items arising from the use or operation of the Property, including but not limited to, guestroom and conference facility charges, the sale of food, liquor, soft drinks or other beverages, gift shop revenue, administrative charges, proceeds of rental interruption insurance, parking fees, reimbursement of lender impounds for insurance, real estate taxes and reserves, proceeds from insurance claims, income from coin operated machines and other miscellaneous income, due or to become due; provided, that the definition of Gross Income shall not include any of the following: (A) federal, state and municipal excise taxes and sales taxes paid by customers in connection with goods, merchandise or services purchased by them, to the extent such taxes are separately itemized on the customers' bills or checks; (B) gratuities to employees, if separately itemized on the customers' bills or checks; (C) installment payments received in respect of each charge or sale made upon installment or credit that has been treated as a sale for full price; (D) credits, payments or refunds received from shippers or manufacturers resulting from the Master Tenant's claims for loss or damage to merchandise in transit; (E) to the extent previously included in Gross Income for any period and then refunded or credited in such current period, the sales price of merchandise returned by customers; (F) amounts received on account of any sales, liquor or gross receipts tax and paid directly to the taxing authority; and (G) amounts received from sale of U.S. postage stamps or any other such items the full price of which the Master Tenant is required to remit to the supplier thereof.

The following table sets forth the Base Rent and certain elements used in the computation of the expected Additional Rent and Bonus Rent during the Term:

Lease Year	Base Rent	Additional Rent Breakpoint	Additional Rent Cap	Bonus Rent Breakpoint
Lease Year 1	$1,063,595	$7,168,455	$1,714,251	$8,882,706
Lease Year 2	$1,063,595	$7,317,257	$1,714,251	$9,031,509
Lease Year 3	$1,066,509	$7,472,535	$1,714,251	$9,186,604
Lease Year 4	$1,378,685	$7,916,911	$1,714,251	$9,631,162
Lease Year 5	$1,359,271	$8,044,726	$1,714,251	$9,758,977
Lease Year 6	$1,339,857	$8,161,274	$1,714,251	$9,875,525
Lease Year 7	$1,323,188	$8,296,330	$1,714,251	$10,010,582

Uncontrollable Expenses In addition, the Master Lease provides that the Master Tenant is required to pay the real estate taxes, utility costs and Property insurance costs (collectively, the "**Uncontrollable Expenses**") for each Lease Year of the Master Lease (prorated for any partial Lease Year) up to the amount of projected Uncontrollable Expenses for each Lease Year as set forth in the Financial Forecast attached as Exhibit E to this Memorandum (the "**Projected Uncontrollable Expenses**"). To the extent the actual Uncontrollable Expenses for a Lease Year exceed Projected Uncontrollable Expenses for such Lease Year, the Trust is responsible for such difference through reduction in amounts otherwise payable by the Master Tenant as Additional Rent or Bonus Rent. However, if the actual Uncontrollable Expenses are less than the Projected Uncontrollable Expenses for a Lease Year, the difference is paid by the Master Tenant to the Trust as Additional Rent (not later than the completion of a year-end reconciliation of such amounts, within 120 days of the end of each Lease Year or as soon as practicable thereafter).

Capitalization of the Master Tenant. In order to induce the Master Tenant to enter into the Master Lease, the Trust has made or is required to make the following transfers and payments to the Master Tenant:

(1) At the closing of its acquisition of the Property and upon the execution of the Master Lease, the Trust conveyed all Personalty to the Master Tenant.

(2) Upon the execution of the Master Lease and over the time frame of the offering of ownership interests in the Trust pursuant to the Confidential Private Placement Memorandum for Driftwood Hotel Income I, DST (the "**Offering**"), the Trust shall pay to the Master Tenant (the "**Master Lease Inducement Payment**") an aggregate amount of $752,167.42, consisting of: (a) $183,167.42, to reimburse the Master Tenant for certain fees paid to MIF, L.L.C., a Delaware limited liability company (the "**Franchisor**"), pursuant to that certain franchise agreement (the "**Franchise Agreement**") by and between the Master Tenant and Franchisor (the "**Franchise Fee Reimbursement**") and expenses incurred with respect thereto; (b) $350,000 to capitalize the Master Tenant with respect to certain operating prorations to be funded at the execution of the Master Lease (the "***Working Capital***"); and (c) $219,000, to fund the T&I Reserve required by the Lender under the Loan Agreement.

(3) On or before the date hereof, the Trust shall make one or more payments to the Master Tenant (such payment or payments, as the case may be, the "**Master Lease PIP Payment**") in the aggregate amount of up to $100,000, which the Master Tenant will use to address certain capital expenditure needs of the Property, including certain repairs and renovations required pursuant to the Franchise Agreement and PIP in connection with the change of ownership of the Property (together with the cyclical renovation set forth in the PIP, the "**PIP Work**"). The Master Lease PIP Payment shall be funded by the Trust to the FF&E Reserve Account. The Master Tenant shall be solely responsible for the completion of the PIP Work (including any funding thereof in addition to the Master Lease PIP Payment), provided, however, with respect to any cyclical renovation required under the Franchise Agreement, if there are insufficient funds in the FF&E Reserve Account to complete such PIP Work, the Trust may draw additional Loan proceeds of up to $1,500,000 to fund the same, subject to the terms and conditions of the Loan Agreement.

Master Tenant Profits. The Master Tenant is entitled to the net income from the Property equal to the difference, after taxes owed by the Master Tenant, between (a) the gross revenues the Master Tenant receives from the Property and (b) the expenses it incurs in maintaining the Property and the payment and other financial obligations under the Master Lease, including its obligations to pay Rent, Impositions and Operating Costs.

Repairs and Maintenance. During the term of the Master Lease, the Master Tenant is responsible for the payment of "**Capital Expenditures**" which shall mean any and all costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which are not Operating Costs and thus would be capitalized under generally accepted accounting principles, including, but not limited to (i) replacement of roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, parking lots, balconies, patios, foundations, exterior walls and all load bearing walls, exterior doors and doorways, interior flooring and carpeting, windows, elevators, fences, gates, pools and the mechanical and structural components thereof, and HVAC and water heating and conditioning systems and components thereof; (ii) exterior painting or other façade maintenance; (iii) any obligations of the Trust under the Loan Documents with respect to environmental matters and capital repairs made at the Property, including any latent defect in the Property, whether identified in the Loan Documents or otherwise; and (iv) the PIP Work in accordance with the Franchise Agreement, as well as unanticipated costs.

Pursuant to the Master Lease, the Master Tenant shall pay all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operation, maintenance, management and security of the Property which, in accordance with generally accepted accounting principles, are properly chargeable to the operation, maintenance, management and security of the Property, including the "**Cost of Utilities**" (which for purposes of the Master Lease shall mean the cost of electricity, gas, oil, steam, water, air conditioning, cable, internet and other fuel and utilities used or consumed in connection with the Property), property management fees, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses (the "**Operating Costs**").

Personalty. All "**Personalty**" (which includes the furniture, trade fixtures, equipment and other tangible personal property, operating inventories, supplies and consumables located in or on, or used in the operation or maintenance of, the Property and all accessions, additions, replacements and replenishments of any such personalty used in the operating of the Property), including all personal property to be acquired by the Trust in connection with its acquisition of the Property, will remain the property of the Master Tenant. The Master Tenant will be required to sell all Personalty to any third party purchaser of the Property as provided in the Master Lease.

FF&E Reserve Account. The Master Tenant has established and will maintain the FF&E Reserve Account to make funds available for PIP Work, replacement of furniture, fixtures & equipment and other capital expenditures relating to the Property. The FF&E Reserve Account is pledged to the Lender as collateral security for all obligations under the Loan. The Trust will make an initial contribution to the FF&E Reserve Account of $100,000 from proceeds of the Offering. The Master Tenant will contribute additional amounts funded from gross revenues of the Property as set forth in the Financial Forecast attached to this Memorandum as Exhibit E.

Insurance. The Master Tenant has obtained all insurance required under the Master Lease and the Franchise Agreement, including, without limitation, comprehensive, replacement cost casualty insurance with not less than 12 months of loss of rent coverage and personal liability and property damage insurance. The Trust is named as an additional insured or loss payee, as the case may be, on the insurance policies obtained by the Master Tenant. The Master Tenant's financial responsibility for such insurance is subject to the limitations described above with respect to Uncontrollable Expenses.

Rights and Duties of Master Tenant. The Master Tenant has the sole and exclusive right and obligation to manage, lease, operate, repair and maintain the Property during the Term. Among other things, the Master Tenant has the right to incur costs and expenses and pay the Property operating costs and expenses from the Property cash flow or FF&E Reserve Account, and to enter into property and asset management agreements with third parties or affiliates. There can be no assurance that the Master Tenant will perform these duties as expected or that any failure to perform such duties will be discovered by the Trust on a timely basis.

Property Management. Concurrently with entering into the Master Lease, the Master Tenant entered into the Property Management Agreement with the Property Manager, to perform its property management obligations. Except for management fees that are incurred in connection with a construction matter involving a Capital Expenditure (which will be included as part of such Capital Expenditure and thus borne by the Master Tenant), the Master Tenant is responsible for any management fees payable to the Property Manager.

Casualty and Condemnation. In the event of a casualty or condemnation, the Trust (or the Master Tenant on the Trust's behalf) will, to the extent permitted by law and the Loan Documents, restore the Property using the insurance proceeds or award, as applicable. If either the insurance proceeds or award, as applicable, exceeds the cost to restore the Property, then the excess will be treated as Bonus Rent and paid to the Trust.

SUMMARY OF THE FRANCHISE AGREEMENT

Concurrent with entering into the Master Lease, the Master Tenant has entered into the Franchise Documents, including the Franchise Agreement, pursuant to which a limited, non-exclusive license has been granted to the Master Tenant to operate the Hotel under the Brand.

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE FRANCHISE AGREEMENT. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF. EACH PROSPECTIVE INVESTOR IS STRONGLY ENCOURAGED TO REVIEW THE FRANCHISE DOCUMENTS IN THEIR ENTIRETY BEFORE INVESTING. NONE OF THE MARRIOTT PARTIES IS AN ISSUER OR UNDERWRITER OF THE SECURITIES BEING OFFERED IN THIS OFFERING, PLAYS (OR WILL PLAY) ANY ROLE IN THE OFFER OR SALE OF THE INTERESTS, OR HAS ANY RESPONSIBILITY FOR THE CREATION OR CONTENTS OF THIS OFFERING OR THE SUMMARY BELOW. IN ADDITION, NONE OF THE MARRIOTT PARTIES HAS OR WILL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER ARISING OUT OF OR RELATED TO THE SALE OR OFFER OF THE SECURITIES BEING OFFERED IN THIS OFFERING, INCLUDING ANY LIABILITY OR RESPONSIBILITY FOR ANY FINANCIAL STATEMENTS, PROJECTIONS, FORECASTS OR OTHER FINANCIAL INFORMATION OR OTHER INFORMATION CONTAINED IN THIS OFFERING OR OTHERWISE DISSEMINATED IN CONNECTION WITH THE OFFER OR SALE OF THE SECURITIES OFFERED BY THIS OFFERING. YOU MUST UNDERSTAND THAT, IF YOU PURCHASE SECURITIES IN THIS OFFERING, YOUR SOLE RECOURSE FOR ANY ALLEGED OR ACTUAL IMPROPRIETY RELATING TO THE OFFER AND SALE OF THE SECURITIES AND THE OPERATION OF THE TRUST'S BUSINESS WILL BE AGAINST THE TRUST AND IN NO EVENT MAY YOU SEEK TO IMPOSE LIABILITY ARISING FROM OR RELATED TO SUCH ACTIVITY, DIRECTLY OR INDIRECTLY, UPON ANY OF THE MARRIOTT PARTIES.

Because the Franchise Agreement restricts the Franchisee from disclosing the content of any "negotiated terms" of the Franchise Documents, including the Franchise Agreement, the summary set forth below only addresses the non-negotiated terms of the Franchise Agreement. If a prospective Investor wishes to obtain a copy of the Franchise Agreement, he, she or it may execute a Confidentiality Agreement, and submit the Confidentiality Agreement, along with the Investor Questionnaire & Purchase Agreement, to his, her or its investment representative. See "HOW TO PURCHASE" for additional information regarding the submission of the Confidentiality Agreement. A copy of the Franchise Agreement will be made available to Investors prior to an Investor's purchase of Interests, subject to the submission of a Confidentiality Agreement, as described above.

General; Defined Terms

Subject to the terms and conditions of the Franchise Agreement, the Franchisor will grant to the Master Tenant (in such capacity, the "**Franchisee**"), a limited, non-exclusive license to use the Proprietary Marks and the System to operate the Hotel as a System Hotel at the Approved Location under the terms of the Franchise Agreement. The Franchise Agreement will impose extensive obligations on the Franchisee as well as the Property Manager.

Capitalized terms referred to in this "SUMMARY OF THE FRANCHISE AGREEMENT" but not defined below or elsewhere in this Memorandum have the meanings given to them in the Franchise Agreement.

"**Approved Location**" means the site, including all land and easements used for the Hotel.

"**Hotel**" means: (i) the Approved Location; (ii) Hotel Improvements; and (iii) all FF&E, Fixed Asset Supplies, and Inventories at the Hotel Improvements.

"**Hotel Improvements**" means the building or buildings containing Guestrooms, Public Facilities, administrative facilities, parking, pools, landscaping, and all other improvements constructed or to be constructed or renovated at the Approved Location.

"**Guestroom**" means each rentable unit in the Hotel consisting of a room, studio, suite or suite of rooms used for overnight guest accommodation, the entrance to which is controlled by the same key; however, adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guestrooms.

“**Marks**” means: (i) any trademarks, trade names, trade dress, words, symbols, logos, slogans, designs, insignia, emblems, devices, service marks, and indicia of origin (including taglines, program names, and restaurant, spa or other outlet names); and (ii) any combinations of the above; in each case, whether registered or unregistered.

“**Proprietary Marks**” means any Marks, whether owned currently by Franchisor or any of its Affiliates or later developed or acquired, that are used or registered by Franchisor or one of its Affiliates, or by usage are associated with one or more System Hotels.

“**Public Facilities**” means the lobby areas, meeting rooms, convention or banquet facilities, restaurants, bars, lounges, corridors and other similar facilities at the Hotel.

“**System**” means the Standards, Intellectual Property, the Electronic Systems, the Loyalty Programs, the Marketing Fund Activities, Additional Marketing Programs, Marketing Materials, training programs, and other elements that Franchisor or its Affiliates have designated for System Hotels.

“**System Hotel**” means a hotel operated by Franchisor, an Affiliate of Franchisor, or a franchisee or licensee of Franchisor or its Affiliates under the trade name(s) identified in Item 1 of Exhibit A in any of the 50 States of the United States of America, the District of Columbia and Canada, and excludes any other Franchisor Product or other business operation.

Term

The Franchise Agreement became effective on March 3, 2026 (the “**Franchise Effective Date**”) and expires on the twentieth anniversary of the Conversion Date, which is April 15, 2026 (the “**Franchise Term**”), unless earlier terminated in accordance with the Franchise Agreement. The Franchise Agreement is not renewable.

Fees under the Franchise Agreement

Beginning on the Franchise Effective Date, the Franchisee will be required to pay to the Franchisor certain monthly fees that are usual and customary for hotels of this size and within a similarly situated geographic location.

The Franchisee will be required to timely pay all amounts due to the Franchisor or any of its affiliates for any invoices or for goods or services purchased by or provided to the Franchisee or paid by the Franchisor or any of its affiliates on the Franchisee’s behalf.

If Taxes are imposed on the Franchisor or any of its affiliates based on payments made by the Franchisee related to the Franchise Agreement, then the Franchisee will be required to reimburse the Franchisor or the affected affiliates for such Taxes to ensure that the amount the Franchisor or its affiliates retain, after paying such Taxes, equals the net amount of the payments the Franchisee is required to pay the Franchisor or its affiliates had such Gross Taxes not been imposed.

Franchisor’s Reserved Rights and Rights to Compete with the Hotel

With limited exceptions, the Franchise Agreement will not limit the Franchisor’s rights (or the rights of its affiliates) to own, license, or operate any other business of any nature, whether in the lodging or hospitality industry or not, and whether under a Competing Brand, or otherwise. The license granted to the Franchisee is expressly non-exclusive, and the Franchisee is not entitled to any territorial rights or exclusivity. The Franchisor and its affiliates expressly reserve the right to conduct development activities at any location other than the Approved Location, without notice to the Franchisee.

In addition, the Franchisor may permit other Franchisor Products to use components of the System, including through affiliation or marketing arrangements, and may modify the System and Standards at any time, including materially changing, adding, or deleting elements, and allocating the costs of such changes among System Hotels.

Competition Restrictions on Franchisee and its Affiliates and Property Manager

The Franchisee may not use any part of the Hotel or the System to divert business to, or promote, any other business at or outside of the Hotel without the Franchisor’s prior consent. In addition, the Franchisee must use reasonable efforts to promote System Hotels and refer unfulfilled reservation requests to other System Hotels in accordance with the Standards.

The Franchisee may not use any mark other than the Proprietary Marks in connection with the Hotel without prior approval, may not use the Proprietary Marks or Similar Marks in connection with any other business, including as part of a corporate or legal name, and may not register or attempt to register any Proprietary Mark or Similar Mark.

The Hotel may only be operated by a management company consented to by the Franchisor. If the management company becomes the principal operator for a Competitor, or if there is a change of Control or other material adverse change affecting the management company, the Franchisor may require the Franchisee to terminate the management agreement and retain a replacement acceptable to the Franchisor.

Except as permitted in the Standards, Franchisee will not, without Franchisor's prior approval: (i) knowingly permit gambling to take place at the Hotel or use the Hotel for any casino, lottery, or other type of gaming activities, or directly or indirectly associate with any gaming activity; (ii) knowingly permit adult entertainment activities at the Hotel; or (iii) sell, display or use in the Hotel any vending machines, honor bars, video or other entertainment devices or similar products. Franchisee will not take any action that may result in the establishment of a landlord/tenant relationship with any Hotel guest under Applicable Law or that may cause Franchisor or any of its Affiliates to become a real estate agent or broker under Applicable Law.

Hotel Work; Other Renovations and Changes

The Hotel will have the agreed number of Guestrooms or such other number approved by Franchisor. Franchisee may expand the Hotel or build additional Guestrooms in compliance with this Franchise Agreement only with Franchisor's prior written approval. If additional Guestrooms are approved, Franchisee will pay an expansion fee under the terms of the Franchise Agreement.

The Franchisee is required to timely commence and complete the initial construction or renovation of the Hotel required in connection with the change of ownership and conversion of the Hotel under the Franchise Agreement (the "**Initial Work**") and all required periodic renovations of Guestrooms and Public Facilities required under Franchisor's periodic renovation cycle (each, a "**Periodic Renovation**" and, together with the Initial Work, the "**PIP Work**") to the Franchisor's satisfaction and in accordance with the Standards, the terms of the Franchise Agreement, and the Design Process. The Franchisor may also require upgrades to other portions of the Hotel when FF&E is replaced to ensure conformity with Standards applicable to similarly situated System Hotels.

For the Initial Work, and as needed for Periodic Renovations, Franchisee will retain a qualified registered architect, engineer and interior designer, and based on the nature of the project, Franchisor may require that Franchisee retain other specialty consultants. Franchisee will provide Franchisor the name, address and relevant work experience on similar projects for any such Person that Franchisee proposes to retain, and Franchisor will have 30 days after receipt of such information to notify Franchisee of its election to consent or withhold its consent. Franchisor's election to consent or withhold its consent will be based on prior experiences with such Person and such Person's reputation and experience on similar projects. Franchisor may charge its then-current fee for reviewing any interior designer that is not included on Franchisor's list of recommended interior designers for the Hotel, if any. If Franchisor does not respond to Franchisee within 30 days after Franchisor's receipt of such information, then Franchisee may retain such Person. Neither Franchisor's failure to respond nor Franchisor's consent to the use of such Person will be deemed an endorsement or recommendation by Franchisor. Franchisor is not liable for the unsatisfactory performance of any Person retained by Franchisee.

For the Initial Work and Periodic Renovations, Franchisee will adapt the Design Criteria to the Hotel and Applicable Law, including Accessibility Requirements. For the Initial Work, and if Franchisor requests for any Periodic Renovations, Franchisee will prepare and submit Plans electronically in the phases and with the detail required by the Standards. The Plans will not deviate from the Design Criteria unless previously approved by Franchisor, and any such deviations will be clearly designated in a separate document delivered along with the Plans.

Franchisor will promptly review the Plans only for compliance with the Design Criteria and any applicable property improvement plan, and in the case of the Initial Work, to confirm that the number, configuration and location of Guestrooms and the size, configuration and location of Public Facilities are as previously approved by Franchisor. If Franchisor determines that the Plans do not satisfy such requirements, Franchisor may require changes and Franchisee will deliver revised Plans incorporating such changes. If Franchisor determines that the Plans are incomplete, Franchisor may defer its review of the Plans until it receives complete Plans. Franchisee will not begin the Initial Work or any Periodic Renovation requiring submission of Plans until Franchisor confirms in writing that such Plans comply with such requirements. On receipt of Franchisor's confirmation, Franchisee will promptly submit the final Plans electronically. Once finalized, the Plans will not be changed without Franchisor's prior consent. Franchisee will ensure that the renovation of the Hotel is completed in accordance with the Plans.

The Franchisee is solely responsible for ensuring that the Plans and construction comply with Applicable Law, including Accessibility Requirements, and the Franchisor has no liability for construction means, methods or techniques.

In addition, the Franchisee must maintain the Hotel in good repair and first-class condition in conformity with Applicable Law, the Standards and the Franchise Agreement (Section 4.5). Franchisee will not make any material alterations to the Hotel without Franchisor's prior consent, unless such alterations are required by Applicable Law or for the continued safe and orderly operation of the Hotel.

Property Manager and Management Agreement

The Hotel will be operated only by the Person consented to by Franchisor in a Management Company Acknowledgment. Franchisor may withhold its consent to any proposed management company that: (i) Franchisor determines (a) is not financially capable or (b) does not have the managerial skills or operational capacity required to operate the Hotel in accordance with the Standards and this Franchise Agreement; (ii) does not provide Franchisor with all information and access that Franchisor reasonably requests; or (iii) is not a Qualified Person. Franchisor has the right to review any management agreement between Franchisee and its proposed management company. In the event of any conflict between this Franchise Agreement and any agreement with the Management Company, this Franchise Agreement will control. Franchisee will at all times be responsible for complying with the obligations of this Franchise Agreement even though Franchisee may retain a Management Company.

The Franchisor may condition its consent to a management company on such requirements as it deems appropriate, including participation in designated programs and execution of related documentation, and may require amendments to the Franchise Agreement in connection with a change in management (Section 8.1.B). The Franchisor's consent may be withdrawn if the management company ceases to satisfy the applicable requirements.

If the management company undergoes a change of Control, is no longer a Qualified Person, becomes the principal operator for a Competitor, or experiences a material adverse change in its financial condition or operational capacity, the Franchisee must promptly notify the Franchisor. Based on such changed circumstances, the Franchisor may require the Franchisee to terminate the existing management agreement and retain a replacement management company acceptable to the Franchisor.

The Franchise Agreement requires that Franchisee represents and warrants that (i) the Trust is the sole owner of the Hotel, (ii) the Hotel is leased to Franchisee under a lease between Franchisee and Owner and (iii) Franchisee has all rights and authority relating to the Hotel for the performance of Franchisee's obligations under this Franchise Agreement. If the lease provides for the Trust to perform any of Franchisee's obligations under this Franchise Agreement, Franchisee will cause the Trust to perform such obligations as required under this Franchise Agreement. The existence of the lease and its terms that require the Trust to perform Franchisee's obligations are not an assignment of such obligations to the Trust and do not relieve Franchisee of any obligation under this Franchise Agreement. The lease will not limit or restrict Franchisor's rights or remedies under this Franchise Agreement in any way.

Covenants, Representations and Warranties, Indemnities, and General Release

The Franchise Agreement will contain covenants, representations and warranties, indemnities, and a general release on the part of Franchisee that are customarily found in franchise agreements from major hotel brands. In particular, the Franchise Agreement will impose extensive, comprehensive operating covenants and restrictions on the Franchisee, many of which will impose material costs on the Franchisee, as set forth in the Franchise Agreement.

Insurance

The Franchisee will be required to maintain insurance of the types and in the minimum amounts the Franchisor specifies in the Standards, with insurers having the minimum ratings the Franchisor specifies, naming as additional insureds the parties the Franchisor specifies in the Standards, and carrying the endorsements and notice requirements the Franchisor specifies in the Standards.

Reports and Operating Information

The Franchisee will be required to provide, on a monthly, quarterly, and annual basis and as otherwise requested by the Franchisor, certain reports and operating information to the Franchisor as set forth in the Franchise Agreement and as otherwise required by the Franchisor.

Transfers

Franchisee agrees that its rights and duties in this Franchise Agreement are personal to Franchisee and that Franchisor entered into this Franchise Agreement in reliance on the business skill, financial capacity and character of Franchisee and its Affiliates and their principals. Accordingly, any Transfer of the Hotel, or of any Ownership Interest in Franchisee, a Control Affiliate, or the Hotel, may be made only in accordance with the Franchise Agreement. The Franchise Agreement may not be Transferred without Franchisor's prior consent.

Certain limited Transfers of Passive Investor Interests may occur without notice or consent, provided they do not result in a change of Control, including a Transfer of limited partnership interests in an investment fund formed by a sponsoring company in the business of raising capital for investment purposes.

Transfers of the Hotel or a Controlling Ownership Interest in Franchisee, a Control Affiliate or the Hotel may be made only with at least 45 days' advance notice to Franchisor and Franchisor's prior consent. Franchisor's consent to Transfer will be subject to satisfaction of the following conditions:

1. Franchisee provides Franchisor the identity of all parties and their Interest holders, a copy of the purchase agreement, the organizational documents of the transferee and its Interest holders, together with all other information reasonably requested by Franchisor;

2. payment by Franchisee of the then-current non-refundable property improvement plan fee (including any fees related to an extension thereof), and payment of the then-current application fee for System Hotels to Franchisor by the transferee with its submission of the application. If Franchisor does not consent to the Transfer, Franchisor will refund the application fee, less $10,000;

3. transferee and any new Interest holder is a Qualified Person;

4. retention of a management company consented to by Franchisor if Franchisor determines in its sole discretion that the transferee is not qualified to operate the Hotel;

5. execution by the transferee of the then-current form of franchise and related agreements. The new franchise agreement will contain the standard terms for new franchise System Hotels as of the date of the Transfer, including the then-current fees and charges, except that Franchisor may require that the duration be shortened to the remaining Term. The new franchise agreement will also include a property improvement plan requiring the transferee to address any renovations necessary to comply with the Standards;

6. payment of all amounts due Franchisor and execution of a general release of all claims against Franchisor and its Affiliates; and

7. payment of Franchisor's outside counsel costs related to the Transfer.

Special provisions apply to proposed Transfers to a Competitor, under which the Franchisor may elect to declare a default and pursue termination or consent on terms determined in its sole discretion. Transfers to a Restricted Person, or to a Person funded by a Restricted Person, are prohibited and constitute a default.

Default and Termination

The Franchise Agreement lists certain defaults that allow the Franchisor to immediately terminate the Franchise Agreement upon notice and without the opportunity to cure the default, and certain defaults that allow the Franchisor to terminate the Franchise Agreement after written notice and the expiration of the applicable cure period.

Damages and Other Remedies

If the Franchise Agreement is terminated due to Franchisee default, the Franchisee is obligated to pay liquidated damages intended to compensate the Franchisor for lost Franchise Fees, Program Services Contributions, and related harms (Section 19.4). If termination occurs on or before the 5th anniversary of the Conversion Date (or relates to a default arising on or before that date), liquidated damages equal the Average Monthly Fees multiplied by 72. If termination occurs after the 5th anniversary, liquidated damages equal the Average Monthly Fees multiplied by the lesser of 36 or the number of months remaining in the Term.

In certain circumstances the Franchisor may elect to seek actual damages in lieu of liquidated damages.

The Franchisor may also pursue additional remedies available under Applicable Law, including equitable relief, and the Franchisee is required to reimburse the Franchisor's outside counsel costs incurred in connection with defaults. Upon termination, the Franchisee must pay all outstanding amounts owed, as well as costs associated with removal of the Hotel from the System and related termination expenses.

Additionally, the Franchisee does not have the right to terminate the Franchise Agreement and is obligated to operate the Hotel as a System Hotel for the entire term of the Franchise Agreement.

Casualty and Condemnation

Franchisee will promptly notify Franchisor if it receives notice of any proposed taking of any portion of the Hotel by eminent domain, condemnation, compulsory acquisition or similar proceeding by any governmental authority. If the condemnation award is sufficient to restore the Hotel to meet the Standards, Franchisee will cause the Hotel to be promptly restored and reopened within a reasonable time.

If the Hotel is damaged by any casualty and the cost to restore the Hotel to the same condition as existed previously is less than 60% of the Hotel's replacement cost at the time of the casualty, Franchisee will cause the Hotel to be promptly renovated and reopened within a reasonable time. If the Hotel is damaged by any casualty and the cost to restore the Hotel to the same condition as existed previously is 60% or more of the Hotel's replacement cost at the time of the casualty, Franchisee will have 180 days after the date of the casualty to elect whether it will restore the Hotel to its previous condition or terminate the Franchise Agreement. If Franchisee elects to restore the Hotel, the Hotel will be promptly renovated and reopened within a reasonable time under Section 4. If Franchisee elects to terminate the Franchise Agreement, Franchisor and Franchisee will execute a termination agreement and release on Franchisor's then-current form and Franchisee will comply with the post-termination obligations in the Franchise Agreement.

THIS OFFERING CONTEMPLATES A FRANCHISE RELATIONSHIP PURSUANT TO A FRANCHISE AGREEMENT WITH MIF, L.L.C., AN AFFILIATE OF MARRIOTT INTERNATIONAL, INC. THE PROPRIETARY MARKS AND SYSTEM TO BE USED IN CONNECTION WITH THE HOTEL ARE OWNED OR CONTROLLED BY MARRIOTT INTERNATIONAL, INC. AND ITS AFFILIATES. NONE OF MARRIOTT INTERNATIONAL, INC., MIF, L.L.C., OR ANY OF THEIR RESPECTIVE PARENTS, SUBSIDIARIES OR AFFILIATES, NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, MANAGERS, STOCKHOLDERS, OWNERS, AGENTS OR EMPLOYEES (COLLECTIVELY, THE "MARRIOTT PARTIES"), IS AN ISSUER OR UNDERWRITER OF THE SECURITIES BEING OFFERED PURSUANT TO THIS

OFFERING, PLAYS (OR WILL PLAY) ANY ROLE IN THE OFFER OR SALE OF THE INTERESTS, OR HAS ANY RESPONSIBILITY FOR THE PREPARATION, ACCURACY OR CONTENTS OF THIS OFFERING.

NONE OF THE MARRIOTT PARTIES HAS MADE OR WILL MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THIS OFFERING, THE TRUST, THE HOTEL, OR THE PROJECTED FINANCIAL PERFORMANCE OF THE HOTEL OR THE TRUST, AND NONE OF THE MARRIOTT PARTIES HAS ANY LIABILITY OR RESPONSIBILITY WHATSOEVER ARISING OUT OF OR RELATED TO THE OFFER OR SALE OF THE SECURITIES BEING OFFERED HEREBY, INCLUDING ANY LIABILITY OR RESPONSIBILITY FOR ANY FINANCIAL STATEMENTS, PROJECTIONS, FORECASTS OR OTHER FINANCIAL OR OPERATIONAL INFORMATION CONTAINED IN THIS OFFERING OR OTHERWISE PROVIDED IN CONNECTION WITH THE OFFERING.

IF YOU PURCHASE SECURITIES IN THIS OFFERING, YOUR SOLE RECOURSE FOR ANY ALLEGED OR ACTUAL IMPROPRIETY RELATING TO THE OFFER AND SALE OF THE SECURITIES OR THE OPERATION OF THE TRUST'S BUSINESS WILL BE AGAINST THE TRUST AND ITS SPONSOR OR OTHER RESPONSIBLE PARTIES, AND IN NO EVENT MAY YOU SEEK TO IMPOSE LIABILITY, DIRECTLY OR INDIRECTLY, UPON ANY OF THE MARRIOTT PARTIES ARISING FROM OR RELATED TO SUCH ACTIVITIES.

LOCAL AREA AND MARKET ANALYSIS

The market information on the following pages is excerpted from the Appraisal, which was obtained by the Sponsor from Integra Realty Resources – Miami/Caribbean (the "**Appraiser**"), a nationally recognized third-party appraisal firm, a copy of which is available in the Investor Data Room. The Appraisal was compiled using data and information obtained from various third-party services. The Appraisal, the data used to compile it, and the results that it predicts are by definition somewhat subjective and may be subject to various interpretations. Based upon the foregoing, this information may not accurately reflect or predict all information relevant to the market area or the Property. Moreover, the Appraiser has not authorized the Trust or the Sponsor to rely on the Appraisal and has expressly disclaimed any reliance thereon by parties for whom the Appraisal was not expressly prepared. **Neither the Trust nor the Sponsor has independently verified any of the data included in the Appraisal.** This "LOCAL AREA AND MARKET ANALYSIS" section represents a summary of certain relevant portions of the Appraisal, which the Trust has revised to eliminate typographical errors, to eliminate duplicative language and to conform to the definitions contained in this Memorandum. References to "we" in this section relates to the Appraiser. References to the "subject" refers to the "Property".

Surrounding Area Analysis

Surrounding Area Analysis

The subject is located in the town of Weston, in western Broward County, Florida. This area is part of the Weston / Western Broward submarket. Adjacent communities include Parkland and Coral Springs to the north, Sunrise and Davie to the east, Pembroke Pines to the south, and Southwest Ranches to the west.

The surrounding area is characterized by a mix of planned residential communities, corporate office parks, light industrial uses, and neighborhood-oriented commercial development. The area benefits from convenient access to major transportation corridors, including Interstate 75 and Interstate 595, providing regional connectivity to Fort Lauderdale, Miami, and Palm Beach County. Demand generators in the area primarily consist of corporate offices, healthcare facilities, and regional retail centers, supporting steady business and transient hotel demand.

Access and Linkages

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table:

Access & Linkages	
Vehicular Access	
Major Highways	Interstate 75 (I-75); connections nearby to I-595 and Sawgrass Expressway
Primary Corridors	N. Commerce Parkway (site frontage) and Weston Road
Vehicular Access Rating	Good
Public Transit	
Providers	Broward County Transit (BCT)
Nearest Stop/Station	Local bus stops on nearby major roads
Transit Access Rating	Average
Airport(s)	
Name	Fort Lauderdale-Hollywood International Airport (FLL)
Distance	18 miles
Driving Time	25 min
Primary Transportation Mode	Automobile

The subject benefits from the average daily traffic counts. Furthermore, the Central Business District (CBD), the economic and cultural center of the region, is approximately 16 miles from the property.

Demand Generators

The typical generators of demand affecting the subject property and its market are discussed and analyzed below.

Employment and Employment Centers

The subject area is influenced primarily by the corporate office, healthcare, and light industrial industries. Major employers in the area include Cleveland Clinic Florida (Weston), Citrix Systems, UKG (Ultimate Kronos Group), and numerous regional corporate offices and business parks located throughout Weston, Sunrise, and Davie. These employment centers are generally located within approximately 1 to 10 miles of the property and represent significant concentrations of professional, healthcare, and technology-related employment.

In addition to its strong local employment base, the area benefits from convenient access to the Fort Lauderdale CBD and the Sawgrass / Sunrise business corridor, all within approximately 20 to 30 minutes' driving time. Access to employment centers in these submarkets is a major demand driver for hotel occupancy, particularly for business travelers, consultants, and corporate visitors.

Nearby residential communities, such as Weston and Pembroke Pines, located roughly 3 to 8 miles from the property, provide a reliable source of skilled workers, technical personnel, middle management, and executive-level employees.

Nearby Retail Uses

The nearest shopping facilities serving the area include Weston Town Center, Weston Commons, and retail nodes along Weston Road and Bonaventure Boulevard. These are located within approximately 1 to 3 miles of the property and provide neighborhood and community retail services, including grocery stores, pharmacies, banking, and personal services.

The closest regional mall is Sawgrass Mills Mall, located approximately 6 to 7 miles east of the property. Sawgrass Mills is one of the largest outlet and retail destinations in South Florida and serves as a significant regional draw.

Restaurants, primarily located along major arterials such as Weston Road, Bonaventure Boulevard, and State Road 84, are within approximately a 5- to 10-minute travel time of the property.

Development Activity and Trends

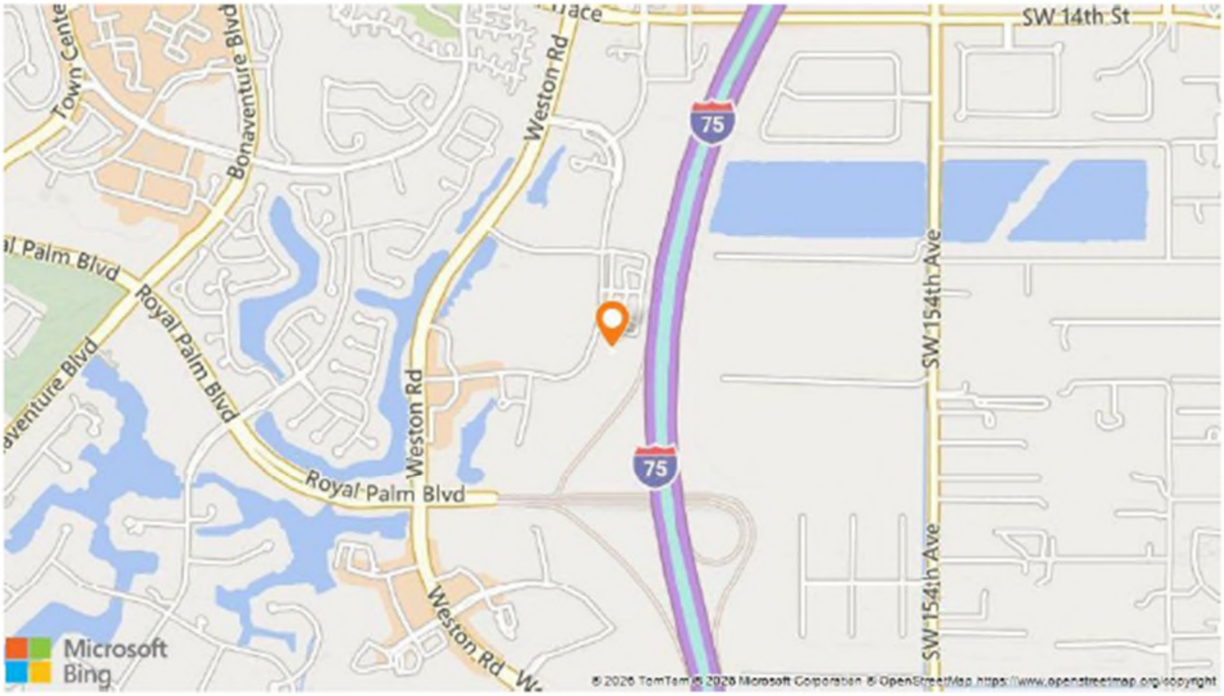
The subject area has experienced moderate to active development in recent years, driven by the growth of corporate offices, healthcare facilities, and residential communities. Renovations and new construction have focused on improving both commercial and hospitality properties, reflecting demand from business and transient visitors.

Recent trends include:

- Hotel Renovations and Repositioning: Properties such as the subject and competing select-service hotels have undergone renovations to remain competitive, increase occupancy, and support higher ADR.
- Commercial Development: Office parks and corporate campuses in the surrounding area continue to expand, providing a stable base of business travelers for the hotel market.
- Residential Growth: Suburban communities such as Weston, Pembroke Pines, and Davie have seen continued residential development, supporting local retail, service, and employment demand.
- Retail and Service Expansion: Neighborhood and community retail centers have been developed or expanded along major arterials, improving convenience for both residents and visitors.

Overall, development activity in the subject area supports a stable and growing demand base for hospitality services, particularly for business travelers and visitors to the surrounding employment centers. Continued residential and commercial growth is expected to sustain the local lodging market in the near term.

Surrounding Area Map



Lodging Market Analysis

Market Trends

Recent performance for the metro area and all submarkets is presented in the following table. The subject's submarket commands higher RevPAR than the overall market, with trailing-12 month RevPAR growth below that of the market.

Submarket Performance

	Occupancy						Average Daily Rate						RevPAR					
Submarket	2025	2024	Change	2024	2023	Change	2025	2024	Change	2024	2023	Change	2025	2024	Change	2024	2023	Change
Fort Lauderdale, FL	70.6%	71.8%	-1.8%	71.8%	72.1%	-0.3%	$180.95	$182.43	-0.8%	$182.43	$185.06	-1.4%	$127.72	$131.05	-2.6%	$131.05	$133.35	-1.7%
Coral Springs/Pompano Beach	65.2%	68.2%	-4.4%	68.2%	70.2%	-2.9%	$145.43	$146.84	-1.0%	$146.84	$150.41	-2.4%	$94.83	$100.11	-5.3%	$100.11	$105.64	-5.2%
Fort Lauderdale/Beach	67.8%	69.4%	-2.3%	69.4%	69.5%	-0.1%	$247.18	$236.43	4.6%	$236.43	$240.60	-1.7%	$167.66	$164.10	2.2%	$164.10	$167.22	-1.9%
Hollywood/Airport	72.1%	73.1%	-1.4%	73.1%	73.7%	-0.7%	$167.28	$169.99	-1.6%	$169.99	$171.93	-1.1%	$120.67	$124.32	-2.9%	$124.32	$126.64	-1.8%
West Broward/Plantation	77.3%	76.4%	1.2%	76.4%	74.8%	2.1%	$152.07	$168.50	-9.8%	$168.50	$170.54	-1.2%	$117.56	$128.69	-8.7%	$128.69	$127.51	0.9%

Note: Data updated as of 12/31/2025. Future months/years are estimates.

Source: CoStar

Market Supply

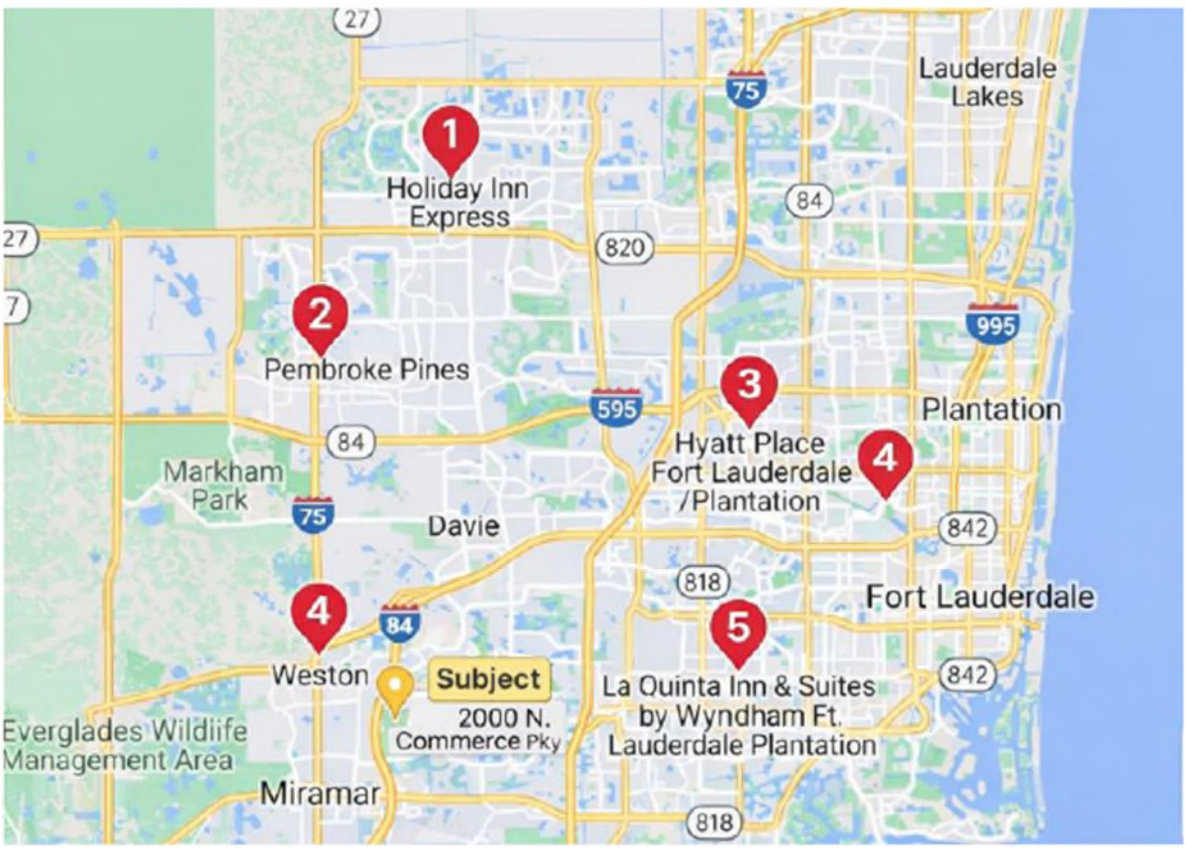
We have analyzed hotels in the subject neighborhood that are considered to compete directly with the subject. The following details the properties. Integra Realty Resources – Miami / Caribbean has contacted the manager of each hotel. Each was interviewed and asked to provide ADR, occupancy and business segmentation. It is noted that not all information for each property was provided by the general manager.

Existing Market Area Supply

#	Name	Open Date	Rooms	% of Market
Subject	Courtyard Fort Lauderdale Weston	Feb 2002	176	21.1%
1	Holiday Inn Express & Suites Pembroke Pines-Sheridan Street	Oct 2008	110	13.2%
2	Hampton Inn Ft. Lauderdale-West/Pembroke Pines	Dec 1998	123	14.8%
3	Hyatt Place Fort Lauderdale/Plantation	Dec 1997	126	15.1%
4	Hampton Inn Weston Ft. Lauderdale	Oct 2001	127	15.2%
5	La Quinta Inn & Suites by Wyndham Ft. Lauderdale Plantation	Dec 1998	131	15.7%
	Composite Property*		40	4.8%
	Total		**833**	**100.0%**

*Aggregated performance data sourced from CoStar includes a composite property whose room count comprises approximately 5% of the competitive set's total room inventory. Since the additional rooms are reflected in supply, demand, and revenue figures, we have included the additional rooms in our analysis.

Source: CoStar



Lodging Fundamentals

Physical ranking of the competitive set is a methodology developed by Integra Realty Resources to array the competitive set in a subjective physical ranking. Certainly management and marketing efforts can result in increased or diminished performance for individual competitors. However, all things being equal, assuming competent management, our ranking scale should array the competitive set within a reasonable fill pattern. The following chart compares the scoring for various components by comparison.

The Property Affiliation rating is based on the J.D. Power and Associates North American Hotel Guest Satisfaction Index Study.

Lodging Fundamentals Scorecard

#	Name	Property Affliation	Age / Condition / Amenities	Access / Exposure	Support Services & Demand Generators	Total
	Maximum Score	15	10	10	15	50
Subject	Courtyard Fort Lauderdale Weston	14	8	8	13	43
1	Holiday Inn Express & Suites Pembroke Pines-Sheridan Street	12	6	7	11	36
2	Hampton Inn Ft. Lauderdale-West/Pembroke Pines	13	6	7	11	37
3	Hyatt Place Fort Lauderdale/Plantation	13	7	8	13	41
4	Hampton Inn Weston Ft. Lauderdale	13	7	8	13	41
5	La Quinta Inn & Suites by Wyndham Ft. Lauderdale Plantation	10	5	7	10	32
Average Score Existing						38.33
Average Score Total						38.33

The qualitative analysis shows that the Courtyard scored the highest, receiving a 43 out of a possible 50. The average score of the hotels is 38.33.

Competitive Set Rates & Segmentation

The subject room mix historically has been a mix of corporate, leisure and group. The subject is a highly driven corporate market, mirroring the performance of the market. The submarket benefits from a diverse base of corporate, medical, sports and leisure demand. Cleveland Clinic Florida serves as the hotel’s primary demand generator, complemented by Sawgrass Mills, one of the nation’s largest outlet malls; Amerant Bank Arena, home of the Florida Panthers; and the headquarters of Ultimate Kronos Group, a global HR technology company.

Performance of the Competitive Market

The following table details the historic room nights available, room nights sold, ADR and RevPAR for the area.

Historical Performance of Existing Market Supply										
Year	RNA	Change	RNS	Change	Occupancy	Change	ADR	Change	RevPar	Change
Annual Comparison										
2020	299,402	-	144,989	-	48.4%	-	$107.91	-	$52.23	-
2021	303,529	1.4%	219,313	51.3%	72.3%	49.4%	$108.61	0.6%	$78.53	50.3%
2022	303,497	0.0%	213,647	-2.6%	70.4%	-2.6%	$138.21	27.3%	$97.30	23.9%
2023	303,213	-0.1%	222,920	4.3%	73.5%	4.4%	$131.51	-4.8%	$96.66	-0.7%
2024	303,914	0.2%	238,893	7.2%	78.6%	6.9%	$129.07	-1.9%	$101.45	5.0%
2025	303,914	0.0%	233,898	-2.1%	77.0%	-2.0%	$129.34	0.2%	$99.59	-1.8%
December Y-T-D Comparison										
2020	299,402	-	144,989	-	48.4%	-	$107.91	-	$52.23	-
2021	303,529	1.4%	219,314	51.3%	72.3%	49.4%	$108.61	0.6%	$78.53	50.3%
2022	303,497	0.0%	213,647	-2.6%	70.4%	-2.6%	$138.21	27.3%	$97.30	23.9%
2023	303,213	-0.1%	222,919	4.3%	73.5%	4.4%	$131.51	-4.8%	$96.66	-0.7%
2024	303,914	0.2%	238,893	7.2%	78.6%	6.9%	$129.07	-1.9%	$101.45	5.0%
2025	303,914	0.0%	233,896	-2.1%	77.0%	-2.0%	$129.34	0.2%	$99.59	-1.8%

Source: CoStar; compiled by Integra Realty Resources, Inc.

The historical performance of the existing market supply shows a clear pandemic-driven disruption followed by a steady recovery and recent stabilization. After a sharp decline in 2020, with occupancy falling to 48.4% and RevPAR dropping to $52.23, the market rebounded strongly in 2021 and 2022 as demand returned, pushing occupancy into the low 70% range and RevPAR close to pre-pandemic levels. Performance improved more in 2023, when occupancy reached approximately 73.5% and RevPAR rose to about $96.66, supported by solid demand growth and ADR gains. In 2024, growth moderated, with occupancy increasing to 78.6% but ADR experiencing slight softening, signaling normalization after the rebound phase. By 2025, both annual and December year-to-date results indicate largely flat performance, with stable room supply, modest demand, and minimal rate growth, suggesting the market has entered a more balanced, mature phase characterized by slower growth and normalized operating conditions.

Segmentation of Demand

Demand for hotel accommodations among the competitive hotels is comprised of the following market segments:

Corporate demand is generated by the office, businesses, and commercial activity in the nearby area. This form of demand exhibits Monday to Thursday demand patterns and generally peaks on Tuesday and Wednesday nights.

Group demand is generated by corporate, commercial, or association groups that either meet at the individual competitive hotels, or meet at company offices. While the length of stay varies depending on the type of group, it is typically two or three nights and can sometimes include a weekend night. Group demand in the subject market area consists of training, corporate meetings, social, military, educational, retired and fraternal (SMERF) business, etc.

Leisure demand occurs primarily on weekends and is comprised of individual travelers, families and social groups. In the summer transient demand also occurs during the week but is still strongest on the weekends.

Demand Analysis

Demand for hotels in any given area is measured by occupancy percentages and average daily rates. Although these statistics vary between properties due to age, condition, location, franchise affiliation, marketing efforts and seasonality of the market area, a review of area occupancy levels and ADR is useful in determining the market potential for a property.

Demand Generation

The subject property located at 2000 N. Commerce Parkway in Weston, Florida benefits from a diverse and stable mix of corporate, transient, and limited leisure demand drivers, positioning it well within the western Broward County lodging market. The site is immediately adjacent to the Weston and Sunrise corporate office corridor, which includes regional and national headquarters, financial services firms, healthcare companies, and professional services users that generate consistent weekday corporate demand. The property also has excellent interstate accessibility, with direct proximity to Interstate 75, providing efficient north–south connectivity throughout South Florida and convenient access to Miami-Dade and Palm Beach counties. While the property is not directly reliant on airport demand, Fort Lauderdale–Hollywood International Airport is approximately 25–30 minutes east, supporting some transient business and overflow demand, particularly for extended-stay or cost-conscious travelers. Leisure and group demand is supplemented by nearby Markham Park, regional sports facilities, and youth athletic tournaments, as well as proximity to retail and dining nodes in Weston and Plantation. Although the property is not oriented toward convention or downtown tourism demand, the strength of surrounding office parks, limited new hotel supply in Weston, and ease of regional access create a durable, business-driven demand base with lower volatility than coastal or convention-dependent submarkets.

ACQUISITION AND FINANCING OF THE PROPERTY

Acquisition

The Trust acquired the Property on April 15, 2026, for an aggregate purchase price of $35,500,000. The purchase price consists of (i) the purchase price paid by the Trust to the seller of the Property in the amount of $35,000,000 pursuant to the Purchase and Sale Agreement for the Property dated January 22, 2026 (as amended from time to time, the "**Purchase Agreement**"), and (ii) the $500,000 fee required to be paid by seller to the Franchisor in connection with the termination of the Property's pre-acquisition management agreement with Franchisor or its affiliate, and credited to seller pursuant to the Purchase Agreement (the "**Termination Fee**"). The Trust funded the acquisition of the Property with cash, a portion of which came from a bridge loan provided by First American Bank, an Illinois banking corporation (the "**Bridge Lender**"), to the Contributor (the "**Bridge Loan**"), which contributed the proceeds from the Bridge Loan as equity to the Trust (the "**Contributor Bridge Capital**"). The Trust also funded the acquisition of the Property with the equity from the purchase of Interests by the Initial Investor.

The Sponsor, Driftwood Capital Holdings, LP, a Delaware limited partnership, Driftwood Acquisition & Development L.P., a Delaware limited partnership, and Driftwood Acquisitions Partners, LP, a Delaware limited partnership (collectively, the "**Bridge Guarantors**") entered into guaranties for the benefit of the Bridge Lender in connection with the Bridge Loan. The Sponsor is required to pay off the Bridge Loan out of the net proceeds of the Offering as Investors purchase the Interests and the Contributor's capital contribution is returned. Security for the Bridge Loan consists of security agreements pursuant to which each of the Bridge Guarantors grants a continuing security interest in and general lien upon and right of set off against, all right, title and interest of the assets of Contributor and each respective Bridge Guarantor. No Investor will be allocated a portion of the liability for the Bridge Loan in connection with its purchase of an Interest.

Financing

The Trust obtained a mortgage loan from Fifth Third Bank, National Association (the "**Lender**") for a commitment amount of $19,250,000, of which $17,750,000 has been disbursed as of the date of this Memorandum and an additional $1,500,000 of funding is available to finance the future cyclical renovation of the Property required pursuant to the Franchise Agreement and PIP (each as defined below) (the "**Loan**"). The Loan has a term of 5 years, plus one, 24-month extension, subject to the satisfaction of certain conditions described herein and the payment of an extension fee in the amount equal to 0.20% of the amount of unpaid principal balance of the Loan as of the date of the maturity of the Loan. The Trust is required to make monthly payments of interest only to the Lender during the term of the Loan, plus monthly principal payments based on a 25 year amortization schedule commencing in May 2029. The interest rate is variable and is calculated as 1-month Term SOFR (the "**Index**") + 225 basis points (2.25%) (the "**Spread**"), provided that the Index is subject to a floor of 0.00% for purposes of the calculation. Pursuant to the Loan Agreement, the Trust is required to maintain an interest rate swap or other rate management agreement acceptable to the Lender with respect to the Loan. Accordingly, the Trust entered into an interest rate swap agreement with the Lender to fix the Index at 3.66% during the initial term of the Loan at the notional amount of $17,750,000 decreasing in accordance with the Loan's amortization schedule. The Trust is not required to enter into a rate management agreement with respect to any additional future funding disbursement made during the initial Loan term. The Trust must enter into a rate management agreement acceptable to the Lender as a condition to exercise its 24-month extension option. Accordingly, although the stated interest rate on the Loan is variable, the Trust's interest rate exposure may be limited or effectively fixed, in whole or in part, pursuant to such rate management agreement. The Loan is the separate obligation of the Trust. For purposes of determining liabilities assumed with respect to the Property in connection with an Investor's Section 1031 Exchange (as defined herein), each Investor will be allocated a pro rata percentage of the Loan (equal to approximately $74,034 per $100,000 Interest).

The Trust obtained the Loan from the Lender and the Loan is evidenced by a loan agreement (the "**Loan Agreement**") and a promissory note (the "**Note**") and secured by, *inter alia*, a deed of trust on the Property (the "**Mortgage**") and an assignment of the leases and the rents thereunder (the "**Assignment**"). The Loan Agreement, the Note, the Mortgage, the Assignment and all other documents related to the Loan are collectively referred to herein as the "**Loan Documents**," copies of which are available in the Investor Data Room.

The Loan Documents with respect to the Loan contain similar terms and are described together in this Memorandum. Investors should note, however, that the Loan Documents with respect to the Loan are entirely separate and distinct agreements and Investors should review each of the Loan Documents in their entirety before making a decision to purchase the Interests.

The Loan is secured by, *inter alia*, the Assignment and Mortgage. The Trust is responsible for repayment of the Loan. The Loan will be non-recourse to the Investors. Accordingly, the Investors have no personal liability in connection with the Loan. However, upon an uncured event of default under the Loan, the Lender will have the right to foreclose on the Property. If this were to occur, the Investors would be likely to lose all or a portion of their investment in the Trust.

SUMMARY OF THE TRUST AGREEMENT

The Trust is governed by the Trust Agreement, a copy of which is attached as Exhibit B to this Memorandum.

EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE ENTIRE TRUST AGREEMENT, A COPY OF WHICH IS ATTACHED AS EXHIBIT B TO THIS MEMORANDUM. THE SUMMARY BELOW IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE TRUST AGREEMENT. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT THEREOF.

Purpose of the Trust

The purposes of the Trust are: (1) to acquire and own the Property and any related personal property; (2) to enter into and comply with the terms of the Transaction Documents; (3) to conserve, protect, manage and dispose of the Property; and (4) take those actions that the Trustees determine are necessary or advisable to carry out such purposes.

The Trust

The Signatory Trustee of the Trust is Driftwood HI Signatory I, LLC, a Delaware limited liability company and an affiliate of the Sponsor, and the Delaware Trustee of the Trust is The Corporation Trust Company, a Delaware corporation. As of the date of this Memorandum, the beneficiaries of the Trust are the Contributor with respect to 79.7% of the beneficial interests and the Initial Investor with respect to 20.3% of the beneficial interests.

The term "**Transaction Documents**" is defined in the Trust Agreement as the Trust Agreement, the Loan Documents, and the Master Lease. The term "**Trust Property**" is defined in the Trust Agreement as all right, title and interest of the Trust in and to any property owned by the Trust, or by the Signatory Trustee on behalf of the Trust, including the Property.

The Trust will terminate upon the earlier of: (a) the Signatory Trustee and the Members holding a majority of the Membership Interests vote to terminate the Trust or convert it into a different legal entity; (b) the sale or other disposition of the Property; (c) the termination of the legal existence of the last remaining member or the occurrence of any other event which terminates the continued membership of the last remaining member; or (d) the entry of a judicial dissolution.

Authority and Duties of the Trustees.

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

The duties of the Delaware Trustee are limited to acting as Trustee in the State of Delaware to satisfy the requirement of the Delaware Statutory Trust Act that the Trust have at least one Trustee with a principal place of business in Delaware.

All other duties reside with the Signatory Trustee, including, but not limited to: (1) acquiring, owning, conserving, protecting, operating and selling the Trust Property; (2) entering into or assuming and complying with the terms of the Master Lease and the other Transaction Documents; (3) collecting rents and making distributions to Investors in accordance with the Trust Agreement; (4) conserving the Trust Property in a manner consistent with its duty to conserve and protect the Trust Property, or otherwise provided in the Trust Agreement; (5) with respect to the Trust only, entering into agreements to enable Investors to complete Section 1031 Exchanges; (6) notifying relevant parties of any default by them under the Transaction Documents; (7) solely in the event of a bankruptcy or insolvency of the Master Tenant, renegotiating the Master Lease or entering into a new lease or renegotiating or refinancing any debt secured by the Property; (8) notifying the Lender of any default under the Trust Agreement; and (9) taking any action which, in the reasoned opinion of tax counsel to the Trust, should not have an adverse effect on the treatment of the Trust as an "investment trust" within the meaning of Treasury Regulation Section 301.7701-4(c) or the Contributor as a "grantor" within the meaning of Code Section 671.

Compensation and Reimbursement of the Trustee.

The Trust is required to pay the Delaware Trustee an initial fee, monthly fees, and document execution fees for their services. The Signatory Trustee serves in such capacity without compensation. The Trustees are entitled to be reimbursed for all reasonable expenses incurred or advanced in connection with the performance of their duties under the Trust Agreement or any other agreement that the Trustees enter into for the benefit of the Trust.

Limitation on Authority of the Trustees.

To protect the tax-free exchange status for the Investors under Section 1031, the Trust Agreement prohibits the Trustees of the Trust from taking any of the following actions, provided, however, that such prohibition will apply only if such action would constitute a power to "vary the investment" of the Investors as defined by Treasury Regulation Section 301.7701-4(c)(1) (any such action, a "**Prohibited Action**"). Specifically, actions that may constitute Prohibited Actions include: (1) reinvesting money held by the Trust except as provided in the Trust Agreement; (2) renegotiating the terms of the Loan, entering into new financing or renegotiating the Master Lease, any lease or entering into new leases except in the event of the bankruptcy or insolvency of a tenant; (3) making other than minor non-structural modifications of the Property other than as required by law; (4) after the formation and capitalization of the Trust, accepting any additional capital contributions from any Investor, or any contributions from any prospective new investor; or (5) taking any other action that, in the reasoned opinion of tax counsel to the Trust, should be expected to cause the Trust to be treated as a "business entity" for federal income tax purposes.

Authority of Investors.

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

Subject to the Loan Documents, Investors holding a majority of the Interests may remove a Trustee of the Trust only if the Trustee has engaged in willful misconduct, fraud or gross negligence with respect to the Trust as determined by a final, nonappealable judgment of a court of competent jurisdiction ("**Cause**"); provided however, that (a) a Trustee may not be removed without the consent of the Signatory Trustee (even if for Cause) until the Signatory Trustee and its affiliates have been fully removed from any guarantee and indemnity obligations they may have with respect to any loan to the Trust. Upon the resignation or removal of a Trustee of the Trust, Investors holding a majority of the Interests may appoint a successor Trustee, subject to the Lender's written approval.

Distributions

Pursuant to the Trust Agreement, the Investors will be entitled, based on their respective Interests, to monthly cash distributions net of amounts required to pay and reimburse the Trustees, and to retain amounts necessary to pay anticipated ordinary current and future expenses of the Trust. Such cash flow will be distributed on a monthly basis.

Restrictions on Transfer of Interests.

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

Property Rights.

The Trust, and not the Investors, hold legal title to the Property. The Investors are not entitled to share in the use of the Property or to any in-kind distribution of the Property.

Termination in Certain Circumstances.

Under the Trust Agreement, if: (a) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; and (b) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests and the Signatory Trustee is prohibited from taking action to cure or mitigate such events because such action would "vary the investment" of the Investors; then the Signatory Trustee may in its sole discretion terminate the Trust by either: (1) converting the Trust to a Springing LLC; or (2) distributing tenant-in-common interests in the Trust Property to the Investors in proportion to their ownership of the Trust, which interests (and the Investors) would be subject to an agency and/or co-ownership arrangement and other agreements that are in form and substance satisfactory to the Signatory Trustee as determined in its discretion and 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 tenancy-in-common arrangements as direct interests in the underlying property for purposes of Code Section 1031.

As a result of the foregoing transactions, actions could be taken to conserve and protect the Property that could not have been taken had the Property continued to have been held by the Trust.

Investor Liability and Bankruptcy.

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

Tax Status of the Trust.

The Trust Agreement provides that the Trust is intended to qualify as an "investment trust" and a "grantor trust" for federal income tax purposes, and not as a partnership or other business entity. Thus, although the Trust is respected as a separate entity for state law purposes, each Investor should be treated as owning a direct interest in the Property for purposes of Section 1031. See "FEDERAL INCOME TAX CONSEQUENCES." Each Investor is required to report its Interests in the Trust in a manner that is consistent with the foregoing.

Sale of the Property to an Operating Partnership

As noted above in "SUMMARY OF THE OFFERING – Exit Strategies with respect to the Property; Potential Sale of the Property," the Trust's exit strategy with respect to the Property includes a sale of the Property prior to the maturity date of the Loan that maximizes the Investors' return of capital. The Signatory Trustee has broad discretion under the Trust Agreement to dispose of the Property at such time and in such manner as it determines in its discretion pursuant to the terms of the Trust Agreement including the power to sell the Property to an Operating Partnership through an OP Transaction. Such Operating Partnership would be a subsidiary of a REIT that is affiliated with the Sponsor, and provide Investors the opportunity to elect to receive as consideration for their Interests in the Trust either cash, or OP Units, or a mix of cash and OP Units. The Investors' transfer of their Interests to the Operating Partnership in exchange for OP Units pursuant to an OP Transaction would be intended to qualify as a tax-deferred contribution of the Property to the Operating Partnership under a Section 721 Contribution whereby the sale proceeds or OP Units would be distributed to the Investors in liquidation of the Trust.

In the event the Signatory Trustee were to dispose of the Property pursuant to an exit strategy consisting of a Section 721 Contribution, the amount of cash consideration or OP Units received by the Investors would be based on the fair market value of the Property, determined by an appraisal of the Property effective on the Valuation Date and conducted by a third party appraiser. If a Section 721 Contribution is undertaken, it is intended that the value of OP Units exchanged for the Property would be determined pursuant to the valuation policies of the Operating Partnership or such other procedures as are commercially reasonable with respect to such partnership unit valuations.

The rights and obligations of any Operating Partnership would be set forth in its limited partnership agreement, which would be made available to Investors in the event of an OP Transaction.

RISK FACTORS

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

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

Risks Related to the Delaware Statutory Trust Structure

Investors have limited control over the management of the Trust.

The Trustees (and in particular the Signatory Trustee) are solely responsible for the operation and management of the Trust. The Investors have no right to participate in the management of the Trust or in the decisions made by the Trustees. The Trustees (and the LLC Manager, if applicable) and the Asset Manager will not consult with the Investors when making decisions with respect to the Trust and the Property. The Signatory Trustee will be under no obligation to make its decision with respect to a prospective sale of the Property in accordance with the wishes of Investors. The Trustees of the Trust may only be removed by Investors holding a majority of the Interests and only for Cause (i.e., if the Trustees of the Trust have engaged in willful misconduct, fraud or gross negligence with respect to the Trust).

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

The Delaware Statutory Trust Act does not impose any fiduciary duty on the trustees, managers or owners of Delaware statutory trusts and permits the waiver of all fiduciary duties other than the implied duty of good faith and fair dealing. The Trustees of the Trust do not owe any duties to the Investors other than those provided for in the Trust Agreement. Specifically, the Trustees of the Trust do not have a fiduciary duty to any Investors as would be applicable to a limited liability company or partnership and, therefore, may take actions that would not be in the best interests of one or more of the Investors. The Trust Agreement provides that the Trustees of the Trust will be individually answerable for their actions to the Investors only if, among other things, the Trustees engage in willful misconduct or gross negligence or any "prohibited action" under the Trust Agreement, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement.

The Trust is required to indemnify the Trustees of the Trust.

The Trustees of the Trust, and their respective owners, officers, directors, members, employees, agents and other affiliates, are indemnified by the Trust from and against any liabilities, losses, claims, suits and expenses (including reasonable legal fees) that may be incurred or asserted against the Trustees in connection with the operation of the Trust or the Property. Such indemnification does not apply, however, if the claim, suit or liability results from, among other things, the willful misconduct or gross negligence of the Trustees, the engagement by the Trustees in any "prohibited action" under the Trust Agreement, or the failure to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement. To the fullest extent permitted by law, the Trustees will be entitled to advancement of expenses incurred in defending a claim prior to its final disposition, subject to repayment if a court renders a final, non-appealable judgment that the applicable Trustee is not entitled to indemnification. A successful claim for such indemnification would decrease the value of an Interest by its pro rata share of the amount paid. See “SUMMARY OF TRUST AGREEMENT.”

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

To comply with the tax law regarding exchanges under Section 1031, the Trust structure prevents the Trustees of the Trust from engaging in numerous actions, to the extent any such action would “vary the investment” of the Investors under Treasury Regulation Section 301.7701-4(c): (1) reinvesting money held by the Trust except as provided in the Trust Agreement; (2) renegotiating the terms of the Loan or taking advantage of favorable market conditions, by entering into new financing, or renegotiating any lease or entering into new leases except in the event of the bankruptcy or insolvency of a tenant; (3) making other than minor non-structural modifications of the Property other than as required by law; (4) after the formation and capitalization of the Trust, accepting any additional capital contributions from any Investor, or any contributions from any prospective new investor; or (5) taking any other action that, in the reasoned opinion of tax counsel to the Trust, should be expected to cause the Trust to be treated as a “business entity” for federal income tax purposes.

Accordingly, in order to be able to take the actions necessary to avoid a default under the Loan and a loss of the Property, the Trust may be converted into a Springing LLC, which would be governed by the terms of the Springing LLC operating agreement substantially in the form attached to the Trust Agreement. However, as a result of such Transfer Distribution, the Investors will at such time no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Property held by the Springing LLC. Because the Springing LLC will be treated as a partnership for tax purposes, it may not be possible for the individual Investors to do a tax-free exchange when a Springing LLC ultimately disposes of the Property.

Investors will not have legal title to the Property.

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

The Trustees, the Asset Manager, and the Property Manager will receive significant compensation, regardless of whether Investors have received distributions.

Regardless of the performance of the Property, the Trustees, the Asset Manager, and the Property Manager are entitled to receive significant fees and other compensation, payments and reimbursements. Those fees will be paid prior to any distributions to the Investors.

Risks Related to the Property

There are inherent risks with real estate investments.

The investments by the Investors in the Trust will be subject to the risks generally incident to the ownership of real property. Real property investments are subject to varying degrees of risk and are relatively illiquid. Several factors may adversely affect the economic performance and value of the Property. These factors include without limitation:

- changes in the national, regional and local economic climate;
- local conditions such as an oversupply of similar properties or a reduction in demand for the Hotel;
- the attractiveness of the Hotel to potential guests;
- the fluctuations in occupancy rates associated with the Hotel;
- the ability to collect fees from the guests;
- changes in the availability and costs of financing, which may affect the sale of the Property;
- eminent domain or condemnation actions against the Property;
- covenants, conditions, restrictions and easements relating to the Property;

- governmental regulations, including financing, environmental usage and tax laws, regulations and insurance;
- the ability of the Master Tenant to pay for adequate maintenance, insurance and other operating costs, including real estate taxes, which could increase over time;
- the relative illiquidity of real estate investments;
- changing market demographics;
- acts of nature, such as hurricanes, earthquakes, tornadoes and floods that may damage the Property and acts of nature such as a drought that could affect the value of real estate in the affected area including the Property; and
- the impact of an epidemic in the area in which the Property is located or a pandemic, which could severely disrupt the global economy.

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

The value of the Property over the term of the Trust is not certain.

U.S. and international financial markets have been volatile, particularly over the last 15 years. The effects of this volatility may persist particularly as financial institutions respond to new, or enhanced, regulatory requirements and other national and international events affecting financial markets, all of which could impact the availability of credit and overall economic activity as a whole. Further, the fluctuation in market conditions makes judging the future performance of real estate assets difficult. In addition, increases in interest rates may cause a decrease in the future market value of the Property, which may negatively impact the proceeds received by Investors upon a disposition of the Property.

Changes in global economic and capital market conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly affect the value of the Trust's investment and the Master Tenant's operating results.

The risks associated with the investment are more severe during periods of economic downturn if these periods are accompanied by declining values in real estate. For example, a prolonged economic downturn could negatively impact the Trust's investment as fewer people travel for business or leisure, leading to increased concessions by the Master Tenant or its competitors. Operations of the Master Tenant could be negatively affected to a greater extent if an economic downturn occurs, is prolonged or becomes more severe, which could significantly harm revenues, results of operations, financial condition, liquidity, business prospects and the ability to make distributions to Investors.

As evidenced by the outbreak of COVID-19, a public health issue such as a major epidemic or pandemic in the United States could directly impact the area in which the Property is located. A significant local outbreak of a dangerous or infectious disease within the region of the Property or among its customers could be severely disruptive to the Master Tenant and, in turn, the Trust. In the event of either of the foregoing cases, or the perceived risk of the foregoing, management and healthy operation of the Master Tenant would likely become more costly.

The current and any future effects of the coronavirus pandemic and the resulting global financial, economic and social distress may materially and adversely affect the validity of the assumptions used as a basis for the financial forecasts used in the Memorandum. All of the foregoing could impact the rate of return to Investors or cause the Investors to lose all or substantially all of their investment.

Monetary policy and governmental intervention in response to high inflation may cause severe economic distress.

In 2008 and through early 2009, financial markets generally, and real estate in particular, were materially and adversely affected by significant declines in the values of nearly all asset classes due to a global financial crisis that resulted in a recession in the United States. In response to the recession, the United States Federal Reserve (the "**Federal Reserve**") instituted certain changes in monetary policy that resulted in historically low interest rates for more than a decade. Additionally, in response to the serious economic disruptions caused by COVID-19, governmental authorities and regulators in the United States and around the world responded with significant fiscal and monetary policy changes, including by providing unprecedented direct capital infusions to individuals and into companies, introducing new monetary programs, and maintaining or lowering historically low interest rates. In the wake of these policies, global economies, including the United States, began to experience significant inflation not seen in a generation. In response to rapidly increasing inflation that has persisted in the United States throughout 2022, the Federal Reserve rapidly increased interest rates and is expected to continue to do so as long as rapid inflation continues unabated. Such action by the Federal Reserve has contributed to significant equity and credit market volatility and instability and may contribute to, or even cause, another recession in the United States.

Moreover, inability of the legislative and other branches of the U.S. government to reach agreement on raising the federal debt ceiling and/or addressing continuing federal government deficits, with the possibility of mandated reductions in federal government operations and the threat, however remote, of a U.S. government default, could further destabilize equity and credit markets.

Should rampant inflation continue or monetary policy or government legislative deadlock contribute to, or cause, a recession or prolonged equity and/or credit market volatility, the Property could see substantial reductions in occupancy, revenue, and/or market valuation, which could adversely affect the financial condition and operating results of the Property and, in turn, the Trust. Moreover, the resulting global financial, inflationary, stagflation, economic and social distress may materially and adversely affect the validity of the assumptions used as a basis for the Financial Forecast.

Inflation or deflation may adversely affect the financial condition and results of operations of the Master Tenant and the Trust.

Increased inflation could have an adverse impact on floating rate mortgages, interest rates and general and administrative expenses, as these costs could increase at a rate higher than revenue. Inflation could also have an adverse effect on consumer spending which could impact discretionary spending, such as travel for leisure or business, where applicable. Conversely, deflation could lead to downward pressure on revenue.

Financial institutions are subject to distress events, which may adversely affect the Trust.

An investment in the Trust is subject to the risk that one of the banks, brokers, lenders or other custodians (each, a "**Financial Institution**") of some or all of the assets of the Trust and/or the Master Tenant experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. If a Financial Institution experiences a Distress Event, the Signatory Trustee, the Trust and/or the Master Tenant may not be able to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, and the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events, there can be no assurance that such intervention will occur in a future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Signatory Trustee to manage the Trust and on the ability of the Signatory Trustee, the Trust and the Master Tenant to maintain operations, which in each case could result in significant losses. Such losses could include a loss of funds, an obligation to pay fees and expenses in the event such party is not able to access its funds, and the inability to fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Trust and/or the Master Tenant will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although the Trust and the Master Tenant expect to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Trust and the Master Tenant are subject to similar risks if a Financial Institution utilized by investors in the Trust or by suppliers, vendors, service providers or other counterparties of the Trust or the Master Tenant becomes subject to a Distress Event, which could have a material adverse effect on the Trust.

The Implications of the One Big Beautiful Bill Act on the Trust and the Property are uncertain.

On July 4, 2025, President Trump signed into law the sweeping federal legislation known as the "One Big Beautiful Bill Act" (the "**OBBBA**"), which introduces a broad range of economic, tax, and regulatory reforms that may significantly impact the real estate market. While the OBBBA provisions do not appear to have any direct implications for the Trust or the Property, it is currently impossible to predict what impact the OBBBA will have on the real estate market generally. Any negative impact could adversely affect the financial performance of the Property and the Trust.

Changes in U.S. trade policy may adversely affect the Trust and the value of the Property.

Changes in U.S. trade policy may adversely affect the Trust and the value of the Property. The U.S. government has, at various times, indicated its intent to revise trade agreements and impose tariffs on various imported goods and materials. Shifts in trade policy could lead to increased costs for imported goods and materials. In response to such policy changes, other countries may adopt retaliatory trade measures, which could make it more difficult or costly for U.S. companies to export products. These developments may also result in legal challenges, economic uncertainty, and disruptions in global supply chains.

Although companies may take reasonable precautions to mitigate the impact of trade policy changes on its business, no company can fully insulate itself from government policy changes, whether foreign or domestic. Changes to government policies may have a materially adverse impact on the financial condition and operations of the Trust and the Property. For example, the Trust and the Master Tenant may be impacted by broader economic consequences such as reduced consumer confidence, increased costs for key materials, reduced discretionary spending, volatility in interest rates, changes in labor costs and the availability of experienced employees, and other similar factors, which may adversely impact the financial performance or value of the Property.

The physical effects of climate change may have a material adverse effect on the Property.

The Trust cannot predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on the Property. To the extent climate change causes changes in weather patterns, the Property could experience increases in annual precipitation and storm intensity. Climate change may also have indirect effects on business by increasing the cost of or making property insurance unavailable on acceptable terms, increasing the cost of energy and increasing related costs at the Property. Proposed legislation to address climate change could increase utility and other costs of operating the Property which, if not offset by rising income, would reduce cash flow. There can be no assurance that climate change will not have a material adverse effect on the Property.

The operation of the Property depends, in part, on the availability of public utilities and services, especially for water and electric power. Any reduction, interruption or cancellation of these services may adversely affect the Trust and the Master Tenant.

Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of the Property. The delayed delivery or any material reduction or prolonged interruption of these services could have a material and adverse impact on the operation of the Property.

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

The targeted income from the Property is based on certain assumptions, including an increase in real estate taxes. However, from time to time the real estate taxes may increase further as property values or assessment rates change or for other reasons deemed relevant by the assessors. Real estate taxes may increase even if the value of the

Property declines. An increase in the assessed valuation of the Property for real estate tax purposes will result in an increase in the related real estate taxes on the Property. In the event that the actual Uncontrollable Costs (which include real estate taxes and similar impositions) for any Lease Year for the Property exceed the Projected Uncontrollable Costs for such year for the Property, then the Master Tenant will be responsible for payment of such excess amount, but will be entitled to reimbursement of such excess amount by offsetting such amount against Additional Rent and, if necessary, Bonus Rent, which could adversely affect the financial condition and operating results of the Trust. See "SUMMARY OF THE MASTER LEASE."

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

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

There is a general risk of investment in the Property.

The financial performance of the Property is subject to those risks typically associated with investments in real estate. Fluctuations in vacancy rates, rent schedules, and operating expenses can adversely affect operating results or render the sale or refinancing of the Property difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Property, future rental appreciation, future cost of capital improvements or future costs of operating the Property will be accurate since such matters will depend on events and factors beyond the control of the Trust and the Investors. Such factors include vacancy rates for properties similar to the Property, adverse changes in local and national leisure and hospitality trends, market conditions, local economic and social conditions, supply and demand for properties similar to the Property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations, and fiscal policies, the enactment of unfavorable real estate, environmental, zoning or hazardous material laws, uninsured losses, effects of inflation, and other risks.

Unanticipated capital expenditures, maintenance costs and Uncontrollable Expenses related to the Property could affect Investors' returns.

The Master Tenant will establish and maintain the FF&E Reserve Account to make funds available for Capital Expenditures under the Master Lease. In the event that the FF&E Reserve Account is not sufficient to pay for any costs incurred by the Master Tenant in connection with its obligations with respect to the Property or pursuant to the Master Lease, then the Investors' returns will be reduced accordingly.

In addition, although the Master Lease provides that the Master Tenant is financially responsible for the real estate taxes, utility costs and Property insurance costs for each year up to the amount set forth in the Financial Forecast attached as Exhibit E to this Memorandum, the Trust (and thus the Investors) will bear all such costs to the extent they exceed such projections. If that happens, amounts otherwise payable as Additional Rent and/or Bonus Rent will be reduced to reimburse the Master Tenant for such excess Uncontrollable Expenses.

Uninsured losses may adversely affect returns.

The Master Tenant obtained all insurance required under the Master Lease and the Loan Documents, including, without limitation, comprehensive, replacement cost casualty insurance with not less than 12 months of loss of rent coverage and personal liability and property damage insurance. The Trust is named as additional insured or loss payee, as the case may be, on the insurance policies obtained by the Master Tenant. There can be no assurance that the insurance maintained by the Master Tenant will be sufficient to cover any particular liability or unanticipated loss. In addition, the particular risks that are currently insurable may not continue to be insurable on an economical basis or the necessary levels of coverage may not continue to be available.

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

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

In addition, the Property is subject to various matters affecting title, including but not limited to zoning ordinances, building codes and matters set forth in the applicable pro forma owner's title insurance policy and Survey, copies of which are available in the Investor Data Room. These matters may include, for example, easements, declarations, restrictions, agreements and other limitations on the right of the Trust to construct, develop and use the Property and may impose certain maintenance obligations upon the Trust. Documents related to the most significant matters affecting title are available in the Investor Data Room. In addition, other issues that are not disclosed by the policies or the Surveys may affect title. In connection with the acquisition of the Property, the Trust obtained title insurance; however, the title is insured only in an amount equal to the purchase price of the Property, and not the full amount of the total acquisition cost. In the event that a known or new matter arises with respect to the Property, however, there is no guarantee that the title insurance will sufficiently protect the Trust against all title issues affecting the Property, that the title company will pay any claim, that the title insurance is sufficient to cover any damages, or that the Trust will not incur costs in making a title insurance claim.

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

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

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

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

The mold evaluation at the Property was based on observation only. No sampling or assessment of inaccessible areas was performed.

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

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

The cost of litigation and remediation related to the Americans with Disabilities Act may exceed the cost of repairs to the Property.

Hotels are required to be accessible. Based on the Assessments, if a customer were to file an ADA lawsuit, a court may rule against the Trust and the customer would be entitled to injunctive relief (an order to fix the Property) plus attorneys' fees/costs under the ADA. The attorneys' fees and costs could easily surpass the estimated cost for the repairs recommended by the Assessment. Additionally, the Trust would likely incur its own attorneys' fees and costs, which would likely exceed the estimated cost for the repairs recommended by the Assessment, even it were to prevail in an ADA lawsuit. Accordingly, if the Trust is subject to an ADA lawsuit, the Trust will incur unknown fees/costs related to such lawsuit, which may have a material adverse effect on their ability to make distributions to the Trust and, consequently, for the Trust to make distributions to the Investors.

A cybersecurity incident and other technology disruptions could negatively impact the Trust's business.

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

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

Any terrorist attack, other act of violence or war, including armed conflicts (including, without limitation, Russia's current invasion of Ukraine), could result in increased volatility in, or damage to, the United States and worldwide financial markets and economy. Increased economic volatility could adversely affect the Master Tenant's ability to pay its rents, which could affect the ability of the Property to generate operating income and, therefore, the Trust's ability to pay rent to the Master Tenant and, in turn, the Trust's ability to pay distributions to the Investors.

Risks Related to the Contributor Bridge Capital

***There are potential adverse consequences of the Contributor Bridge Capital*.**

In connection with funding the Purchase Price of the Property, the Contributor provided cash as a capital contribution to the Trust, which capital contribution was funded, in part, with the Contributor Bridge Capital provided by the Bridge Lender to the Contributor to enable the Trust to acquire the Property. The Contributor is required to first repay the Contributor Bridge Capital out of the net proceeds of the Offering as the Investors purchase Interests and the Contributor's capital contribution is returned (and in turn, returned to the Bridge Lender). In the event that the Contributor is unable to repay the Contributor Bridge Capital, the Bridge Lender will own any unsold Interests and may sell such Interests for less than the amount Investors paid for their Interests. Because, among other things, the Contributor (and not the Trust) is the borrower with respect to the Contributor Bridge Capital, no investor will be allocated a portion of the liability for the Contributor Bridge Capital in connection with its purchase of an Interest.

Risks Related to the Financing

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

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

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

The ability of the Trust to repay the Loan may depend in part upon the sale or other disposition of the Property. There can be no assurance that a sale can be accomplished at a time or on terms and conditions that will permit the Trust to repay the outstanding principal amount of the Loan. Financial market conditions in the future may affect the availability and cost of real estate loans, making real estate financing difficult or costly to obtain for potential buyers of the Property.

If the Property cannot be sold by the maturity date of the Loan, then the Signatory Trustee of the Trust would likely determine that the Trust is in danger of losing the Property due to a payment default under the Loan Documents and would cause a Transfer Distribution to the Springing LLC. The Springing LLC structure would allow the Signatory Trustee, which would then become the sole manager of the Springing LLC, to take actions that the Signatory Trustee in the DST structure could not, such as refinancing the Loan. However, no assurances can be made that the terms of any new loan will be competitive with or better than the terms of the Loan. Similarly, no assurances can be made that a sale of the Property would not result in a loss for the Trust. In addition, a Transfer Distribution may have adverse tax consequences for the Investors. See “FEDERAL INCOME TAX CONSEQUENCES.”

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

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

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

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

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

The Loan Documents contain, or will contain, several covenants requiring the Trust to prepare various financial and operating reports and statements. These reports and statements will be prepared by the Property Manager. If the Property Manager fails to prepare these reports or statements, that failure will result in a default under the Loan Documents, which may ultimately result in a foreclosure under the Loan.

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

The Master Tenant may not perform under the Master Lease.

The Master Tenant is a newly formed entity and has no operating history. Although the Property is managed by the Property Manager, which has experience in managing other similar properties, no assurances can be given that the Property will be operated properly or successfully. In addition, no person or entity has guaranteed payment of the rent or the performance of the obligations of the Master Tenant under the Master Lease. A significant financial problem with the Property could adversely affect the Master Tenant's ability to satisfy its financial obligations under the Master Lease. Under the Master Lease, the Master Tenant is obligated to pay the Rent and the operating expenditures of the Property (see "SUMMARY OF THE MASTER LEASE") regardless of whether the Property is profitable. If the Property is performing poorly, for whatever reason, the Master Tenant may not be able to pay the Rent. Furthermore, if the Master Tenant is unable to pay the operating expenditures with respect to the Property, then (1) the Property may fall into disrepair, (2) the Trust might be in default under material agreements or easements encumbering the Property (copies of which are available in the Investor Data Room), which may subject the Property to the imposition of lien claims under certain circumstances, or (3) in the event of a failure to pay real estate taxes or assessments, the Property may be subject to foreclosure or seizure by the taxing authority. The Trust's inability to act could require the Signatory Trustee to cause a Transfer Distribution to a Springing LLC in order to address these deficiencies. Prospective Investors must carefully evaluate the personal experience and business performance of the Master Tenant, which is an affiliate of the Sponsor. See "MANAGEMENT" and "PRIOR PERFORMANCE OF THE SPONSOR AND ITS AFFILIATES."

The Trust may suffer adverse consequences due to the bankruptcy or insolvency of the Master Tenant.

The Trust would be adversely affected if a bankruptcy or similar insolvency proceeding were initiated with respect to the Master Tenant. Further, as a result of the automatic stay provided for under the applicable bankruptcy laws, the Trust might not be able to enforce the Master Tenant's obligations under the Master Lease, which could negatively impact the Trust's ability to receive rent with respect to the Property. Any such bankruptcy or similar insolvency proceeding could also result in an event of default under the Loan Documents.

There is no assurance that the Master Tenant will pay Rent.

There can be no assurance that the Master Tenant will make payments of Base Rent, Additional Rent or Bonus Rent, as such payments are contingent upon the successful operation of the Property.

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

The Trust has entered into the Asset Management Agreement with the Asset Manager for the management of the day-to-day affairs of the Trust. The Asset Manager's duties generally are to provide asset management services for the Trust and to advise the Trust on the optimal manner in which to manage, operate, maximize income from and/or dispose of the Property in accordance with the Trust Agreement, the Master Lease, applicable governmental requirements and the terms and provisions of the Asset Management Agreement. As a result, a prospective Investor should not purchase the Interests unless the prospective Investor is willing to entrust all the aspects of the assets and finances of the Property to the Asset Manager. If the Asset Manager fails to properly manage the assets or finances or other aspects of the Property, then an Investor's investment may be adversely impacted, and the Investor may not achieve the expected return, if any, on its Interest. See "MANAGEMENT – Asset Management" for information regarding the Asset Manager. If the Asset Manager is not successful in operating and managing the Property, then an Investor's Interest may be adversely impacted, and the Investor may not achieve the expected return, if any, on its Interest.

The Master Tenant relies on the Property Manager to manage the Property.

The Master Tenant has entered into a Property Management Agreement with the Property Manager. During the term of the Property Management Agreement, the Property Manager has the exclusive right to manage and operate the Property. The Property Manager may also retain independent contractors, which may be affiliates, to provide services. Accordingly, a prospective Investor should not purchase the Interests unless such prospective Investor is willing to entrust all such aspects of management and operation of the Property to the discretion of the Property Manager. A prospective Investor must carefully evaluate the personal experience and business performance of the principals of the Property Manager. See "MANAGEMENT – Property Management" for information regarding the Property Manager. If the Property Manager is not successful in operating and managing the Property, then an

Investor’s Interest may be adversely impacted, and the Investor may not achieve the expected return, if any, on its Interest.

The Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager, and the Property Manager are subject to various conflicts of interest.

The Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager, and the Property Manager and their respective affiliates are subject to conflicts of interest between their activities, roles and duties for other entities and the activities, roles and duties they have assumed on behalf of the Trust (or the Master Tenant). Conflicts exist in allocating management time, services and functions between their current and future activities and the Trust. None of the management arrangements or agreements is the result of arm’s-length negotiations. See “CONFLICTS OF INTEREST” for additional discussion.

Actual results may differ from those targeted in this Memorandum.

The anticipated results of operations included in this Memorandum and all other materials or documents supplied by the Trust are based upon current estimates of income and expenses relating to the operation of the Property as well as other assumptions, including the specific assumptions set forth on Exhibit E. The Financial Forecast attached as Exhibit E to this Memorandum should be considered speculative and is qualified in its entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which the Financial Forecast is based are subject to variations that may arise as future events actually occur. There is no assurance that actual events will correspond with these assumptions. Potential Investors are advised to consult with their tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. Any return to the Investors on their investment will depend on the ability of the Signatory Trustee (or the LLC Manager, as applicable), the Master Tenant and the Property Manager to operate the Property profitably and ultimately sell the Property at a profit, which, in turn, will depend upon economic factors and conditions beyond its control. A variety of factors, including, without limitation, any of the following, may cause actual results to differ:

(1) actual expenses may exceed anticipated expenses;

(2) capital expenditures and unanticipated costs may exceed the amount placed in the FF&E Reserve Account;

(3) rental rates may not reach anticipated levels;

(4) rent may be collected later than anticipated, due to the failure of the Master Tenant to make such payments when due; and

Therefore, the actual results achieved during the life of the ownership of the Property may vary from the Financial Forecast attached as Exhibit E to this Memorandum, and the variation may be material. As a result, the rate of return to Investors may be lower than that targeted. Neither the Trust nor any other person or entity makes any representation or warranty as to the future profitability of an investment in an Interest.

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

Any proceeds realized from the sale of the Property will be distributed to the Investors in accordance with their respective Interests, but only after payment of any loan then outstanding on the Property, expenses of the transaction, including a broker’s fee and a disposition fee to the Asset Manager, and satisfaction of the claims of any other third-party creditors. The Asset Manager will have the exclusive right to retain the listing broker, and accordingly the Investors will have no power to designate a listing broker of their choosing. The ability of the Investor to recover all or any portion of the Investor’s investment through a sale will therefore depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. There can be no assurance that the Investors will receive any proceeds from the sale of the Property.

The Trust did not obtain audited results of historical operations for the Property in connection with its acquisition of the Property.

The Trust did not obtain audited results of historical operations for the Property in connection with its acquisition of the Property. Consequently, there is less certainty regarding the prior economic operating history for the Property.

The Trust is not obligated to provide Investors with audited financial statements for the Property.

The Trust is not obligated to make audited financial statements available to the Investors with respect to the Property. Instead, the Sponsor expects that it will provide periodic internally prepared financial statements. Given the scope of the internally prepared financial statements, it may be costly and difficult to verify the accuracy of certain financial reports detailing the operations of the Property.

Risks Specific to the Hotel Industry

There are unique risks of the hospitality industry in general.

Hospitality projects are subject to certain unique risks, including the following:

(1) The success of a hospitality project relies on relationships with the hotel management company as well as any brand franchise; any deterioration in such relationships could materially and adversely affect the development and operations of a hospitality project.

(2) Results of operations are subject to risks inherent in the hospitality industry, such as the demand for hospitality services in the general vicinity of the Hotel, which could materially and adversely affect the Hotel.

(3) The success of the Hotel depends on key personnel whose continued service is not guaranteed, and their departure could materially and adversely affect the Hotel.

The hotel industry is highly competitive.

The hospitality industry is highly competitive. The Hotel competes for guests based primarily on brand name recognition and reputation, location, customer satisfaction, room rates, quality of service, amenities, quality of accommodations and security. The Hotel's principal competitors are other operators of full service and select service properties, including other major hospitality chains with well-established and recognized brands. The Hotel also competes against smaller hotel chains and independent and local hotel owners and operators. Some of the Hotel's competitors may be larger than the Hotel based on the number of properties or rooms they manage, franchise or own or based on the number of geographic locations where they operate. The Hotel's competitors may also have greater financial and marketing resources than the Hotel does, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect the Hotel's ability to compete for guests effectively. Additional hotel development in the market may reduce occupancy of the Hotel. Moreover, industry consolidation may exacerbate these risks.

The hospitality industry is cyclical and macroeconomic and other factors beyond the Sponsor's control can adversely affect and reduce demand for its hospitality products and services.

The hospitality industry is cyclical. Macroeconomic and other factors beyond the Property's control can reduce demand for hospitality products and services, including demand for rooms at the Property. These factors include (among others): (1) changes and volatility in general economic conditions, including the severity and duration of any downturn in the U.S. or global economy and financial markets; (2) changes in the desirability of particular locations or travel patterns of customers; (3) decreased corporate budgets and spending and cancellations, deferrals or renegotiations of group business (*e.g.*, industry conventions); (4) increased use of teleconference and video-conference technology by businesses could result in decreased business travel; (5) low consumer confidence and high levels of unemployment; (6) depressed housing prices; (7) the financial condition of the airline, automotive and other transportation-related industries and its impact on travel; (8) decreased airline capacities and routes; (9) travel-related accidents; (10) oil prices and travel costs; and (11) cyclical over-building in the hotel industry. These factors can adversely affect the Property's business. How the Property manages any one or more of these factors could limit or reduce demand, or the rates the Property is able to charge for rooms or services, resulting in lower RevPAR, which could adversely affect the Property's business, results of operations and financial condition. Specifically, if the occupancy rate of the Property fluctuates, the operating results of the Property could be substantially and adversely affected by the loss of revenue. In the event the cash flow for the Property is impacted, the Master Tenant and the Trust may not be able to pay expenses related to the Property.

There are unique risks applicable to the management of hotels.

The management of hotels is subject to various unique risks, including the following:

(1) The success of any hotel in large part is dependent upon the ability of the management team to manage such hotel's business and to comply with its franchise agreement (if applicable). With respect to the Hotel owned by the Trust, the Trust relies on the Master Tenant and the Master Tenant relies on the Property Manager's management team to manage the Hotel's business and to comply with the Franchise Documents and the Franchisor's requirements.

(2) Stringent state and local licensing/permitting issues (especially with respect to the sale and service of alcohol), stealing, and workman's compensation, "slip and fall" and other claims/lawsuits are typical risks prone to the hotel industry.

(3) Unanticipated damage to the Hotel could result in a significant loss of revenue or decrease in the value of the Property. The Property may be subject to liabilities related to the Hotel that are not covered by insurance. For example, an accident at the Hotel for which the Property is uninsured or underinsured could have an adverse effect on the value of the Property and result in liability.

(4) The Property is subject to extensive federal, state and local government regulation relating to the Hotel and ancillary uses and the sale of rooms, food and alcohol as well as sanitation, fire, and building codes. Operating costs are also affected by other government actions that are beyond the

control of the Property Manager, including increases in the minimum hourly wage requirements, workers' compensation insurance rates, unemployment insurance, and payroll taxes. The Hotel requires a number of approvals, licenses, and permits in the operation of its business, including licenses/permits for the sale and service of alcohol. There is no assurance that the various federal, state, and local agencies responsible for granting such licenses, approvals, and permits will do so or that, once granted, they will not be revoked.

(5) The Property Manager employs all of the Hotel's employees.

(6) The Hotel's business and operations are dependent upon the efforts and experience of the management team. Loss of the services of any of these individuals could adversely affect the Hotel's business and operations. The Hotel's business and operations also depend in part on the ability to attract and retain qualified Hotel management and other personnel. Competition for these personnel in the applicable market might be intense. There is no assurance that the Hotel can attract and retain these personnel.

(7) The sale of food and beverages and the entertainment of guests subjects the Hotel to product liability and other liability claims that might result in losses. Insurance might not be sufficient to cover these claims.

Although the Property Manager has experience in managing other similar properties, there are no assurances that the Property Manager will be able to successfully operate the Hotel as set forth in the forecasts described herein.

The failure to comply with regulations and laws related to the sale of alcohol at the Hotel may adversely affect the Property's business, results of operations or financial condition.

Additionally, businesses that sell alcohol to the public are subject to "dram shop" statutes in certain states, including the State of Florida, where the Hotel is located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. Litigation against a business under a dram shop statute may result in significant judgments and settlements. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on the Hotel's business, results of operations or financial condition. Regardless of whether any claims against the Hotel are valid, claims may be expensive to defend and may divert time and money away from operations and hurt the financial performance of the Hotel. Also, adverse publicity resulting from these allegations may materially affect the Hotel.

Leisure and business travel are particularly susceptible to various factors outside of the control of the Master Tenant, the Property Manager and the Franchisor.

The success of the Hotel depends on the willingness of its guests to travel. Acts of terrorism, the spread of contagious diseases, economic downturns, and political events could depress the public's propensity to travel and cause severe disruptions in air travel and consumer discretionary spending, which could reduce the number of visitors to the Hotel, and have an adverse effect on the Hotel's results of operations. Many of the Hotel's guests travel by air and the impact of higher prices for commercial airline services and availability of air services could cause a decrease in visitation by destination guests to the Hotel. Also, many of the Hotel guests may travel by vehicle and higher gasoline prices could adversely impact such guests' willingness to travel to the Property. Higher cost of travel may also affect the amount that guests are willing to spend at the Hotel and could negatively impact the Hotel's revenue.

Risks Related to the Franchise Agreement

The success of the Hotel largely depends on the value of the Courtyard by Marriott brand and other Marriott brands.

The success of the Hotel depends, to a large extent, on the ability of the Franchisor and its franchisees using the Brand, and on the ability of the Franchisor and its affiliates and their franchisees using other Marriott brands, to shape and stimulate consumer tastes and demands by maintaining name, image and brand and the Marriott name, image and brand. The Franchisor and its affiliates and their franchisees may not be successful in this regard and may not be able to anticipate and react to changing consumer tastes and demands in a timely manner. The Brand and the Marriott brand names and trademarks are integral to the marketing effort for the Hotel. If the value of the Brand's name, image or brand and/or the Marriott name, image or brand were diminished, the Hotel's business and operations would be adversely affected.

The Franchise Agreement does not limit the Franchisor's right to compete with the Hotel.

The Master Tenant will not be entitled to any territorial or exclusivity rights, radius restrictions or similar protections from competition under the Franchise Agreement. Further, the Franchise Agreement will not limit the Franchisor's rights (or the rights of its affiliates) to compete with the Hotel and the Franchise Agreement will expressly permit the Franchisor and its affiliates to compete with the Hotel.

The Franchisor requires certain upgrades to the Hotel.

The Franchisor requires certain upgrades to the Hotel and may periodically require upgrades in the future, which the Master Tenant, at the Master Tenant's sole cost and expense (subject solely to any FF&E Reserve Account payment rights it may have from the Trust under the Master Lease), will be required to undertake to modernize, rehabilitate and/or upgrade the Hotel's furnishings, fixtures, equipment, supplies and other items to meet the Franchisor's then-current standards, and there are no limits whatsoever on the Franchisor as to the frequency, scope or cost of any such upgrades. In addition, the operating covenants and restrictions that the Master Tenant will be subject to under the Franchise Agreement will impose substantial burdens and material additional operating costs on the Master Tenant. During the Term of the Master Lease, the Master Tenant is responsible for the payment of Capital Expenditures. Consequently, requirements to modernize, rehabilitate and/or upgrade the Hotel's furnishings, fixtures, equipment, supplies and other items to meet the Franchisor's then-current standards may have a material adverse effect on the financial condition of the Trust and its ability to make distributions to Investors.

Upon default by the Master Tenant, the Franchisor may suspend the Franchisor's obligations or suspend the Hotel from its reservation system or other services.

Any default by the Master Tenant under the Franchise Agreement will entitle the Franchisor to (among other things) suspend the Franchisor's obligations under the Franchise Agreement and/or the Franchisor's or its affiliates' obligations under Franchise Related Documents. In connection therewith, the Franchisor may (among other things): (1) suspend the Hotel from its reservation system and any reservation and/or website services provided through or by the Franchisor; (2) remove the listing of the Hotel from any directories or advertising published by the Franchisor; and/or (3) disable all or any part of the software provided to the Master Tenant under the Franchise Related Documents and/or suspend any one or more of the information technology and/or network services that the Franchisor provides or supports under Franchise Related Documents. Any of the foregoing likely would seriously adversely affect the operations of the Hotel, as well as the financial condition and results of operations of the Master Tenant and the Trust.

Under the Franchise Agreement, Transfers of the Property and Transfers of ownership interests in the Franchisee are subject to detailed restrictions and, in many cases, the prior consent of the Franchisor.

Any sale, lease, assignment, spin-off, transfer or other conveyance (each, a "**Transfer**") of the Property, the Franchise Agreement, or any Ownership Interest in the Franchisee or a Control Affiliate is governed by the transfer provisions of the Franchise Agreement. The Agreement provides that the rights and obligations of the Franchisee are personal in nature and that the Franchise Agreement itself may not be Transferred without the Franchisor's prior consent.

Certain limited Transfers of Passive Investor Interests may occur without notice or consent, provided that such Transfers do not result in a change of Control of the Franchisee. Other Transfers of Passive Investor Interests and certain Transfers to Affiliates or for estate planning purposes require prior notice to the Franchisor but not its consent, subject to compliance with specified conditions, including continued Control, Qualified Person requirements, reaffirmation of guaranties (if applicable), and the absence of uncured defaults.

Transfers of the Property or a Controlling Ownership Interest in the Franchisee, a Control Affiliate or the Property require advance notice and the prior consent of the Franchisor. The Franchisor's consent is subject to satisfaction of detailed conditions, including submission of transaction documentation and ownership information, payment of the then-current application fee and property improvement plan fee, execution by the transferee of the then-current form of franchise agreement (which may include updated fees and a new property improvement plan), payment of all outstanding amounts, execution of a general release, and reimbursement of the Franchisor's outside counsel costs. Even if these conditions are satisfied, the Franchisor may withhold consent based on specified factors, including financial capacity concerns, existing defaults, Quality Assurance standing, or conflicts with agreements binding on the Franchisor.

If a Transfer requiring the Franchisor's consent is effected without obtaining such consent, the Franchisor will have the right to declare a default and terminate the Franchise Agreement and pursue liquidated damages and other remedies in accordance with the Franchise Agreement.

See "SUMMARY OF THE FRANCHISE AGREEMENT – Transfers" for additional discussion.

The Franchise Agreement will set forth various terms on takings by eminent domain and damage by casualty.

If there is a taking by eminent domain that is significant enough to render the continued operation of the Hotel in accordance with the Standards and guest expectations impractical, as determined by the Franchisor, then the Franchisor may terminate the Franchise Agreement and the Franchisee will not be required to pay liquidated damages. If such taking does not require the termination of the Franchise Agreement, then the Franchisee will be required to make all necessary modifications to make the Hotel conform to its condition, character and appearance immediately before such taking and take all measures to ensure that the resumption of normal operations at the Hotel is not unreasonably delayed.

In the event the Hotel is damaged or destroyed by fire or other casualty, the Franchisee must promptly notify the Franchisor. If the cost to restore the Hotel to the same condition as previously existed equals or exceeds 60% of the Hotel's replacement cost at the time of such casualty, the Franchisee has 180 days after the date of the casualty to elect either to restore the Hotel in accordance with the Standards or to terminate the Franchise Agreement. If the Franchisee elects to restore, the Hotel must be promptly renovated and reopened within a reasonable time and in compliance with the Standards.

If the Franchisee elects to terminate due to casualty, the Franchisee and the Franchisor will execute the Franchisor's then-current form of termination agreement and release, and such termination will not relieve the Franchisee of its post-termination obligations under the Franchise Agreement. The Franchisee will not be required to pay liquidated damages in connection with a casualty-based termination unless, prior to the date the Term would otherwise have expired, the Franchisee or any of its affiliates operates an Other Lodging Product at the site of the Property. Termination due to casualty does not affect the Franchisor's right to business interruption insurance proceeds.

Various factors could result in an increase in the budget for the PIP Work.

The Master Tenant anticipates that the Initial Work will be funded from the Master Lease PIP Payment, FF&E Reserve Account and/or a future advance under the Loan of up to $1,500,000.

The Franchisor may periodically implement one or more additional PIPs in the future and require the Master Tenant to perform certain work to modernize, rehabilitate and/or upgrade the Hotel's furnishings, fixtures, equipment, supplies and other items to meet the then-current Standards. The Master Tenant will be required to make these changes at its sole cost and expense (subject solely to any FF&E Reserve Account payment rights it may have under the Master Lease) and in the time frame the Franchisor requires. For the avoidance of doubt, the PIP currently required under the Franchise Agreement includes both (i) the Initial Work, which must be completed by April 15, 2028, and (ii) the next Periodic Renovation, which must be completed by November 28, 2031. Pursuant to the Amendment, the Franchisee is not eligible for any extension of time to complete the Initial Work or the next Periodic Renovation, which next Periodic Renovation must be completed no later than November 28, 2031. The Master Tenant anticipates that work required by any additional PIP will be funded from the Master Tenant FF&E Reserve Account. Cost overruns may be encountered as a result of numerous factors, including a delay in the construction process, the unavailability of materials, supplies and furniture, fixtures and equipment, the failure of certain contracted parties to complete their work in accordance with the contracted amount or deliver materials, supplies and furniture, fixtures and equipment, the substitution of contractors, subcontractors and suppliers, and potential increases in pricing. Furthermore, unforeseen issues may be encountered that otherwise require an increase in the budget for the PIP Work.

Risks Related to the Offering

There is no public market for the Interests.

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

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

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

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

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

Investors have limited rights under the Purchase Agreement.

In order to acquire the Interests, each Investor will execute the Purchase Agreement, which limits Investor rights by, among other things, eliminating any right to jury trial and mandating that any dispute arising under the Purchase Agreement be subject to binding arbitration. Thus, by making an investment in the Interests, Investors are waiving rights they would otherwise have in a dispute with the Trust or the Sponsor or their affiliates.

An Investment in the Interests is not a diversified investment.

An Investor will acquire the Interests in the Trust, the assets of which consist solely of the beneficial interests in the Trust, which own the Property subject to the Master Lease. Thus, an investment in the Interests will not be diversified as to the type of asset or geographic location.

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

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

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

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

Certain information is not required to be provided to investors in a private offering.

Since this Offering is a private offering and the Interests are only being offered to Accredited Investors, certain information that would be required if the Offering were public or not so limited has not been included in this Memorandum, including but not limited to audited financial statements. Thus, prospective Investors will not have this information available to review when deciding whether to invest in an Interest.

One or more affiliates of the Sponsor owns, or will own, Interests, which could result in potential conflicts of interest.

There is no minimum amount of Offering proceeds that must be raised, or minimum number of Investors required in connection with this Offering. Accordingly, if the Managing Broker-Dealer is unable to sell all of the Interests offered herein, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. Additionally, the Contributor intends to continue to own a five percent (5%) beneficial interest in the Trust after the completion of the Offering. The ownership of the Interests by these entities involves certain risks that potential Investors should consider, including, but not limited to, the fact that there may be conflicts of interest between the objectives of the Investors and those of the Contributor and its affiliates, or, if the Offering is not fully subscribed, that a significant amount of the Interests will not have been acquired by disinterested investors after an assessment of the merits of the Offering.

Tax Risks

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

THE DISCUSSION SET FORTH HEREIN IS NOT ADVICE INTENDED TO BE RELIED UPON AND USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY PENALTIES IMPOSED ON THE TAXPAYER. THIS SECTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS CONTEMPLATED BY AND DESCRIBED IN THIS MEMORANDUM. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE INVESTOR'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR CONCERNING THE INCOME AND OTHER TAX CONSEQUENCES OF PARTICIPATION IN THIS INVESTMENT.

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

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

On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-2 C.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an Interest in the Delaware statutory trust described in the ruling (the "**DST**") satisfies the requirements of Section 1031. The IRS based its holding on the following conclusions: (1) the DST is treated as an entity separate from its owners (and not as a co-ownership or agency arrangement); (2) the DST is an "investment" trust and not a "business entity" under Treasury Regulation Section 301.7701-4(c) for federal income tax purposes; (3) the DST is a "grantor trust" for federal income tax purposes, with the holders of interests in the DST treated as the grantors of the DST; and (4) the holders of interests in the DST are treated as directly owning interests in real property held by the DST. Because the holding of Revenue Ruling 2004-86 is based on certain factual assumptions regarding the DST, not all of which apply to the Trust, and because there are provisions in the Trust Agreement which are not mentioned in the limited facts laid out in the ruling, there can be no guarantee that the Interests will satisfy the requirements of Section 1031. For example, the facts in the ruling neither expressly permit nor prohibit: (a) conversion of the DST to a limited liability company; (b) the fact that the Signatory Trustee is related to the Contributor; (c) any Interest retained by the Contributor or its affiliates; or (d) the leasing of the Property by the Trust pursuant to the Master Lease to its Master Tenant, which is a special purpose entity affiliated with the Sponsor, including the mechanism set forth in the Master Lease for the calculation of the Rent payable by the Master Tenant to the Trust.

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

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

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

Strictly construed, Section 1031 generally permits taxpayers to identify up to three replacement properties (the "**three-property rule**"), without regard to the fair market value of those properties. In addition, taxpayers may identify any number of properties so long as their aggregate fair market value at the end of the identification period does not exceed 200% of the value of the Relinquished Property on the date it was transferred (the "**200% rule**"). If the three-property rule and 200% rule are violated, an Investor will still be treated as properly identifying any replacement property identified before the end of the identification period and received before the end of the exchange period if the fair market value of the replacement property received is at least 95% of the aggregate fair market value of all identified replacement property. These identification rules are strictly construed and your exchange will be totally disqualified if you fail to comply with these requirements or do not meet the applicable deadlines under Section 1031. Prospective investors should consult with their own tax advisors prior to identifying the Interests as replacement property.

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

Under certain conditions, closing and carrying costs, loan fees and costs, leasing reserves and other reserves, may not constitute property that is like-kind to real property for purposes of Section 1031. The Sponsor has attempted to structure the offering of the Interests so that such costs will be incurred by the Sponsor in connection with its syndication and offering of the Interests. You must consult your own tax advisor regarding the proper tax treatment of these costs.

In the event of an OP Transaction, the Investors who become OP Unit Holders will not be able to effectuate future Section 1031 Exchanges in connection with subsequent dispositions of the OP Units.

Although the Operating Partnership has no current intent to acquire the Property pursuant to an OP Transaction, in the event of an OP Transaction, each Investor (who does not elect to be a cash recipient) will receive OP Units in exchange for his, her or its Interests, and such Investor will not be able to effectuate a future Section 1031 Exchange in connection with a subsequent disposition of the OP Units because the OP Units are partnership interests (as opposed to interests in a fixed investment trust, such as the Interests) and, therefore, do not qualify under the rules of Section 1031.

On the other hand, and assuming all other requirements of a valid Section 1031 Exchange have been met, if an Investor instead elects to be a cash recipient, then he, she or it may preserve his, her or its ability to continue to defer gain through a Section 1031 Exchange. However, this would require careful planning such that the Investor's election to be a cash recipient is part of a properly structured Section 1031 Exchange that meets all of the other requirements of compliance with Section 1031. Whether any particular plan which includes the disposition of the Interests for cash in connection with an OP Transaction would constitute a valid Section 1031 Exchange depends on the specific facts involved, including, without limitation, the use of a qualified intermediary and a qualified exchange escrow, and the lapse of time between the disposition of the Interests and the identification and acquisition of the replacement property.

Each prospective Investor must seek the advice of a qualified tax advisor as to the potential implications of

Section 1031 in connection with an OP Transaction.

State laws may differ.

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

Tax-exempt Investors may incur UBTI.

Tax-exempt Investors may have UBTI (subject to tax at corporate rates) from the Property. UBTI may be generated by any fees for services paid to the Trust or from other sources such as parking revenue and services provided to guests. The Signatory Trustee will not be liable for the recognition of any UBTI by an Investor with respect to an investment in the Interests, and potential Investors can expect some or all of their profits from the Trust to be UBTI. Each Benefit Plan Investor should consult with its own tax advisor regarding the federal, state, and local tax considerations applicable to an investment in the Interests.

The conversion of a Trust to a Springing LLC or the contribution of the Property to a Springing LLC may have adverse tax consequences to Investors.

If a Trust is converted to a Springing LLC, the Trust Property (as defined in the Trust Agreement) will be transferred from the Trust to the Springing LLC and the membership interests in the Springing LLC will be held by the Investors. It is anticipated that the Signatory Trustee will serve as the manager of any Springing LLC. Under current law, such a transfer generally should not be subject to federal income tax pursuant to Code Section 721. The Transfer Distribution could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that the transfer will not be taxable under the federal income or other tax laws in effect at the time the transfer occurs. Because the conversion of a Trust to (or the formation of) a Springing LLC could occur in several situations, it is not possible to determine all of the potential tax consequences to the Investors.

If a Trust is converted into a Springing LLC or the Property is contributed to a Springing LLC, the Investors' ownership Interests in the Springing LLC will not qualify for tax-deferred exchange treatment under Section 1031.

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

The conversion of the Trust in whole or in part to a tenancy in common arrangement may have adverse tax consequences to Investors.

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 Property to the Investors and establish a co-ownership agreement and other agreements governing the TIC Arrangement and the Investors' 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 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 Property) if challenged by the IRS.

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

If, in a Section 1031 Exchange, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the Relinquished Property is recognized up to the amount of boot. Although there is no direct authority on point (other than certain potentially favorable authority that allows taxpayers to treat certain transaction expenses as reducing amounts otherwise taxable as boot in a Section 1031 Exchange), prospective Investors should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the Relinquished Property are boot and, therefore, income to the Investors. For example, the IRS may contend that some amounts paid into the FF&E Reserve Account and amounts paid in connection with the Offering constitute boot received by the Investors and not a reinvestment in real estate.

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

Non-corporate investors (and certain closely held, personal service and S corporations) are subject to the limitations under Section 469 of the Code on using losses from passive business activities to offset business income, salary income, and portfolio income (i.e., interest, dividends, capital gains from portfolio investments, royalties, etc.). Deductions from passive activities, including interest deductions attributable to passive activities generally may only be used to offset passive income. Passive activities include: (1) any activity which involves the conduct of any trade or business and in which the taxpayer does not "materially participate" (a statutorily-defined test); and (2) rental activities (subject to an exception for taxpayers who qualify as real property operators under certain statutory tests). Subject to satisfaction of the real property operator test and the material participation test, an Investor's income and loss from an investment in an Interest, if any, will constitute income and loss from passive activities. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest, or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

In addition, an Investor that is an individual or closely held corporation will be unable to deduct losses from the Trust, if any, to the extent such losses exceed the amount the Investor is considered "at risk" under Section 465 of the Code. Losses not allowed under the at risk provisions may be carried forward to subsequent tax years and used when the Investor's amount "at risk" increases or when the Investor generates gain on the disposition of the activity. However, the rules regarding the applicability of the at risk rules to a particular Investor are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

Finally, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount for 2026 is $256,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

Income and gain from passive activities may be subject to the Medicare contributions tax.

Certain Investors who are U.S. individuals, estates, or trusts (including those that would own their Interests through an entity treated as a partnership or S corporation for U.S. income tax purposes) are subject to the Medicare Contributions Tax, which imposes a 3.8% tax on the lesser of (1) "net investment income" for the relevant taxable year and (2) the excess of modified adjusted gross income for the taxable year over a certain threshold of certain U.S. individuals and on the lesser of (a) the undistributed "net investment income" for the relevant tax year and (b) the excess of the "adjusted gross income" for such taxable year over the dollar amount at which the highest tax bracket in Code Section 1(e) begins for such taxable year of certain estates and trusts. Among other items, "net investment income" generally includes passive investment income, such as rent and net gain from the disposition of investment property, less certain deductions. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

An Investor may need to use funds from other sources to satisfy tax liabilities.

It is possible that an Investor's taxable income resulting from his, her or its Interest will exceed any distribution of cash attributable thereto. This may occur because cash flow from the Property may be used to fund nondeductible operating or capital expenses of the Property, including reserves, that are not offset by depreciation or other deductions. Thus, there may be years in which an Investor's tax liability exceeds its share of cash from the Property. In addition, a sale or exchange of the Property at an economic loss without a Section 1031 Exchange could result in ordinary income, depreciation recapture or capital gain to an Investor without any accompanying net cash proceeds from the sale or disposition of the Property to pay income taxes on such items. This is a particular risk for certain Investors, such as persons acquiring an Interest in a Section 1031 Exchange, whose income tax basis in an Interest may be substantially lower than the Investor's cash investment in the Property. If this were to occur, an Investor would have to use funds from other sources to satisfy his, her or its tax liability.

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

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

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 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 Property) 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 (the "**Less-Than-25% Exception**"). The Sponsor and the Signatory Trustee will use reasonable best efforts to qualify the Trust for this exception to the Plan Asset Rules. In addition, the Signatory Trustee may require Benefit Plan Investors to redeem their Interests if necessary to cause the Trust to satisfy the Less-Than-25% Exception. 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 Investors. 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).

COMPENSATION OF THE SPONSOR AND ITS AFFILIATES

The following is a description of compensation that may be paid to the Sponsor, the Contributor, the Signatory Trustee, the Master Tenant, the Asset Manager, the Property Manager, or their respective affiliates during the period of the Trust's ownership of the Property or in connection with the Offering. These compensation arrangements are not the result of arm's-length negotiations.

Because of the nature of a Section 1031 Exchange and applicable IRS requirements, it is difficult, if not impossible, to charge Investors for any shortfall in costs and expenses related to the Offering that are paid out of the gross Offering proceeds. If the actual costs and expenses exceed the estimates, the Contributor will pay those costs. Conversely, if the estimates exceed the actual costs and expenses, the Contributor will retain the difference as compensation.

For purposes of this table, the amount of the commissions and fees set forth below are calculated based on the sale of 100% of the Interests, equivalent to $23,975,543, except that Selling Commissions and Offering Expenses are calculated based on $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses, which excludes the Interests purchased by the Initial Investor and the Contributor Retained Interest.

Form of Compensation	Description	Estimated Maximum Amount of Compensation
	ACQUISITION, OFFERING AND ORGANIZATION STAGE	
Reimbursement of Offering and Organizational Expenses:	The Trust will reimburse the Contributor and certain affiliates and third parties for offering and organizational expenses incurred by such parties.	$1,925,753
Acquisition Fee:	The Trust will pay the Sponsor or its affiliate an acquisition fee of $887,500 in the aggregate for services it has rendered to the Trust in connection with the acquisition of the Property and the Offering.	$887,500
Reimbursement of Acquisition Costs:	The Trust will reimburse certain affiliates of the Sponsor for due diligence and closing costs in an aggregate amount of $716,009 related to the acquisition and financing of the Property.	$716,009
Reimbursement of Financing Costs:	The Trust will reimburse certain affiliates of the Sponsor for costs related to the Loan in an aggregate amount of $325,591.	$325,591

Form of Compensation	Description	Estimated Maximum Amount of Compensation
Reimbursement of Contributor Bridge Capital Costs	The reimbursement of bridge financing costs is intended to reimburse the Contributor for costs incurred in connection with its provision of the Contributor Bridge Capital to the Trust to finance its acquisition and ownership of the Property during the Offering period. Any reimbursed bridge financing costs will be allocated as an expense pro rata among all holders of Interests, including the Contributor to the extent the Contributor owns any Interests at the time such costs are accrued. Bridge financing costs are anticipated to total no more than $1,050,072. The Sponsor will be reimbursed out of the Offering proceeds for no more than its pro rata share of such amount. If the actual costs and expenses are greater than this amount, the Contributor will bear such excess costs and expenses. If the actual costs and expenses are less than this amount, the Contributor will retain such excess as additional compensation.	$1,050,072

OPERATING STAGE

Master Tenant Operating Revenue:	The Master Tenant is entitled to retain as profit the net after tax positive difference between its income from Property operations and its payment obligations under the Master Lease.	Impracticable to determine at this time.
Reimbursement of Expenses to Signatory Trustee:	The Signatory Trustee may seek reimbursement for reasonable and necessary expenses paid or incurred by the Signatory Trustee in connection with the administration of the Trust.	Impracticable to determine at this time.
Fees payable to the Asset Manager:	The Asset Manager is entitled to receive a monthly fee equal to the greater of 1% of the Property's operating income or $5,000 as compensation for providing asset management services to the Trust. In addition to the fees payable to the Asset Manager, the Asset Manager is entitled to reimbursement for all reasonable and necessary expenses incurred by the Asset Manager in carrying out its obligations under the Asset Management Agreement provided that such expenses appear in the approved budget. Any reimbursable expenses that cumulatively exceed an annual cap of $5,000 shall require the prior written approval of the Trust, and if incurred by the Asset Manager without such prior written approval shall be borne by the Asset Manager at its own expense, without reimbursement by the Trust. The Asset Manager is responsible for, and will not be reimbursed for, the expenses incurred by or on behalf of the Asset Manager for the Asset Manager's internal overhead and employment costs.	Estimated to be an aggregate of $91,015 for the Property for the initial 12 months of the term of the Master Lease; however, it is not possible to determine at this time.
Property Management Fees:	The Master Tenant will pay to the Property Manager the following fees for the Property: - a monthly fee in an amount equal to the greater of 3% of Gross Revenue (as defined in the Property	Estimated to be an aggregate of $273,045 for the Property for the initial 12 months of the term of the Master

Form of Compensation	Description	Estimated Maximum Amount of Compensation
	Management Agreement) or $6,000 (the "**Base Management Fee**"); - service fees for construction management and/or procurement services for the Property, if such services are requested, or any other services beyond the scope of services to be provided pursuant to the Property Management Agreement. These services include renovation coordination, design review, and related services. Additionally, the Master Tenant is responsible for reimbursing the Property Manager on a monthly basis for all expenses incurred by the Property Manager in providing services under the Property Management Agreement, in accordance with the approved budget and the terms of the Property Management Agreement. The Property Management Agreement provides that, in the sole discretion of the Property Manager, the Property Manager may decide to be paid an amount less than the fees to which it is entitled and such excess amount that is not paid may be waived permanently, deferred or accrued (without interest); provided, however, that any such deferred or accrued fees shall be paid upon termination of the Property Management Agreement.	Lease; however, it is not possible to determine at this time.
Cash Flow:	The Contributor and/or any other affiliate of the Sponsor that owns Interests in the Trust will receive its share of distributions from the Trust while it owns Interests.	Impracticable to determine at this time.
Property Management Termination Fee:	If the Master Tenant elects to terminate the Property Management Agreement early, then the Master Tenant shall pay the Property Manager a termination fee (the "**Property Management Termination Fee**") equal to the sum of the average monthly Base Management Fee times the remaining months in the initial eighteen (18) months period of the Property Management Agreement.	Impracticable to determine at this time.
Transition Fee:	Upon Termination of the Property Management Agreement, Master Tenant shall pay to the Property Manager a one-time transition fee equal to one month of the average monthly Base Management Fee for the previous twelve (12) months to assist in the initial thirty (30) day transition period.	Impracticable to determine at this time.
Disposition Fee:	Upon the sale, transfer or other disposition of the Property, excluding a Transfer Distribution (as defined in the Trust Agreement), or a transfer arising by reason of foreclosure or the exercise of remedies by a lender with respect to the Property, the Asset Manager shall be entitled to and shall receive a payment (a "**Disposition Fee**") equal to two and one-half percent (2.5%) of the gross sales price of the Property (or buyer's assumed fair market value of the Property, if consideration is not rendered in cash), in cash on the closing date of such sale, transfer or other disposition of the Property; provided, that the Disposition Fee	Impracticable to determine at this time.

Form of Compensation	Description	Estimated Maximum Amount of Compensation
	shall be payable only from net proceeds of such sale, transfer or other disposition of the Property remaining after distributions have been made to the Investors pursuant to the Trust Agreement in an amount equal to the aggregate capital invested by the Investors in the Trust and not previously returned to the Investors through prior distributions. To the extent such net proceeds are insufficient to permit both the full return of such capital and payment in full of the Disposition Fee, the Disposition Fee shall be reduced dollar-for-dollar to the extent necessary so that such capital is returned to the Investors first. Any brokerage commissions otherwise due and payable in connection with such sale, transfer or other disposition shall be in addition to the Disposition Fee; provided, however, in no event will the total disposition fee and brokerage fee payable by the Trust exceed 3%. The Disposition Fee is compensation for the agreement of the Asset Manager to assist the Trust in disposing of the Property as the Trust may reasonably request. The Asset Manager may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled with respect to such Disposition Fee.	

CONFLICTS OF INTEREST

Conflicts of Interest

The Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager, the Property Manager, and their respective principals and affiliates will act as the manager, advisor, controlling party or sponsor of other Delaware statutory trusts, limited liability companies, partnerships and other entities from time to time. These other entities may own properties similar to the Property, which may compete with the Property, and may acquire additional properties in the future that may also compete with the Property. The Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager, the Property Manager, and their respective principals and affiliates also have existing responsibilities and, in the future, may have additional responsibilities, to provide management and services to a number of other entities. The principal areas in which conflicts are anticipated to occur are as follows.

The Property competes with other properties owned or managed by the Sponsor or its affiliates.

The Sponsor or its affiliates own, operate, and manage other properties that compete with the Property. The Property Manager, an affiliate of the Sponsor, manages the Property and other properties that may cater to the same tenant demographic. As such, the Property and the other properties managed by the Property Manager may compete for guests. The Property Manager is not obligated to direct prospective guests to units at the Property instead of at other properties it manages.

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

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

The efforts and time of the Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager and the Property Manager will not be solely dedicated to the Trust.

The Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager, the Property Manager and their respective principals and affiliates may engage for their own account, or for the account of others, in other business ventures. The interest in such other activities will not necessarily be directed to or consistent with the Trust.

Principals of the Sponsor, the Signatory Trustee, the Master Tenant and the Asset Manager may have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged.

Principals of the Sponsor, the Signatory Trustee, the Master Tenant, the Asset Manager and their respective affiliates may have obligations to other entities. Therefore, these individuals may have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged and others that may be organized in the future. If these persons are unable to devote sufficient time or resources to the Trust due to the competing demands of the other entities, they could harm the implementation of the Trust's business strategies. If the Trust does not successfully implement its business strategies, it may be unable to maintain or increase the value of the Property, and its operating cash flows and ability to pay distributions could be adversely affected.

The Master Tenant is subject to additional conflicts of interest with respect to an OP Transaction.

The Master Tenant is owned and managed by the Sponsor. The Master Tenant leases the Property from the Trust. The Master Tenant is entitled to retain as profit the net after tax positive difference between its income from the Master Lease and its payment obligations under the Master Lease.

In the event of an OP Transaction, Investors would not have the right to continue to hold their Interests and would either receive OP Units or cash (or both, for those Investors that elect to receive a mix of both cash and OP Units in such transaction). In the event that an Investor elects to exchange his, her or its Interest for OP Units, such

Investor will receive an amount of OP Units with an aggregate value equal to the Investor's interest in the Trust. In the event that the Investor elects to have the Operating Partnership acquire his, her or its Interest for cash, the Investor will be entitled to receive an amount of cash equal to the Investor's interest in the Trust.

Because the fair market value of each Investor's interest in the Trust will be determined as of the Valuation Date, the Master Tenant may have an incentive to delay making improvements or taking other actions that might increase the value of the Property if the Operating Partnership intends to acquire the Property from the Trust (subject to the agreement of the Signatory Trustee), provided, however, that to the extent expenditures for any such improvements would be Capital Expenditures, the costs for such improvements would effectively be borne by the Trust (and thus the Investors) and not the Operating Partnership if undertaken prior to any such transaction. Such decisions may be inconsistent with the long-term goals of the Investors as they may decrease the fair market value of the Property or increase the risk associated with the Master Tenant or the Property.

The Property Manager is subject to additional conflicts of interest.

The Property Manager is subject to conflicts of interest among its activities, roles and duties for other entities and the activities, roles and duties it has assumed on behalf of the Master Tenant. Conflicts exist in allocating management time, services and functions between its current and future activities and the Property. The Property Manager or its affiliates may now or in the future own, operate or manage other properties that compete with the Property for available customers and could attract customers that would otherwise stay as guests at the Hotel. In the event that the Property Management Agreement is terminated, the Master Tenant would be required to pay either the Property Management Termination Fee or transition fees to the Property Manager.

The Trust does not have arm's-length agreements with the Signatory Trustee, the Master Tenant or the Asset Manager.

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

The Sponsor, the Master Tenant and the Asset Manager face conflicts of interest caused by their compensation arrangements with the Trust.

The Sponsor, the Master Tenant and the Asset Manager will receive certain compensation for services rendered regardless of whether distributions are paid to Investors.

The Trust, the Signatory Trustee, the Master Tenant, the Asset Manager and the Sponsor share legal representation.

Counsel to the Trust, the Signatory Trustee, the Master Tenant, the Asset Manager and the Sponsor in connection with this Offering is the same, and it is anticipated that such representation will continue in the future. As a result, conflicts may arise in the future.

One or more affiliates of the Sponsor owns, or will own, Interests, which could result in potential conflicts of interest.

There is no minimum amount of Offering proceeds that must be raised, or minimum number of Investors required in connection with this Offering. Accordingly, if the Managing Broker-Dealer is unable to sell all of the Interests offered herein, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. Additionally, the Contributor intends to continue to own a five percent (5%) beneficial interest in the Trust after the completion of the Offering. The ownership of the Interests by these entities involves certain risks that potential Investors should consider, including, but not limited to, the fact that there may be conflicts of interest between the objectives of the Investors and those of the Contributor and its affiliates, or, if the Offering is not fully subscribed, that a significant amount of the Interests will not have been acquired by disinterested investors after an assessment of the merits of the Offering.

Resolution of Conflicts of Interest

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

MANAGEMENT

Asset Management

Driftwood HI Signatory I, LLC, a Delaware limited liability company, serves as the Signatory Trustee of the Trust. Driftwood Capital Owners, LLC, a Delaware limited liability company, serves as the Asset Manager and is responsible for the management of the day-to-day affairs of the Trust.

Asset Management Agreement.

The Trust has entered into the Asset Management Agreement with the Asset Manager for the management of the day-to-day affairs of the Trust.

The Asset Manager's duties generally are to provide asset management services for the Trust and to advise the Trust on the optimal manner in which to manage, operate, maximize income from and/or dispose of the Property in accordance with the Trust Agreement, the Master Lease, applicable governmental requirements and the terms and provisions of the Asset Management Agreement. Such duties include but are not limited to: providing investor relations services on behalf of the Trust; conducting relations with broker-dealers and due diligence officers with respect to the Offering if requested by the Trust; if all or any of the Property is to be sold, providing assistance in negotiating a sale satisfactory to the Trust, and assisting the Trust in effecting a closing of the transaction between the Trust and the purchaser, including without limitation, engaging third-party real estate brokers; and participating in regular meetings with the Trust and/or the Master Tenant to discuss the operations of the Trust and the Property.

The term of the Asset Management Agreement commenced on April 15, 2026 and will terminate on the earlier of (i) the sale of the Property by the Trust or the Springing LLC (as defined herein), (ii) the termination of the Asset Management Agreement for cause, (iii) the termination of the Asset Management Agreement without cause upon thirty (30) days prior written notice without payment of any termination fee or penalty, or (iv) upon resignation by the Asset Manager provided the Asset Manager gives at least sixty (60) days' prior written notice of such resignation to the Trust or ten (10) days' notice if the Asset Manager is not paid its fees when due under the Asset Management Agreement.

The Trust is responsible for paying the Asset Manager certain compensation, as described in "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES – Fees Payable to the Asset Manager" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES – Disposition Fee."

Asset Management Team.

The Signatory Trustee is a wholly-owned subsidiary of Driftwood Capital, LLC (the "**Sponsor**").

The executive officers of the Sponsor are set forth below.

Name	Position
Carlos Rodriguez, Jr.	Co-Founder, President and CEO
Jorge L. Gomez-Moller	Partner, Chief Legal Officer & General Counsel
Glenn Wasserman	Partner, Chief Financial Officer
David Steiner	Partner, Managing Director – Capital Markets

Carlos Rodriguez, Jr.

Carlos Rodriguez, Jr. is the Co-Founder, President, and Chief Executive Officer of Driftwood Capital, a vertically integrated hospitality platform designed to operate across investment management, development, lending, and hotel operations. The firm manages approximately $3.5 billion in gross asset value and, through Driftwood Hospitality Management, operates more than 80 hotels for institutional and entrepreneurial ownership groups.

Carlos has spent his career building platforms that integrate capital, operations, and data-driven decision-making across the hospitality ecosystem. Prior to founding Driftwood Capital, he led Driftwood Acquisitions and Development and previously served as a Managing Partner at Casanovo Partners, where he oversaw ground-up development and launched an EB-5 financing program. He began his career at LNR Property, working across special servicing, asset management, and restructuring during a formative period in the CMBS market. Carlos earned his B.A. from Duke University.

Jorge L. Gomez-Moller

Jorge L. Gomez-Moller, a Partner at Driftwood Capital, serves as the firm's General Counsel and Chief Legal Officer. Jorge directs Driftwood's in-house legal team and outside counsel across all fund-level and asset-level legal matters and, along with Driftwood's other Partners, directs the firm's operations and corporate strategy. In 2019, Jorge spearheaded the launch of Driftwood Capital's Opportunity Zone program. In 2020, Jorge helped direct the corporate restructuring of Driftwood Capital and simultaneous formation of, and capital raise for, ~$300M in "general partner" funds focused on hospitality acquisitions, development and lending, which funds have subsequently transacted on more than $3BN in real estate assets. That same year, he also organized and registered Driftwood Advisors, LLC, an SEC-Registered Investment Adviser, and served as the adviser's Chief Compliance Officer until October 2024.

In 2021, he successfully helped structure and lead the equity recapitalization of Driftwood Capital's subsidiary hotel management company, Driftwood Hospitality Management, which, as of 2024, ranks among the largest hotel management companies in the U.S. with more than 80 hotels under management. In September 2024, he helped lead the structuring and equity recapitalization of a fund focused on Florida's Space Coast market, which at closing held assets valued in excess of $700M.

Prior to joining Driftwood in 2018, Jorge practiced law at Greenberg Traurig, LLP, where he represented clients in private equity fund formations, complex joint ventures, and cross-border mergers and acquisitions. He graduated Georgetown University with a B.A., cum laude, in Government and English and earned his J.D. from Boston University. Jorge also holds a certificate in Commercial Real Estate Analysis & Investment from the MIT School of Architecture & Planning. He is a member of the Florida Bar.

Jorge serves on the Board of Directors of the Alliance for Florida's National Parks, the official philanthropic partner of Big Cypress Natl. Preserve and Biscayne, Everglades and Dry Tortugas Natl. Parks., whose mission is to support education, exploration, and conservation in Florida's national parks. A native of Coral Gables, FL, Jorge and his wife currently reside a few blocks south in Pinecrest with their two sons, daughter, and CKC spaniel. He enjoys offshore fishing, fly fishing, boating, sailing, paddleboarding and generally just being on the water. He is also a lifelong golfer, guitarist, tennis player, and skier. Jorge is a member of the Riviera Country Club and the Coconut Grove Sailing Club.

Glenn Wasserman

As Chief Financial Officer, Glenn Wasserman oversees corporate financial strategy and all financial operations including accounting and financial reporting. He also provides strategic recommendations to the Chairman & CEO, President & COO and members of the executive team. Glenn has worked in the finance industry for his entire career, most recently as Chief Operating Officer at GFI Capital Resources Group, a diversified full service real estate company specializing in development, hospitality, construction, finance, real estate and insurance brokerage. He also served as Chief Financial Officer of Denihan Hospitality Group and Executive Vice President, Capital Markets & Strategic Planning at RXR Realty, among other positions.

Glenn holds a B.S. in Business Administration from the State University of New York (SUNY) Albany, and an MBA with an emphasis in finance and accounting from New York University's Leonard N. Stern School of Business.

Married to Meredith for 25 years, Glenn is a proud dad to Logan, Cooper and Tanner. When not attending their various sporting events, he can be found playing tennis and golf.

David Steiner

As Managing Director of Capital Markets, David oversees all mezzanine and preferred equity investments for the Lending strategy. He also leads debt sourcing for the firm's acquisitions and development businesses. He was previously a Director in Cantor Fitzgerald's Commercial Real Estate Finance group and has closed more than $5 billion of transactions during his career.

David earned a B.A. at Franklin & Marshall College and enjoys playing golf and soccer as well as running. He lives with his wife Lauren, son Chase and dog Addy.

Property Management

Driftwood Hospitality Management II, LLC, a Delaware limited liability company and an affiliate of the Sponsor, serves as the Property Manager pursuant to the Property Management Agreement.

Property Management Agreement.

The Master Tenant has entered into a Property Management Agreement with the Property Manager for the performance of the Master Tenant's property management obligations.

The Property Management Agreement has an initial term of 5 years, and will automatically renew for successive periods of 5 years, unless either party notifies the other of its election not to renew at least 30 days before the end of the current term. The Property Management Agreement may be terminated: (a) by mutual written agreement of the Property Manager and the Master Tenant or (b) by the non-defaulting party, upon 60 days' prior written notice to the defaulting party.

The Master Tenant is responsible for paying the Property Manager certain compensation, as described in "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES – *Property Management Fees*." Except for management fees that are incurred in connection with a construction matter involving a Capital Expenditure (which is included as part of such Capital Expenditure and thus borne by the Master Tenant under the terms of the Master Lease), the Master Tenant is responsible for any fees payable to the Property Manager.

PRIOR PERFORMANCE OF THE SPONSOR AND ITS AFFILIATES

IN CONSIDERING THE TRACK RECORD AND EXPERIENCE OF THE SPONSOR AND ITS AFFILIATES AND PRINCIPALS, PROSPECTIVE INVESTORS SHOULD KEEP IN MIND THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE PROPERTY WILL ACHIEVE ANY CERTAIN RESULTS IN THE FUTURE.

The information presented in this section represents the historical experience of real estate programs sponsored in whole or in part by the Sponsor and its affiliates. Investors in this Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs. Investors will not acquire any ownership interest in any of the entities to which the following information relates.

Information regarding the prior performance of the Sponsor and its affiliates is set forth on Exhibit F attached to this Memorandum. Investors should not assume that they will experience returns, if any, comparable to those experienced by investors in the prior real estate programs described therein.

FEDERAL INCOME TAX CONSEQUENCES

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

Classification for Purposes of Section 1031

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

An Interest must constitute an interest in real estate to qualify for exchange treatment under Section 1031. The determination of whether an Interest will be treated for federal income tax purposes as ownership in real estate and not as a security or an interest in a partnership, joint venture, association or trust is dependent upon all of the surrounding facts and circumstances. On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-2 C.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in the DST satisfies the requirements of Section 1031. The IRS based its holding on the following conclusions: (1) the DST is treated as an entity separate from its owners (and not as a co-ownership or agency arrangement), (2) the DST is an "investment" trust and not a "business entity" for federal income tax purposes, (3) the DST is a "grantor trust" for federal income tax purposes, with the holders of interests in the DST treated as the grantors of the DST, and (4) the holders of interests in the DST are treated as directly owning interests in real property held by the DST. Because Revenue Ruling 2004-86 contains numerous factual assumptions regarding the DST, not all of which apply to the Trust, there can be no guarantee that the Interests will satisfy the requirements of Section 1031. Nevertheless, the Trust Agreement has been drafted such that it is consistent with the material factual assumptions regarding the DST, and Special Tax Counsel to the Trust has rendered a Tax Opinion that the acquisition of Interests by an Investor should be treated as a direct acquisition of the Property for purposes of Section 1031. Such opinion will rely upon the accuracy and completeness of certain documents, facts, representations and assumptions that may not be applicable to a particular prospective Investor. In addition, qualification of the transaction under Section 1031 requires meeting numerous statutory, regulatory and other conditions and also involves issues based on facts and situations that are not and cannot be known to Special Tax Counsel. Therefore, each prospective Investor's tax situation with respect to an exchange will be different and a prospective Investor must consult with the prospective Investor's own tax advisor regarding the prospective Investor's ability to effectuate an acquisition of replacement property under Section 1031. The Tax Opinion addresses only one aspect in qualifying under Section 1031, whether an acquisition of an Interest can be treated as a direct acquisition of the Property for purposes of Section 1031.

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

- whether a prospective Investor has properly identified the replacement property within the 45-day time period;

- whether the Relinquished Property qualified as being held for investment purposes or in a trade or business;
- whether a prospective Investor will fall within the deferred exchange safe harbor rules by properly using a "qualified intermediary" and a "qualified exchange escrow;"
- whether a prospective Investor acquiring an Interest and attempting to do a reverse exchange meets all the qualifications spelled out in IRS Revenue Procedure 2000-37, 2000-2 C.B. 308 (September 18, 2000);
- whether some portion of the Property is "personal property" as opposed to "real property;" and
- whether any amounts paid by, or deemed paid by, the prospective Investors with respect to certain costs and expenses of the Offering, financing costs and funding of the FF&E Reserve Account will be deemed to constitute other consideration received in the exchange.

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

Property Identification for Section 1031 Exchanges

Section 1031 generally permits taxpayers to identify up to three replacement properties (the "**three-property rule**"), without regard to the fair market value of those properties. In addition, taxpayers may identify any number of properties so long as their aggregate fair market value at the end of the identification period does not exceed 200% of the value of the Relinquished Property on the date it was transferred (the "**200% rule**"). If the three-property rule and 200% rule are violated, an Investor will still be treated as properly identifying any replacement property identified before the end of the identification period and received before the end of the exchange period if the fair market value of the replacement property received is at least 95% of the aggregate fair market value of all identified replacement property. The property identification rules of Section 1031 are complex, and Investors must consult with their own qualified intermediaries and tax advisors concerning their satisfaction of the property identification requirements of Section 1031.

Receipt of Boot

If, in a Section 1031 Exchange, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the Relinquished Property is recognized up to the amount of boot. Although there is no direct authority on point, prospective Investors should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the Relinquished Property are boot and, therefore, income to the Investors. For example, the IRS may conclude that some amounts paid into the FF&E Reserve Account and amounts paid in connection with the Offering of Interest constitute boot received by the Investors and not a reinvestment in real estate. Special Tax Counsel to the Trust is not opining as to whether any such amounts paid by or deemed paid by the Trust or the Investors will be considered an acquisition of real estate or boot to the Investors. See "ESTIMATED SOURCES AND USES OF PROCEEDS" and "PLAN OF DISTRIBUTION."

Losses May Not Be Currently Deductible Under the Passive Loss, At Risk and Excess Business Loss Rules

Non-corporate investors (and certain closely held, personal service and S corporations) are subject to the limitations under Section 469 of the Code on using losses from passive business activities to offset business income, salary income, and portfolio income (i.e., interest, dividends, capital gains from portfolio investments, royalties, etc.). Passive activities include: (1) any activity which involves the conduct of any trade or business and in which the taxpayer does not materially participate (as defined in Section 469(h)); and (2) rental activities (subject to an exception for taxpayers who qualify as real property operators under certain statutory tests). Subject to satisfaction of the real property operator test and the material participation test, an Investor's income and loss from an investment in an Interest, if any, will constitute income and loss from passive activities. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest, or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Investor. **Investors should consult their tax advisors with respect to the application of the passive loss rules.**

In addition, an Investor that is an individual or closely held corporation will be unable to deduct losses from the Trust, if any, to the extent such losses exceed the amount the Investor is considered "at risk" under Section 465 of the Code. Losses not allowed under the at risk provisions may be carried forward to subsequent tax years and used when the Investor's amount "at risk" increases or when the Investor generates gain on the disposition of the activity. However, the rules regarding the applicability of the at risk rules to a particular Investor are complex and vary with the facts and circumstances particular to each Investor. **Investors should consult their tax advisors with respect to the application of the at risk rules.**

Finally, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount for 2026 is $256,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

Limit on Business Interest Deductions

Section 163(j) of the Code limits certain taxpayers' annual deductions for "business interest" paid or accrued during the taxable year to the sum of thirty percent of the taxpayer's "adjusted taxable income" plus certain types of business interest income of the applicable taxpayer (the "**Business Interest Limitation**"). Adjusted taxable income is the taxable income of the taxpayer computed without regard to any item of income, gain, deduction or loss which is not property allocable to a trade or business, any business interest or business interest income, any Section 172 net operating loss deductions, and any Section 199A deductions. If the Business Interest Limitation is applicable to a taxpayer, then business interest in excess of the allowed current deduction may be carried forward and treated as business interest paid or accrued in the succeeding taxable year, subject to certain restrictions.

For federal income tax purposes generally, and for purposes of the Business Interest Limitation in particular, because the Trust is classified as a fixed investment trust and a grantor trust (and thus is not itself a "taxpayer" for such purposes), the Business Interest Limitation applies, if at all, to Investors and not to the Trust. If the Investor is a partnership or an S corporation, then the Business Interest Limitation is applied at the partnership or S corporation level. There is a special rule applicable to partners in Investors that are partnerships and elections are made at the partnership level. If the Investor is part of a group of affiliated corporations that file a consolidated return, then the Business Interest Limitation applies at the consolidated tax return filing level. The Property is subject to the Loan and the Trust is expected to pay a considerable amount of interest with respect to the Loan. Each Investor will be considered to have paid his, her or its pro rata share of such interest and the Business Interest Limitation, if applicable, may limit an Investor's ability to deduct such interest.

Certain Investors (including individual Investors) that qualify as "small businesses" (in general, businesses whose average annual gross receipts for the three-year period ending with the prior taxable year do not exceed $25 million) are excepted from the Business Interest Limitation (the "**Small Business Exception**"). For the purposes of the Small Business Exception, any Investor that is not a corporation or a partnership (and is thus not normally subject to Code Section 448) calculates his, her or its average annual gross receipts as though he, she or it was a corporation or partnership. Treasury Regulations provide specific rules concerning how Investors who are individuals, partners in partnerships, shareholders of S corporations, and tax-exempt organizations calculate their average annual gross receipts for purposes of determining whether they qualify for the Small Business Exception. Under these specific rules, an individual Investor's gross receipts include all items specified as gross receipts in Treasury Regulations under Code Section 448(c), whether or not derived in the ordinary course of the Investor's trade or business, but do not include inherently personal amounts, including, but not limited to, personal injury awards or settlements with respect to an injury of the individual Investor, disability benefits, Social Security benefits received by the individual Investor during the taxable year, and wages received as by the individual Investor as an employee that are reported on Form W-2. **Investors should consult their own tax advisors to determine if they qualify for the Small Business Exception.**

If an Investor does not qualify for the Small Business Exception, then the Investor should consider whether the Business Interest Limitation applies to his, her or its *pro rata* share of the interest that the Trust pays with respect to the Loan. "Business interest" means any interest, other than investment interest within the meaning of Code Section 163(d), paid or accrued on indebtedness properly allocable to a "trade or business." Business interest includes disallowed business interest expense carryforwards from prior taxable years, including interest expense for the taxpayer's last taxable year that began before January 1, 2018. Treasury Regulations provide that the term "trade or business" means a trade or business within the meaning of Code Section 162. As discussed in "*Federal Income Tax Consequences – Deduction for Qualified Business Income*" below, the Property is subject to the Master Lease, which may be a triple-net lease, and Investors are expected to be passive investors in the Property. Thus, an Investor's Interest may not be a "trade or business" within the meaning of Code Section 162 and the interest paid by the Trust with respect to the Loan may not be "business interest" subject to the Business Interest Limitation at all. **Investors should consult their own tax advisors to determine whether the Investor's Interest, either separately or together with any other interests in real property that the Investor may own, constitutes a trade or business within the meaning of Code Section 162**.

Even if an Investor does not qualify for the Small Business Exception and determines that such Investor's Interest, either separately or together with any other interests in real property that the Investor may own, constitutes a trade or business within the meaning of Code Section 162, the Investor's Interest, separately or together with any other interests in real property that the Investor may own, may still be excepted from the definition of "trade or business" for purposes of Code Section 163(j). Code Section 163(j) provides that "trade or business" excludes any trade or business of performing services as an employee, certain regulated utility businesses, any electing farming business, and any business that is a real property trade or business that has made an election under Section 163(j)(7)(B) (the "**Real Property Business Election**"). Thus, interest paid or accrued on indebtedness properly allocable to a trade or business that has made a Real Property Business Election is not "business interest" subject to the Business Interest Limitation. **Investors should consult their own tax advisors regarding whether an Interest, either separately or together with any other interests in real property that they may own, constitutes a trade or business for such Investors within the meaning of Code Section 162 and, if so, whether it would be advisable to make a Real Property Business Election with respect thereto.**

If an Investor makes a Real Property Business Election with respect to an Interest (either on its own or as part of a trade or business including other real property), then the Investor must use the alternative depreciation system ("**ADS**") to depreciate its Interest (and any other real property that is subject to the election). As such, the depreciable life of property subject to the Real Property Business Election would be increased as follows: nonresidential real property would be increased from 39 years to 40 years, residential real property would be increased from 27.5 years to 30 years, and qualified improvement property would be increased from 15 years to 20 years. Moreover, because the electing real property trade or business must use ADS to depreciate such property, to the extent any such property would otherwise be eligible for an additional depreciation deduction in the year that the property is placed in service equal to 100% of the taxpayer's adjusted basis in the property under Code Section 168(k) ("**Bonus Depreciation**"), such electing real property trade or business will be ineligible for claiming Bonus Depreciation. Regardless, even absent a Real Property Business Election, the portion of a taxpayer's basis in Replacement Property that is carried over from his, her or its Relinquished Property under Code Section 1031(d) is not eligible for Bonus Depreciation unless the taxpayer will be the original user of the replacement property. Because the Trust is not the original user of the Property, even absent a Real Property Business Election, an Investor is only eligible to take Bonus Depreciation with respect to the portion of the basis in such Investor's Interest that is attributable to cash or other consideration paid by such Investor (including such Investor's share of the Loan, if applicable) that is in excess of the gross value of the Relinquished Property disposed of by such Investor (including any liabilities of such Investor discharged upon such disposition) pursuant to such Investor's Section 1031 Exchange.

Deduction for Qualified Business Income.

Code Section 199A generally provides that a noncorporate taxpayer can deduct 20% of the "qualified business income" that he, she, or it receives during the taxable year. "Qualified business income" is the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. For taxpayers whose taxable income exceeds the threshold amount of $201,775 ($403,500 in the case of a joint return) the deductible amount for a qualified trade or business is the lesser of: (1) 20% of the taxpayer's qualified business income, or (2) the greater of (a) 50% of the W-2 wages relating to the qualified trade or business or (b) the sum of (i) 25% of the W-2 wages relating to the qualified trade or business and (ii) 2.5% of the "unadjusted basis immediately after acquisition of qualified property."

There is substantial uncertainty as to whether a taxpayer's ownership of real estate that is subject to a triple-net lease can qualify as a "trade or business" for purposes of Code Section 199A. Treasury Regulations provide some guidance with respect to Code Section 199A. The "Summary of Comments and Explanation of Revisions" that the Department of Treasury included with the Treasury Regulations (the "**Explanation**") discusses rental real estate activities as a trade or business for purposes of Code Section 199A. The Treasury Regulations state that "trade or business" has the same meaning as in Code Section 162. The Explanation notes that the Department of Treasury and the IRS will not provide a bright-line rule as to whether rental real estate activities will be considered a Code Section 162 trade or business for purposes of Code Section 199A. The IRS issued IRS Revenue Procedure 2019-38 that created a safe harbor that taxpayers with rental real estate activities can, if they meet the requirements, rely upon to treat their rental real estate activities as a "rental real estate enterprise" that will be considered a "trade or business" for purposes of Code Section 199A. However, IRS Revenue Procedure 2019-38 specifically excludes from the safe harbor triple-net leases. IRS Revenue Procedure 2019-38 notes that failure to satisfy the requirements of the safe harbor does not preclude a taxpayer from otherwise establishing that a rental real estate activity is a trade or business for purposes of Code Section 199A. Thus, a taxpayer with a triple-net lease will need to establish that his, her or its rental real estate activity qualifies as a Code Section 162 trade or business.

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

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

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

Tax Deficiency, Penalties and Interest

If an IRS audit disqualifies an Investor's proposed Section 1031 Exchange, the Investor will be taxed on the Investor's gain on the sale of the Relinquished Property, and the IRS will assess interest and could assess penalties and interest on the tax deficiencies associated with any failed Section 1031 Exchange. The Code provides for penalties relating to the accuracy of a tax return equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement which is attributable to: (1) negligence; (2) any substantial understatement of income tax; or (3) any substantial valuation overstatement. Additional interest may be imposed on underpayments relating to tax shelters. As indicated above, Special Tax Counsel has issued an opinion that an acquisition of an Interest should be treated as a direct acquisition of the Property for purposes of Section 1031. However, the Tax Opinion does not address whether an Investor's specific transaction qualifies as a Section 1031 Exchange or whether any amounts paid by or deemed paid by the Trust or the Investors with respect to certain expenses of the Offering or financing will be deemed to constitute an acquisition of real estate. While Special Tax Counsel believes that its opinion is supported by substantial authority and that an Investor should not be subject to the accuracy-related penalties described above with respect to whether the purchase of an Interest qualifies as a direct acquisition of real estate, the Tax Opinion is not binding on the IRS and does not provide a guarantee against an adverse tax result.

Taxable Income

It is expected that an Investor's Interests will generate annual taxable income in excess of the cash distributable to such Investor. Although such taxable income can be offset by depreciation deductions, the amounts of such depreciation deductions may be limited because the tax basis of such property received in a Section 1031 Exchange is generally the same as the tax basis of the property exchanged. Therefore, if an Investor has a low tax basis in the Relinquished Property exchanged in a proposed Section 1031 Exchange, such Investor will have a low tax basis in his, her or its Interests, and his, her or its depreciation deductions will be less than the depreciation deductions of an Investor whose purchase was not structured as a Section 1031 Exchange.

Net Income and Loss of Each Investor

Each Investor will be required to determine his, her or its own net income or loss from the Property for income tax purposes. Certain expenses of the Property, such as depreciation and any interest expense attributable to refinancing proceeds which are distributed to the Investors, will be different for different Investors. The Signatory Trustee will keep records and provide information about expenses and income for each Investor. An Investor, however, will be required to keep separate records and to separately report the Investor's own net income or loss from the Property for income tax purposes. The application of certain rules, including the passive activity loss rules and the at risk rules, may cause the tax treatment of certain expenses of the Property such as depreciation, to be different for each Investor.

In addition to other income tax imposed by the Code, certain Investors who are U.S. individuals, estates, or trusts (including those that would own their Interests through an entity treated as a partnership or S corporation for U.S. income tax purposes) are subject to the Medicare Contributions Tax, which imposes a 3.8% tax on the lesser of (1) "net investment income" for the relevant taxable year and (2) the excess of modified adjusted gross income for the taxable year over a certain threshold of certain U.S. individuals and on the lesser of (a) the undistributed "net investment income" for the relevant tax year and (b) the excess of the "adjusted gross income" for such taxable year over the dollar amount at which the highest tax bracket in Code Section 1(e) begins for such taxable year of certain estates and trusts. Among other items, "net investment income" generally includes rent and net gain from the disposition of investment property, less certain deductions.

Taxation of Tax-Exempt Investors

Tax-exempt entities, including qualified employee pension and profit sharing trusts, individual retirement accounts, SIMPLE 401k plans, Keogh plans, 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 trust, 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 Property, 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. Under the Code, a tax-exempt entity must calculate UBTI separately for each unrelated trade or business activity, and, therefore, tax-exempt investors cannot use expenses or losses from one unrelated trade or business activity to reduce the amount of UBTI realized from a different trade or business.

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. UBTI generally includes a percentage of rental income (less applicable deductions) and gains from the sale or other disposition of real property if the property is debt-financed.

Rent derived from investment in real estate, and the capital gain realized on the sale of such real estate, is generally exempt from UBTI classification. However, to the extent the acquisition or improvement of the real estate is financed with "acquisition indebtedness," a proportionate share of such rent and capital gain is generally treated as UBTI. In addition, certain activities of the Trust could result in the realization of UBTI regardless of whether the property is subject to acquisition indebtedness, including, without limitation, the collection of parking revenue and fees for services provided to guests.

The percentage of rental income that will be UBTI (less the same percentage of applicable deductions) for debt-financed property is the ratio of the investor's pro rata share of the average outstanding principal balance of the debt to the investor's individual average tax basis in the property. Depreciation with respect to a tax-exempt investor's interest in debt-financed property must be computed using the straight-line method.

Upon the sale or other disposition of debt-financed property, the percentage of the gain that will be UBTI is the ratio of the investor's individual average outstanding principal balance of the debt during the 12-month period ending with the sale to the investor's pro rata share of the average tax basis in the property during the applicable sale year.

Because the Property is debt-financed, a portion of certain tax-exempt investors' rental income and gains from the sale of the Property will generate UBTI. However, it is anticipated that depreciation deductions will offset a portion of the UBTI from rental income. If such a tax-exempt investor incurs additional debt in connection with its investment in the Trust, it may give rise to UBTI. Therefore, each prospective Investor should consult its own advisors regarding the use of debt to invest in the Trust. The Signatory Trustee will have no liability for any UBTI resulting from an Investor's acquisition of Interests.

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.

On an annual basis, the Trust will advise each Benefit Plan Investor as to how to compute its share of any UBTI generated by the Trust for purposes of filing such Benefit Plan Investor's tax returns. A tax-exempt investor that realizes UBTI is required to file Form 990-T in addition to its normal tax return for each year in which it realizes at least $1,000 in gross income from UBTI activities, regardless of whether it owes tax for the year.

Tax Impact of Sale of the Property

If the Property is sold or otherwise disposed of, the Investors will likely recognize taxable income. The amount realized by the Investors will include the amount of any debt assumed by the Investor or eliminated in such disposition of the Property. An Investor will have taxable income to the extent that the amount realized by such Investor exceeds his, her or its tax basis in his, her or its Interests. In addition, as noted above in "*Net Income and Loss of Each Investor*," the 3.8% Medicare Contribution Tax is likely to apply to any net gain realized on a taxable disposition of the Property.

State and Local Laws

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

In addition, ownership of an Interest may result in an obligation to pay state or local tax in the states and/or localities where the Property is located, and Investors may be subject to state and/or local tax withholding on their cash distributions from the Trust. If so, the Trust may be obligated to act as withholding agent and to pay such withholdings over to the state and/or local taxing authorities. Any such withholdings should be creditable against an Investor's income tax obligations in the state and/or locality with respect to his, her or its share of the Trust's income from the Property. State and local taxing jurisdictions may also impose applicable transfer taxes upon a disposition of the Property or an Interest. Prospective Investors must consult with their own tax advisors concerning the applicability and impact of state and local tax laws.

Tax Opinion

Nelson Mullins Riley & Scarborough LLP, Special Tax Counsel to the Trust, has rendered the Tax Opinion concerning certain issues related to the Interests as set forth in this Memorandum. A copy of the Tax Opinion of Special Tax Counsel is attached as Exhibit D to this Memorandum. Except as to matters stated therein, which are based upon the law in effect as of the date of the Tax Opinion, the issuance of the Tax Opinion should not in any way be construed as implying that Special Tax Counsel has approved or passed upon any other matter for the Trust.

PROSPECTIVE INVESTORS SHOULD NOTE THAT A NUMBER OF ISSUES DISCUSSED IN THIS MEMORANDUM HAVE NOT BEEN DEFINITIVELY RESOLVED BY STATUTES, TREASURY REGULATIONS, RULINGS OR JUDICIAL OPINIONS. ACCORDINGLY, NO ASSURANCES CAN BE GIVEN THAT THE CONCLUSIONS EXPRESSED HEREIN WILL BE ACCEPTED BY THE IRS, OR, IF CONTESTED, WOULD BE SUSTAINED BY A COURT, OR THAT LEGISLATIVE CHANGES OR ADMINISTRATIVE PRONOUNCEMENTS OR COURT DECISIONS MAY NOT BE FORTHCOMING THAT WOULD SIGNIFICANTLY ALTER OR MODIFY THE CONCLUSIONS EXPRESSED HEREIN, WITH POSSIBLY RETROACTIVE EFFECT. EACH PROSPECTIVE INVESTORS MUST CONSULT HIS, HER OR ITS OWN TAX COUNSEL ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN AN INTEREST.

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 itself that such investment is consistent with its 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 diversification 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 itself that it 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 Property would be considered a plan asset. In such event, the Property, transactions involving the Property and the persons with authority or control over and otherwise providing services with respect to the Property would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Code Section 4975. See "RISK FACTORS – ERISA Risks" for a discussion of certain consequences if the prohibited transaction provisions of ERISA and Code Section 4975 apply to the Trust.

Each Benefit Plan Investor that is a prospective Investor in 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 investor and the composition of such investor'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.

If the assets of the Trust are deemed to constitute plan assets, each Benefit Plan Investor that is required to file a Form 5500 Annual Return/Report will be required to include its proportionate share of each asset owned by the Trust, and certain transactions of the Trust, on its Form 5500, and may also be required to report certain fees and compensation paid by the Trust on Schedule C of Form 5500. The descriptions contained in this Memorandum of fees and compensation, are intended to satisfy the disclosure requirements for “eligible indirect compensation” for which the alternative reporting option on Schedule C may be available.

SUMMARY OF THE PURCHASE AGREEMENT

General

Each Investor will be required to execute a complete and accurate Investor Questionnaire and Purchase Agreement, the forms of which are attached as Exhibit A to this Memorandum. Prospective Investors should review the entire Investor Questionnaire and Purchase Agreement with their own independent legal counsel before submitting an offer to purchase an Interest. Except as set forth in this section below in "*Termination of the Purchase Agreement*," the execution of the Investor Questionnaire and Purchase Agreement and tender of the requisite amount of money will constitute an irrevocable offer to purchase an Interest. The following is merely a summary of some of the significant provisions of the Purchase Agreement and is qualified in its entirety by reference thereto.

Each prospective Investor will be required to acknowledge and represent in the Purchase Agreement that the prospective Investor is acquiring the Interest for investment purposes and not with a view for resale or distribution. Further, each prospective Investor must acknowledge and represent that the prospective Investor is aware of the risks inherent in an investment such as the Interest, including, without limitation, the risks set forth in this Memorandum.

Submission of Offer to Purchase

A summary of the procedures for the offer and purchase of an Interest is set forth in the section of this Memorandum entitled "HOW TO PURCHASE." Investors should read that section in its entirety.

Closing

Each prospective Investor will be required to return to the Trust an executed copy of a (1) complete and accurate Investor Questionnaire and Purchase Agreement, the forms of which are attached as Exhibit A to this Memorandum, and (2) signature page to the Trust Agreement, the form of which is attached to the Investor Questionnaire. Prospective Investors may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected.

If approved by the Trust, the Investor must deliver the full amount of the purchase price to the Trust and satisfy certain other closing conditions set forth in the Purchase Agreement.

Within a reasonable time after closing the purchase of the Interests by an Investor, a confirmation statement reflecting the Interests purchased will be delivered to each Investor. See "PLAN OF DISTRIBUTION."

Termination of the Purchase Agreement

In general, a purchase of Interests is irrevocable and may not be canceled, terminated or revoked. The Purchase Questionnaire and the Purchase Agreement will survive the death or disability of the Investor and will be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.

An Investor's Purchase Agreement will be terminated if: (a) a prospective Investor is not accepted by the Trust or (b) the Trust terminates the Offering for any reason.

If an offer to purchase is rejected in whole or in part, or if the Trust terminates the Offering for any reason, the prospective Investor will have no right to acquire an Interest in the Trust and will have no claims against the Trust for damages, expenses, lost profits or otherwise.

No Tax Advice

Other than the Tax Opinion issued by the Trust's Special Tax Counsel, a copy of which is attached as Exhibit D to this Memorandum, the Investors will acquire their Interests without any representations from the Trust regarding the tax implications of the transaction. Each Investor should consult his, her or its own independent attorneys and other tax advisors regarding the tax implications of the Investor's acquisition of the Interests, including whether such acquisition will qualify as part of a proposed Section 1031 Exchange, if one is contemplated. See “FEDERAL INCOME TAX CONSEQUENCES.”

Indemnity

The Purchase Agreement contains an indemnity provision whereby each Investor will be required to indemnify, defend and hold harmless the Trust, its beneficiaries, the Signatory Trustee and certain other parties from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees and costs) that they may incur by reason of the Investor’s failure to fulfill all of the terms and conditions of the Investor Questionnaire and Purchase Agreement or untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained therein.

Arbitration

Each Investor voluntarily waives the right to have any dispute arising out of the Investor Questionnaire and Purchase Agreement litigated in a court or decided by jury trial. Any dispute or controversy arising out of, or relating to, the Purchase Agreement will be resolved by final and binding arbitration brought in California.

PLAN OF DISTRIBUTION

Rule 506(c)

This Offering is being made in reliance on Rule 506(c) of Regulation D promulgated under the Securities Act. The Offering is strictly limited to certain qualified, Accredited Investors, who must provide documentary evidence demonstrating that they are "Accredited Investors". See "WHO MAY INVEST."

General Description

The Interests are beneficial interests in the Trust. If a prospective Investor elects to purchase Interests and the Trust accepts such purchase, he, she or it will become an Investor in the Trust upon payment in full of the purchase price. The Trustees (and in particular the Signatory Trustee) are solely responsible for the operation and management of the Trust. The Investors have no right to participate in the management of the Trust or in the decisions made by the Trustees. The Trustees will not consult with the Investors when making decisions with respect to the Trust and the Property. The Signatory Trustee will be under no obligation to make its decision with respect to a prospective sale of the Property in accordance with the wishes of Investors. The sole rights of the Investors will be to receive distributions from the Trust if, as and when made, as provided in the Trust Agreement, and to remove and replace a Trustee only in certain, limited circumstances as described herein. See "SUMMARY OF THE TRUST AGREEMENT – Terms of the Trust Agreement – *Authority of Investors*."

The Trust is offering $23,975,543 of Interests, which includes the Interests purchased by the Initial Investor of $4,862,787 at the closing of the Trust's acquisition of the Property, and the $1,198,777 representing the Contributor Retained Interest. These amounts also include $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor purchased its Interests net of Selling Commissions and Offering Expenses and the Contributor Retained Interest is reflected net of Selling Commissions and Offering Expenses. Accordingly, of the Maximum Offering Amount, we will only be soliciting up to $17,913,979 of Interests from Investors (other than the Contributor and Initial Investor) in this Offering of Interests in the Trust. The minimum amount of Interests that an Investor may purchase is $100,000, which is equal to an approximately 0.42% Interest in the Trust, unless the Trust waives this minimum requirement. Other than as described above, the Maximum Offering Amount assumes that all Interests are sold without adjustments to Selling Commissions and Offering Expenses.

The Offering will terminate on or before the earlier of the one (1) year anniversary of the date of this Memorandum and commencement of the Offering (which date is subject to extension by the Sponsor, in its sole discretion, for two (2) additional six (6) month periods) or the date on which all $23,975,543 of the Interests offered hereby have been sold.

Qualifications of Investors

The Interests are being offered only to Accredited Investors who can represent that they meet the investor suitability requirements described in "WHO MAY INVEST" and Interests may be purchased only by prospective Investors who satisfy such suitability requirements.

Sale of Interests

Prospective Investors must adhere to the arrangements and instructions summarized in "HOW TO PURCHASE" and "SUMMARY OF THE PURCHASE AGREEMENT" in this Memorandum and set forth in full in the Purchase Agreement, attached as Exhibit A to this Memorandum. There is no assurance that all of the Interests will be sold, and the Trust reserves the right to refuse to sell Interests to any person, in its sole discretion, and may terminate this Offering at any time.

Marketing of Interests

Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (the "**Selling Group Members**") who are members of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"). Metric Financial LLC (the "**Managing Broker-Dealer**"), a member of FINRA, serves as the Managing Broker-Dealer and will receive selling commissions ("**Selling Commissions**") of up to 6.0% of the purchase price of the Interests sold by Selling

Group Members (the “**Total Sales**”), some or all of which it may re-allow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. Thus, certain Investors may acquire Interests net of Selling Commissions. Offers and sales of Interests may also be made by approved registered investment advisers (“**Participating RIAs**”). Participating RIAs will not be paid any Selling Commissions, but subject to all legal and regulatory restrictions, Participating RIAs may be reimbursed a “**Due Diligence Allowance**” for their due diligence and/or marketing burdens related to the Offering. The Managing Broker-Dealer will be re-allowed one percent (1%) of the gross offering proceeds from the sale of Interests by Participating RIAs. The Managing Broker-Dealer will also receive: (a) a non-accountable marketing and due diligence allowance of up to 1.0% of Total Sales (the “**Marketing and Due Diligence Allowance**”), which may be re-allowed, in whole or in part, to the Selling Group Members and (b) a managing broker-dealer fee of up to 2.75% of the Total Sales (the “**Managing Broker-Dealer Fee**”), which may be re-allowed, in whole or in part, to the Selling Group Members or to wholesalers or other associated persons eligible to receive such compensation. The Managing Broker-Dealer may also sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. In the event a Marketing and Due Diligence Allowance greater than 1.0% is re-allowed, the Managing Broker-Dealer will reduce its Managing Broker-Dealer Fee by an equal amount. The Trust will also reimburse the Sponsor, its affiliates, and certain third parties for offering and organizational expenses (the “**O&O Expenses**”) in an amount equal to 1.0% of the $17,913,979 of Interests that are subject to Selling Commissions and Offering Expenses. The Selling Commissions, the Marketing and Due Diligence Allowance, the Managing Broker-Dealer Fee, the O&O Expenses, as well as other costs of the Offering (collectively, the “**Selling Commissions and Offering Expenses**”), will be paid by the Trust out of the Offering proceeds.

In addition to the foregoing fees and expenses, the Managing Broker-Dealer will receive the following fees and reimbursements: (1) (a) a servicing fee of up to $5,000 per month, and (b) certain reimbursements, in each case for the duration of the Offering, in connection with its role in effectuating the Offering, neither of which will come from the Offering proceeds or distributions from the Trust.

Inquiries about purchases may be sent via mail to the Managing Broker-Dealer at

Metric Financial LLC
Attn: Andy Marshall
1180 W Peachtree St. NW
Suite 1910
Atlanta, GA 30309

Sales Materials

Other than this Memorandum, the Exhibits hereto and factual summaries and sales brochures of the Offering, no other literature will be used in the Offering.

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

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

Fee Waivers

Each Investor may agree with the Investor’s respective investment representative or broker/dealer to reduce or eliminate any Selling Commissions payable with respect to the Investor’s purchase of the Interests. In such case, the Trust will not pay Selling Commissions to the Managing Broker-Dealer in respect of the Interests for which the broker/dealer or investment representative has agreed to waive or reduce the Selling Commissions, to the extent of such waiver or reduction, which will have the effect of increasing the amount of Interests purchased by the particular Investor. The proceeds to the Trust will not be affected by any waiver or reduction of Selling Commissions.

In addition, in no event will any Selling Commissions or Offering Expenses be paid in connection with the sale of Interests directly by the Trust, including, without limitation, sales to affiliates of the Sponsor. For purposes of this Memorandum, "Selling Commissions and Offering Expenses" include Selling Commissions, the Marketing and Due Diligence Allowance, the Managing Broker-Dealer Fee, the O&O Expenses, and other costs of the Offering. The Interests purchased by the Initial Investor were purchased net of the Selling Commissions and Offering Expenses, and the Contributor Retained Interest is reflected net of the Selling Commissions and Offering Expenses. Accordingly, the Maximum Offering Amount includes $651,618 of additional equity attributable to the Initial Investor and the Contributor due to the fact that the Initial Investor and the Contributor Retained Interest are net of the Selling Commissions and Offering Expenses.

In addition, on a case-by-case basis, the Managing Broker-Dealer and/or the Sponsor may, in its sole discretion, decide to reduce or waive certain fees or reimbursements to which they are entitled in connection with a particular sale of Interests. Any such waiver or reduction will have the effect of increasing the amount of Interests purchased by the particular Investor. The proceeds to the Trust will not be affected by any waiver or reduction of these fees or reimbursements.

Moreover, in certain circumstances, in addition to the waivers and reductions described above, the Trust may elect to further discount the price at which it sells the Interests. In any such circumstance, the proceeds to the Trust will not be affected because any difference between the discounted purchase price and the stated purchase price will be borne by the Sponsor and not the Trust.

In the event an Investor independently uses the services of a registered investment adviser and not a broker/dealer in connection with the purchase of Interests, no Selling Commissions will be payable to the investment adviser with respect to the Investor's purchase of those Interests, which will have the effect of increasing the amount of Interests purchased by the particular Investor. Subject to applicable legal and regulatory restrictions, Participating RIAs may be reimbursed a Due Diligence Allowance for their due diligence and/or marketing burdens related to the Offering, and the Managing Broker-Dealer will be re-allowed one percent (1%) of the gross offering proceeds from the sale of Interests by Participating RIAs. The payment of any advisory fees or similar compensation payable by an Investor to such investment adviser will be the sole responsibility of the Investor, and the Trust will have no liability for that compensation. The proceeds to the Trust will not be affected by this waiver of Selling Commissions.

Limitation of Offering

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

Ownership by the Sponsor

As of the date of this Memorandum, the beneficiaries of the Trust are (1) the Contributor, with respect to 79.7% of the beneficial interests (five percent (5%) of which the Contributor intends to retain) and (2) the Initial Investor, with respect to 20.3% of the beneficial interests. The Interests offered herein, in addition to the Interests purchased by the Initial Investor and the Contributor Retained Interest, represent 100% of the beneficial interests in the Trust. The Offering is being made for purposes of returning to the Contributor its capital contributions and reducing the Contributor's beneficial ownership of the Trust, establishing reserves and paying all related fees and expenses. The Contributor intends to continue to own five percent (5%) of the beneficial interests in the Trust after the completion of this Offering as the Contributor Retained Interest. If any Interests cannot be sold, the Contributor and/or its affiliate will own the remaining Interests, provided that the holder of such unsold Interests (whether the Contributor or otherwise) reserves the right to sell or otherwise transfer such unsold Interests, to persons affiliated with the Sponsor or otherwise, whether pursuant to a secondary offering or otherwise. The Interests owned will be held for investment purposes and not for resale. See "RISK FACTORS – Risks Related to the Offering" and "CONFLICTS OF INTEREST."

Acceptance of Investors

The Trust may accept or reject the Purchase Agreement of any prospective Investor for any reason or no reason for a period of 30 days after receipt of the Purchase Agreement. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected.

Broker-Dealer Disqualifying Events

The Interests will be offered and sold pursuant to an exemption from the registration requirements of the Securities Act, in accordance with Rule 506(c) of Regulation D, and in compliance with any applicable state securities laws. Effective September 23, 2013, the SEC adopted amendments to Rule 506 requiring certain disclosures to customers in connection with Regulation D private placement offerings, which includes this Offering. Specifically, the amendments require that the Trust notify you if the broker-dealers selling Interests in this Offering have experienced certain specified "disqualifying events," including certain criminal convictions, certain court injunctions and restraining orders, final orders of certain state and federal regulators and certain SEC disciplinary orders and SEC cease-and-desist orders, among other events (each a "**Disqualifying Event**").

As of the date of this Memorandum, to the Trust's knowledge, no broker-dealer selling Interests in this Offering have experienced a Disqualifying Event that must be disclosed to Investors.

LITIGATION

There are no material legal actions pending against the Sponsor, the Master Tenant or the Trust nor, to the knowledge of the Sponsor, the Master Tenant or the Trust, respectively, are any such proceedings threatened or contemplated.

REPORTS AND ADDITIONAL INFORMATION

Reports

The Signatory Trustee will keep proper and complete records and books of account for the Property, which will be used by the Sponsor to prepare periodic financial statements. These books and records will be kept at the Signatory Trustee's principal place of business and will be available to the Investors during reasonable business hours with notice.

The Signatory Trustee intends to provide all Investors with an Investor Report, which will include a financial update as well as updates regarding the performance of the Property, on a quarterly basis. However, the Signatory Trustee will not begin providing these Investor Reports until the later to occur of (1) the last Investor closing on his, her or its investment in the Trust, (2) the Trust completing its first full year of operations, and (3) with respect to each Investor, the Investor providing the Signatory Trustee with an email address to receive electronic delivery of the Investor Reports.

Tax Information

The Signatory Trustee will provide to the Investors in time for each Investor to file the Investor's tax returns, all tax information (other than with respect to depreciation) concerning the Trust that is necessary for preparing the Investor's income tax returns for that year.

Additional Information

The Trust will answer inquiries concerning the Interests and other matters relating to the Offering. Also, the Trust will afford the prospective Investors the opportunity to obtain any additional information (to the extent the Trust possesses such information or can acquire such information without unreasonable effort or expense) that is necessary to verify the information in this Memorandum.

EXHIBIT A

Investor Questionnaire and Purchase Agreement

[attached]

PPM No. ___________________ DRIFTWOOD HOTEL INCOME I, DST

INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT INSTRUCTIONS

In order to complete the closing of this transaction, please provide the following information regarding your desired investment:

LEGAL REGISTRATION NAME OF INVESTOR:____

Please note that if this is a Section 1031 tax deferred exchange, the replacement property must be held in exactly the same name as the relinquished property. List the name(s) exactly as they appeared on the title of the relinquished property.

TYPE OF INVESTMENT

Check all that apply:

☐ Section 1031 tax-deferred exchange (if selected, please complete Section V).

* Please verify that the equity investment amount is fully available after any Qualified Intermediary/Accommodator fees have been accounted for (exchange amount - fees = amount of equity investment).

☐ Section 1033 Exchange.

☐ Cash investment.

Minimum Purchase Amount for Section 1031 Investor is $100,000.

Minimum Purchase Amount for Cash Investor is $25,000.

Amount of Equity Investment: $____

FUNDS TO CLOSE

Please indicate how you will be purchasing your interest:

☐ Funds will be wired by my qualified intermediary (the holder of the exchange proceeds from my relinquished property) (if selected, please complete Section V).

☐ Funds will be wired by me.

☐ I am sending a check made payable to "Driftwood Hotel Income I, DST".

INVESTMENT CHECKLIST

In addition, in order to complete the closing of your investment, the following information is required:

☐ Investor Questionnaire (attached): please complete, sign and date, **including a photocopy (front and back) of the driver's license of each of the undersigned investors**.

☐ Purchase Agreement (attached): please complete, sign and date. Include documentary evidence listed in Appendix A-1, a certification in the form of Appendix A-2, or a substitute certification in lieu of the form of Appendix A-2.

☐ Trust Agreement Signature Page (attached): please complete, sign and date.

☐ Entity Documentation (*i.e.*, trust certificate and trust agreement, corporate bylaws; partnership agreement; operating agreement; resolution, as applicable). Please note that the documentation submitted **must include documents authorizing signing authority** and should include any and all amendments.

Please complete and return all documentation electronically to: InvestorRelations.DriftwoodCapital@jtcgroup.com and andy.marshall@metric-financial.com**.**

If physical mail is required, please send documents to:
Driftwood Hotel Income I, DST
c/o Metric Financial LLC
Attn: Andy Marshall
1180 W Peachtree St. NW
Suite 1910
Atlanta, GA 30309

APPROVAL PAGE

LEGAL REGISTRATION NAME OF INVESTOR:____

FINANCIAL ADVISOR APPROVAL AND CERTIFICATION

Financial Advisor must approve, certify and sign below:

The investment provided for herein is **APPROVED**.

The undersigned Financial Advisor hereby represents and warrants that he or she will comply with the applicable requirements of the Securities Act of 1933, as amended, and the published rules and regulations of the Securities and Exchange Commission thereunder, and applicable blue sky or other state securities laws, as well as the rules and regulations of FINRA or any other applicable regulatory authority. The undersigned further represents and warrants that the Financial Advisor is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d) under the Securities Act of 1933, as amended, except for such event: (1) contemplated by Rule 506(d)(2) of the Securities Act of 1933, as amended, and (2) a reasonably detailed description of which has been furnished to Driftwood Hotel Income I, DST in writing. The prospective Investor meets the Investor suitability requirements set forth in the Confidential Private Placement Memorandum of Driftwood Hotel Income I, DST dated April 15, 2026, as amended and supplemented, and the acquisition of the securities described therein is otherwise a suitable investment for such Investor as may be required by all applicable laws, rules and regulations.

Signature:____ Date:______________

Printed Name:____

Financial Advisor ID:____

Broker-Dealer or RIA Name:____

Firm Type: ☐ Broker Dealer ☐ Registered Investment Advisor ☐ Other

Address:____

City:____ State:____________________ Zip:_______________

Phone No.:____________________________________Email:______________________________________

BROKER DEALER PRINCIPAL OR RIA PRINCIPAL APPROVAL

A Principal of the Broker Dealer or Registered Investment Advisor must approve and sign below:

The investment provided for herein is **APPROVED**.

Signature:____ Date:______________

Printed Name:____

Broker-Dealer or RIA Name:____

Address:____

City:____ State:____________________ Zip:_______________

Phone No.:____________________________________Email:______________________________________

APPROVAL PAGE

(Only to be completed when using a substitute accreditation letter, and not the one provided in Appendix A-2)

LEGAL REGISTRATION NAME OF INVESTOR:____

FINANCIAL ADVISOR REPRESENTATIONS AND WARRANTIES (SUBSTITUTE CERTIFICATE ONLY)

If the Dealer Manager [or a Selling Dealer] elects to provide a substitute certification (a "Certificate") in a different form in lieu of the form of Appendix A-2, it also makes the additional representations and indemnities set forth below:

1. The statements contained in the substitute Certificate are based upon the undersigned's familiarity with the documentation obtained and actions taken by the undersigned to verify accredited investor status. While the undersigned is not aware of any facts that would lead it to believe that the Supporting Documents are incomplete or inaccurate, the undersigned makes no affirmative representation as to their completeness or accuracy.

2. The undersigned will retain adequate records that document the steps taken to verify that the Investor is an accredited investor.

3. The undersigned knows of no facts, circumstances or events that are contrary to or inconsistent with the statements contained in the substitute Certificate.

4. The undersigned will notify the Trust if anything in the substitute Certificate ceases to be true prior to the Trust accepting the Investor's investment.

5. The undersigned agrees to indemnify the Trust and its affiliates and hold them harmless from any liability that they may incur as a result of the undersigned's failure to perform reasonable steps as provided above and/or in the substitute Certificate to verify accredited investor status.

6. The undersigned agrees to indemnify the Trust and its affiliates and hold them harmless from any liability that they may incur as a result of the substitute Certificate being untrue in any respect.

7. The undersigned confirms that (a) a copy of the substitute Certificate has been furnished to the Trust; (b) all supporting documentation will be made available to the Trust upon written request; and (c) the undersigned will retain the supporting documentation for a period of six (6) years from the date set forth below.

8. The undersigned acknowledges that the substitute Certificate and any supporting documentation may be furnished to government agencies, offices or bodies upon their request.

We verify that the above subscription either does not involve a discretionary account or, if so, that we have made the Investor aware, prior to subscribing for the Interest, of the risks entailed in investing in the Interest.

Signature:____ Date:____________

Printed Name:____

Broker-Dealer or RIA Name:____

Firm Type: ☐ Broker Dealer ☐ Registered Investment Advisor ☐ Other

Address:____

City:____________________________ State:______________ Zip:____________

Phone No.:__________________________Email:____________________________

INVESTOR QUESTIONNAIRE
INVESTMENT OF BENEFICIAL INTERESTS IN

DRIFTWOOD HOTEL INCOME I, DST

Please read carefully the Confidential Private Placement Memorandum of Driftwood Hotel Income I, DST (the "Trust") dated April 15, 2026, as amended and supplemented and with all exhibits thereto (collectively, the "Memorandum"), relating to the potential investment in beneficial interests in the Trust (each, an "Interest" and collectively, the "Interests") before deciding to subscribe. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Memorandum.

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

This private offering (the "**Offering**") of Interests in the Trust is limited to "accredited investors," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 (the "**Securities Act**"), who meet all of the suitability requirements and qualifications set forth in the Memorandum. If you meet these qualifications and desire to purchase an Interest, then please complete, execute and deliver this Investor Questionnaire together with the other documents described below, electronically to:

InvestorRelations.DriftwoodCapital@jtcgroup.com
andy.marshall@metric-financial.com

If physical mail is required, please send documents to:
Driftwood Hotel Income I, DST
c/o Metric Financial LLC
Attn: Andy Marshall
1180 W Peachtree St. NW
Suite 1910
Atlanta, GA 30309

IMPORTANT NOTE: Please make checks payable to "Driftwood Hotel Income I, DST"

You must complete, sign and return an executed copy of (i) this completed Investor Questionnaire, (ii) a Purchase Agreement (the "**Purchase Agreement**") and (iii) a signature page to the Amended and Restated Trust Agreement of the Trust (the "**Trust Agreement**"). Upon receipt of such documents and verification of the prospective Investor's investment qualifications, the Trust will elect whether to accept the prospective Investor's investment. Upon the Trust's acceptance of a prospective Investor for the purchase of an Interest, the Trust will so notify the prospective Investor. Investors whose subscriptions are accepted by the Trust must remit the entire purchase price for their Interests to the Trust by wiring such funds or by delivering a check for the purchase price of the Interests (the "**Purchase Price**"), in accordance with the below instructions. The Trust reserves the right, in its sole discretion, to accept or reject a prospective Investor for any reason whatsoever. If a prospective Investor is not accepted, such prospective Investor's original documents and payments, if any, will be returned without interest. Prospective Investors may be accepted or rejected by the Trust at any time within 30 days of receipt of the foregoing documents. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected.

If applicable, you will need to instruct your 1031 exchange qualified intermediary/accommodator (the "**Accommodator**") to wire the amount of your Purchase Price to and escrow bank (the "**Escrow Bank**") (wiring instructions will be provided). The Purchase Price may also be paid by check to "Driftwood Hotel Income I, DST" and mailed to the address set forth above. The purchaser of the Interests (the "**Investor**") acknowledges that the Escrow Bank is acting solely as a depository in connection with the Offering and makes no recommendation or endorsement with respect to such Offering, and the Escrow Bank has made no investigation regarding the Offering, the Trust or the Property described in the Memorandum.

INVESTOR QUESTIONNAIRE
INVESTMENT OF BENEFICIAL INTERESTS IN DRIFTWOOD HOTEL INCOME I, DST

This Investor Questionnaire relates to the undersigned's intention to purchase an Interest in the Trust for a purchase price as listed on page 1 of the Investor Questionnaire & Purchase Agreement. In order to induce the Trust to accept the Purchase Agreement, and as further consideration for such acceptance, the undersigned hereby makes the following acknowledgments, representations and warranties, with the full knowledge that the Trust will expressly rely thereon in making a decision to accept or reject the undersigned's Purchase Agreement:

SECTION I – OWNERSHIP AND INVESTMENT INFORMATION

A. IF INVESTING AS AN INDIVIDUAL(S), PLEASE COMPLETE THE FOLLOWING:

Name of Investor:______________________________

Name of Joint Investor (if applicable):______________________________

Primary State of residency:______________________________

Type of ownership: ☐ Individual Ownership ☐ Joint Tenants ☐ Tenants in Common ☐ Community Property

Accredited Investor Certification: I hereby represent and warrant that:

(*Each Investor must initial the statement or statements below that truthfully describe him or her.*)

______ ______ I am a natural person whose individual net worth, or joint net worth with my spouse or spousal equivalent exceeds $1,000,000 at the time of purchasing the Interests; or

(For purposes of determining net worth, exclude the value of your primary residence as well as the amount of indebtedness secured by your primary residence, up to the fair market value. Any amount in excess of the fair market value of your primary residence must be included as a liability. In the event the indebtedness on your primary residence was increased in the 60 days preceding the completion of this Investor Questionnaire, the amount of the increase must be included as a liability in the net worth calculation.)

______ ______ I am a natural person who had individual income in excess of $200,000 in each of the two most recent years, or joint income with my spouse or spousal equivalent in excess of $300,000 in each of those years, and I have a reasonable expectation of reaching the same income level in the current year.

______ ______ I am a natural person who holds, in good standing, one of the following professional licenses: the General Securities Representative license (Series 7), the Private Securities Offerings Representative license (Series 82), or the Investment Adviser Representative license (Series 65).

After completing this page, you may proceed to Section II.

B. IF INVESTING AS A TRUST, PLEASE COMPLETE THE FOLLOWING:

Name of Trust:____

Trust Taxpayer Identification Number:____

Trustee Name: ______________________________ SSN: _______________ DOB:___________

Trustee Name: ______________________________ SSN: _______________ DOB:___________

Trustee Name: ______________________________ SSN: _______________ DOB:___________

Trustee Name: ______________________________ SSN: _______________ DOB:___________

Please submit a copy of the Trust Agreement and any amendments.

Please note: If a prospective Investor is purchasing Interests through a trust that is a taxpaying entity, then all trustees must complete and execute the Investor Questionnaire on behalf of the trust and all questions concerning income, assets, and accreditation will pertain to the trust. If, on the other hand, the trust is not the taxpaying entity with respect to this investment (*e.g.*, a grantor trust), then the person paying the tax on the trust's income (the "**taxpayer**") must complete and execute the Investor Questionnaire and all questions concerning income and assets will pertain to the taxpayer.

Accredited Investor Certification: I hereby represent and warrant that:

Revocable Trusts: Please initial the statement or statements below that truthfully describe the prospective Investor:

______ ______ Investor is a revocable trust: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in an Interest;

______ ______ Investor is a revocable trust in which the trustee, or co-trustee, of the trust is a bank, insurance company, registered investment company, business development company, or small investment company; or

______ ______ Investor is a trust in which each grantor is either:
a natural person whose individual net worth, or joint net worth with my spouse (exclusive of the value of my primary residence) of more than $1,000,000; or

(For purposes of determining net worth, exclude the value of your primary residence as well as the amount of indebtedness secured by your primary residence, up to the fair market value. Any amount in excess of the fair market value of your primary residence must be included as a liability. In the event the indebtedness on your primary residence was increased in the 60 days preceding the completion of this Investor Questionnaire, the amount of the increase must be included as a liability in the net worth calculation.)

(a) a natural person who had individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with their spouse in excess of $300,000 in each of those years, and who has (individually or with their spouse) a reasonable expectation of reaching the same income level in the current year.

Irrevocable Trusts: Please initial the statement below that truthfully describes the prospective Investor:

______ ______ Investor is an irrevocable trust: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of the Purchase Agreement; or

______ ______ Investor is a trust in which the trustee, or co-trustee, of the trust is a bank, insurance company, registered investment company, business development company, or small investment company.

After completing this page, you may proceed to Section II.

C. IF INVESTING AS AN ENTITY (CORPORATION, PARTNERSHIP, LLC, ETC.), PLEASE COMPLETE THE FOLLOWING:

Name of Entity:____

Entity Address:____

City:________________________ State:________________ Zip:________

Entity Taxpayer Identification Number:______________________________

Names of equity owners/signatories and ownership percentages (*ownership percentages must total 100%*):

1.____

2.____

3.____

4.____

Type of ownership: ☐ Corporation ☐ Partnership ☐ Limited Liability Company ☐ Other:________________

Corporation – If purchasing as a corporation, the Investor must submit a copy of the corporation's bylaws, with any and all amendments.

Partnerships **–** If purchasing as a partnership, the Investor must submit a copy of the partnership agreement, with any and all amendments.

Limited Liability Company – If purchasing as a limited liability company, the Investor must submit a copy of the limited liability company agreement, with any and all amendments.

Accredited Investor Certification: I hereby represent and warrant that:

Please initial the statement or statements below that truthfully describe the prospective Investor:

______ ______ The Investor is a company, with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests and the Investor's purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Interests;

______ ______ The Investor is a broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended;

______ ______ The Investor is an investment company under the Investment Company Act of 1940 (the "**Investment Company Act**");

______ ______ The Investor is a business development company, as defined in section 2(a)(48) of the Investment Company Act;

______ ______ The Investor is a private business development company (as defined in section 202(a)(22) of the Investment Advisers Act of 1940, as amended);

______ ______ The Investor is a small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

______ ______ The Investor is a bank, as defined in Section 3(a)(2) of the Securities Act, any savings and loan association, or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act; or

______ ______ The Investor is an entity in which all of the equity owners are "accredited investors."

______	______	The Investor is an investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940 (the "**Investment Advisers Act**") or registered pursuant to the laws of a state;
______	______	The Investor is an investment adviser relying on the exemption from registering with the SEC under Section 203(l) or (m) of the Investment Advisers Act;
______	______	The Investor is a Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act.
______	______	The Investor is a family office, as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act, that (i) has assets under management in excess of $5,000,000; (ii) is not formed for the specific purpose of acquiring the Interests and (iii) has a person directing the prospective investment who has such knowledge and experience in financial and business matters so that the family office is capable of evaluating the merits and risks of the prospective investment.
______	______	The Investor is a family client, as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements of the preceding clause and whose prospective investment in the Interests is directed by that family office pursuant to the preceding clause.

INVESTOR QUESTIONNAIRE

SECTION II – INVESTOR INFORMATION

(Please provide additional pages as necessary to complete this Section II for all equity owners.)

INVESTOR #1 (SPOUSE #1, TRUSTEE #1, EQUITY OWNER #1, ETC.):
Salutation: Mr. ___ Ms.___ Mrs.____ Dr.______
Name:____
Date of Birth:________________________________
Social Security No:___________________________
Home Address: City / State / Zip:_____________
Mailing Address: City / State / Zip:__________
Phone Number:_________________________________
Email Address:________________________________
Country of Residence:_________________________

INVESTOR #2 (SPOUSE #2, TRUSTEE #2, EQUITY OWNER #2, ETC.):
Salutation: Mr. ___ Ms.___ Mrs.____ Dr.______
Name:____
Date of Birth:________________________________
Social Security No:___________________________
Home Address: City / State / Zip:_____________
Mailing Address: City / State / Zip:__________
Phone Number:_________________________________
Email Address:________________________________
Country of Residence:_________________________

INVESTOR QUESTIONNAIRE

SECTION III – DISTRIBUTION OPTIONS

LEGAL REGISTRATION NAME OF INVESTOR(S):____

Please direct distributions (*select one*):

☐ VIA MAIL TO MAILING ADDRESS OF RECORD

☐ VIA MAIL TO BANK, BROKERAGE FIRM OR INDIVIDUAL (*complete #1, #2, #3 and #5 in below box*):

☐ VIA ELECTRONIC DEPOSIT (ACH) TO BANK OR BROKERAGE ACCOUNT (*complete #1 through #5 and attach a voided check*):

1. Name of Bank, Brokerage Firm or Individual:____

2. Mailing Address:____

3. City, State, Zip Code:____

4. Bank ABA (Routing) Number:____

5. Account Number:____

☐ Checking ☐ Savings

Electronic Deposit (ACH) Authorization – I (we) authorize the Trust and its signatory trustee (the "**Signatory Trustee**"), to deposit distributions from my (our) interest in the Trust to my (our) account indicated above at the depository financial institution (the **"Depository"**) indicated above. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law. I (we) further authorize the Signatory Trustee to debit my (our) account noted below in the event that the erroneously deposited additional funds to which I (we) am (are) not entitled, provided that such debit shall not exceed the original amount of the erroneous deposit. In the event that I (we) withdraw funds erroneously deposited into my (our) account before the Signatory Trustee reverses such deposit, I (we) agree that the Signatory Trustee has the right to retain any future distributions to which I (we) am (are) entitled until the erroneously deposited amounts are recovered by the Signatory Trustee. This authorization is to remain in full force and effect until the Signatory Trustee has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the Signatory Trustee and the Depository a reasonable opportunity to act on it, or until the Signatory Trustee has sent me written notice of termination of this authorization.

The signature(s) of all Investors of record are required.

______________________________	______________________________
Signature of Investor	Signature of Co-Investor (if applicable)

SECTION IV – SUBSTITUTE W-9

TO BE COMPLETED BY INDIVIDUAL/ENTITY FOR WHICH INFORMATION WILL BE REPORTED TO THE IRS.

THE UNDERSIGNED CERTIFIES, under penalties of perjury that: (1) the taxpayer identification number shown below is true, correct and complete; (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; (3) I am a U.S. person (including Resident Alien); and (4) I am exempt from Foreign Account Tax Compliance Act (FATCA) reporting.

Taxpayer Identification No.:____

Signature of Investor:________________________ Date:___________________________

INVESTOR QUESTIONNAIRE

SECTION V – SECTION 1031 INVESTORS ONLY

1031 EXCHANGE INFORMATION AND AUTHORIZATION AGREEMENT

I/we, the undersigned, hereby provide the following information pertaining to my/our Qualified Intermediary/Accommodator for this acquisition. I/we request and authorize my/our Qualified Intermediary/Accommodator to furnish the Trust any information requested regarding my/our Section 1031 exchange.

The following Qualified Intermediary is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Company Name:____

Contact Person:____

Address:____

City / State / Zip Code:____

Telephone No:____

Facsimile No:____

E-mail Address:____

Relinquished Property Close Date:____

Amount of Funds Due from Qualified Intermediary:____

ALL INVESTORS MUST SIGN THIS PAGE
INVESTOR SIGNATURE PAGE
TO INVESTOR QUESTIONNAIRE

I (we) acknowledge and agree to all of the representations and warranties contained in this Investor Questionnaire.

If a natural person:

Signature:____

Name:____

Executed this: ____________________ **day of:**____________________ **20**________

(if joint ownership: to be signed by joint owner.)

Signature:____

Name:____

Executed this: ____________________ **day of:**____________________ **20**________

<u>Consent of Spouse</u>

(For individual Investors in community property states; namely, Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.)

I,________________________, spouse of______________________________ have read and approved the foregoing Investor Questionnaire. I hereby appoint my spouse as my attorney-in-fact with respect to the exercise of any rights related to a purchase of an Interest in the Trust and agree to be bound by the provisions of the Purchase Agreement, Trust Agreement, and any other document related to the purchase of such Interest (collectively, the **"Purchase Documents"**) insofar as I may have any rights in said Purchase Documents or any property subject thereto under the community property laws of the State of or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of this Investor Questionnaire or the Purchase Documents.

Dated:________________, 20 ______ SIGNATURE:____________________________

If not a natural person:

Name of Trust/Entity:____________________________________

Signature:________________________ Name:________________________

Executed this:____________________**day of:**____________________**20**________

Signature:________________________ Name:________________________

Executed this:____________________**day of:**____________________**20**________

Signature:________________________ Name:________________________

Executed this:____________________**day of:**____________________**20**________

ALL INVESTORS MUST SIGN THIS PAGE
INVESTOR SIGNATURE PAGE
TO THE TRUST AGREEMENT OF
DRIFTWOOD HOTEL INCOME I, DST

The undersigned hereby covenants and agrees to be bound by the terms and conditions of the Amended and Restated Trust Agreement of Driftwood Hotel Income I, DST dated as of April 15, 2026.

ON BEHALF OF OR BY INDIVIDUAL INVESTOR(S):

______________________________	______________________________
Signature of Investor #1	Signature of Investor #2
______________________________	______________________________
Print Name	Print Name

ON BEHALF OF OR BY A TRUST OR ENTITY INVESTOR (trust, corporation, partnership, limited liability company):

NAME OF TRUST/ENTITY:____

______________________________	______________________________
Signature of Authorized Person	Signature of Authorized Person
______________________________	______________________________
Print Name / Title	Print Name / Title

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "**Agreement**") is made and effective as of the date Seller executes this Agreement (the "**Effective Date**") by and between **DRIFTWOOD HOTEL INCOME I, DST**, a Delaware statutory trust (the "**Seller**") and ____(the "**Buyer**"), with reference to the facts set forth below. All terms with initial capital letters not otherwise defined herein shall have the meanings set forth in Section 6.22.

RECITALS

A. As described in the Memorandum, Seller owns the land and improvements located at 2000 N. Commerce Parkway, Weston, FL, 33326, which, as of the Effective Date, includes the Courtyard Fort Lauderdale Weston hotel property (the "**Property**"). The Property is more particularly described on Exhibit A attached hereto and, as of the Effective Date, is 100% leased to the Master Tenant.

B. The Property is subject to the Master Lease.

C. Seller is offering to sell to certain qualified, accredited investors pursuant to the terms and conditions set forth in this Agreement, beneficial ownership interests in Seller (each, an "**Interest**"). This sale is made pursuant to the Memorandum.

D. Buyer understands that the Purchase Price received by Seller will be applied towards the redemption of the Interests in Seller owned by the Depositor.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Agreement of Purchase and Sale.

1.1 Purchase, Sale and Purchase Price. In consideration of the covenants contained herein, Seller hereby agrees to sell, and Buyer hereby agrees to purchase, an Interest in the Seller at a purchase price equal to $_______________________ (the "**Purchase Price**"). The "**Equity Value**" of the aforementioned Interest is equal to $_______________________, which reflects Interests issued pursuant to any discount or reduction in Selling Commissions and Expenses applicable to Buyer. Buyer's percentage interest in the Seller is equal to the product of the Equity Value set forth above divided by the total purchase price for all Interests in the Seller ($23,975,543), and expressed as a percentage: _____________% (the "**Buyer's Interest**"). (*Example*: A $100,000 investment in the Seller equals a ($100,000/$23,975,543), or a 0.42%, interest in the Seller.)

1.2 Payment. If Buyer's subscription is accepted by Seller, Buyer shall deposit Cash with the Escrow Bank on or before five Business Days before the Closing Date (the first day of such five day period being referred to as the "**Funding Date**") in an amount equal to the Purchase Price. Seller shall provide Buyer written notice of the Funding Date at least two Business Days prior to the Funding Date. In the event Buyer fails to deposit the Purchase Price in accordance with this Section 1.2, Seller shall have the right to terminate this Agreement.

2. Closing.

2.1 Closing Conditions.

2.1.1 This Agreement and the obligations of the parties hereunder are subject to satisfaction or waiver (by the party in whose favor the condition precedent has been established) of all the conditions precedent set forth below. If any of the following conditions precedent are neither satisfied nor waived by the Closing Date, then Seller may terminate this Agreement in accordance with Section 2.3.

2.1.2 The Signatory Trustee shall have approved Buyer's entering into the Trust Agreement with respect to the purchase of Buyer's Interest.

2.2 Closing. The closing shall occur on the Closing Date.

2.3 Failure to Close without Default. If the Purchase Price is not received by Seller by 5:00 p.m. Eastern Standard Time on the Funding Date as required under Section 1.2 for any reason other than the default of either Buyer or Seller under this Agreement, either Buyer or Signatory Trustee, on behalf of Seller, may terminate this Agreement by written notice to the other party. If this Agreement is so terminated, Buyer and Seller shall be released from their obligations under this Agreement, other than any obligations of Buyer that survive the termination of this Agreement.

2.4 Seller's Deliveries After Closing. Seller shall deliver to Buyer, within a reasonable time after the Closing Date, a confirmation statement reflecting Buyer's purchase of Buyer's Interest, which shall serve as evidence of Buyer's ownership interest in Seller.

3. Distribution of Funds and Documents.

3.1 Deposit of Funds. After execution of this Agreement by Buyer, all Cash, if any, received hereunder by Escrow Bank, shall be kept on deposit by Escrow Bank until Seller instructs otherwise in accordance with Section 3.2.

3.2 Disbursements. Escrow Bank, at the instruction of Seller, on or before the Closing Date will hold for personal pickup, or if requested, wire transfer to an account designated by the party receiving such funds, (i) to Seller, or order, the Purchase Price and (ii) to Buyer, or order, any excess funds theretofore delivered to Escrow Bank by Buyer. All other disbursements by Escrow Bank shall be made by checks of Escrow Bank.

4. Buyer Representations and Warranties.

4.1 PURCHASE AS–IS. AS FURTHER PROVIDED IN THE MEMORANDUM, BUYER REPRESENTS AND WARRANTS THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTIONS, INVESTIGATIONS AND ANALYSES OF THE PROPERTY IN ENTERING INTO THIS AGREEMENT AND BUYER IS NOT RELYING IN ANY WAY UPON ANY REPRESENTATIONS, STATEMENTS, AGREEMENTS, WARRANTIES, STUDIES, REPORTS, DESCRIPTIONS, GUIDELINES OR OTHER INFORMATION OR MATERIAL FURNISHED BY SELLER, DEPOSITOR OR SIGNATORY TRUSTEE OR ANY OF THEIR REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER REGARDING ANY SUCH MATTERS AND IS PURCHASING BUYER'S INTEREST IN AN "AS–IS," "WHERE–IS" CONDITION. BUYER IS A SOPHISTICATED, EXPERIENCED INVESTOR AND WILL RELY ENTIRELY ON ITS OWN REVIEW OF THE SELLER AND THE PROPERTY. BUYER ACKNOWLEDGES THAT, PRIOR TO THE DATE OF THIS AGREEMENT, BUYER HAS HAD THE OPPORTUNITY TO CONDUCT ANY AND ALL PHYSICAL INSPECTIONS OF THE PROPERTY AS BUYER DEEMS NECESSARY, TO REVIEW AND APPROVE EACH OF THE TRANSACTION DOCUMENTS, AND TO REVIEW AND APPROVE ANY OTHER INFORMATION BUYER HAS REQUESTED.

4.2 FEDERAL INCOME TAX CONSEQUENCES.

4.2.1 AS FURTHER PROVIDED IN THE MEMORANDUM, BUYER REPRESENTS AND WARRANTS THAT (i) BUYER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN AN INTEREST, ESPECIALLY THE TREATMENT OF THE TRANSACTION UNDER CODE SECTION 1031 AND THE RELATED "1031 EXCHANGE" RULES, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER, (ii) BUYER UNDERSTANDS AND IS AWARE THAT THERE ARE SUBSTANTIAL UNCERTAINTIES REGARDING THE TREATMENT OF AN INTEREST AS REAL ESTATE FOR INCOME TAX PURPOSES, (iii) BUYER HAS READ THE ENTIRE MEMORANDUM AND FULLY UNDERSTANDS THAT THERE IS A SIGNIFICANT RISK THAT AN INTEREST WILL NOT BE TREATED AS REAL ESTATE FOR INCOME TAX PURPOSES, (iv) BUYER HAS INDEPENDENTLY OBTAINED ADVICE FROM ITS LEGAL COUNSEL AND/OR ACCOUNTANT REGARDING ANY TAX-DEFERRED EXCHANGE UNDER CODE SECTION 1031, INCLUDING, WITHOUT LIMITATION, WHETHER THE ACQUISITION OF AN INTEREST MAY QUALIFY AS PART OF A TAX-DEFERRED EXCHANGE, (v) BUYER UNDERSTANDS THAT SELLER WILL NOT OBTAIN A RULING FROM THE IRS THAT AN INTEREST WILL BE TREATED AS AN UNDIVIDED INTEREST IN REAL ESTATE FOR FEDERAL INCOME TAX PURPOSES AND (vi) BUYER UNDERSTANDS THAT THE OPINION OF COUNSEL ISSUED TO SELLER (THE "**TAX OPINION**"), WHICH TAX OPINION IS QUALIFIED AND BASED ON NUMEROUS ASSUMPTIONS THAT MAY NOT BE APPLICABLE TO BUYER, IS ONLY COUNSEL'S VIEW OF THE

ANTICIPATED TAX TREATMENT AND THAT THERE IS NO GUARANTY THAT THE IRS WILL AGREE WITH SUCH OPINION.

4.2.2 BUYER ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT BUYER AND ANY OTHER PERSON WHO HAS ACQUIRED AN INTEREST IN THE SELLER BRINGS ANY CLAIM OR CAUSE OF ACTION AGAINST SEYFARTH SHAW LLP WITH RESPECT TO THE MATTERS SET FORTH IN THE TAX OPINION OR OTHERWISE RELATING TO THE OFFERING, THAT SEYFARTH SHAW LLP SHALL HAVE THE RIGHT, AT ITS ELECTION, TO CONSOLIDATE SUCH CLAIMS AND/OR CAUSES OF ACTION INTO ONE CLAIM OR CAUSE OF ACTION AND IN SUCH EVENT SEYFARTH SHAW LLP SHALL NOT BE OBLIGATED TO SEPARATELY LITIGATE ANY SUCH CLAIMS OR CAUSES OF ACTION WITH THE HOLDERS OF THE INTERESTS IN THE SELLER. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT BUYER IS RESPONSIBLE FOR ITS INDIVIDUAL TAX CIRCUMSTANCES AND ONLY THE OPINION SET FORTH IN THE TAX OPINION MAY BE RELIED UPON BY BUYER.

4.3 Commissions. The parties mutually warrant and covenant that, other than commissions and fees described in the Memorandum, no brokerage commissions, finder’s fees or similar commissions or fees shall be due or payable on account of this transaction. Each party shall indemnify, protect, defend (with legal counsel acceptable to the other) and hold the other harmless from the claims for such commission or finder’s fees or similar commissions or fees arising out of the actions of the indemnifying party, including, without limitation, attorneys’ fees incurred in connection therewith or to enforce this indemnity, which indemnities shall survive the Closing Date.

4.4 Additional Buyer Representations and Warranties. Buyer hereby represents and warrants to Seller that all representations and warranties contained in the Investor Questionnaire and all of the following representations and warranties contained in this Section 4.4, are true and correct as of the date of this Agreement and as of the Closing Date.

4.4.1 That (i) to the extent applicable, the execution, delivery and performance of this Agreement and the Trust Agreement (a) have been duly authorized by Buyer, (b) do not require Buyer to obtain any consent or approval that have not been obtained and (c) do not contravene or result in a default under (1) any provision of any law or regulation applicable to Buyer, (2) the governing documents of Buyer or (3) any agreement or instrument to which Buyer is a party or by which Buyer is bound and (ii) this Agreement and the Trust Agreement are valid, binding and enforceable against Buyer in accordance with their terms.

4.4.2 Buyer acknowledges that it has received, read and fully understands the Memorandum and all attachments and exhibits thereto. Buyer acknowledges that it is basing its decision to invest in Buyer’s Interest on the Memorandum and any exhibits and attachments thereto and Buyer has relied only on the information contained in said materials and has not relied upon any representations made by any other person. Buyer recognizes that an investment in Buyer’s Interest is speculative and involves substantial risk and Buyer is fully cognizant of and understands all of the risks related to the purchase of Buyer’s Interest, including, but not limited to, those risks set forth in the section of the Memorandum entitled “RISK FACTORS.”

4.4.3 Buyer’s overall commitment to investments that are not readily marketable is not disproportionate to its individual net worth, and its investment in Buyer’s Interest will not cause such overall commitment to become excessive. Buyer has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. Buyer can bear and is willing to accept the economic risk of losing its entire investment in Buyer’s Interest.

4.4.4 All information that Buyer has provided to Seller concerning Buyer’s suitability to invest in Buyer’s Interest is complete, accurate and correct as of the date of its signature on the last page of this Agreement. Buyer hereby agrees to notify Seller immediately of any material change in any such information occurring prior to the Closing Date, including any information about changes concerning its net worth and financial position.

4.4.5 Buyer has had the opportunity to ask questions of, and receive answers from, Seller and its officers, directors, members and employees concerning the Property and the terms and conditions of the offering of Buyer’s Interest, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. Buyer has been provided with all materials and information requested by either Buyer or others representing Buyer, including any information requested to verify any information furnished to Buyer.

4.4.6 Buyer is purchasing Buyer's Interest for Buyer's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of Buyer's Interest. Buyer understands that, due to the restrictions referred to in Section 4.4.10, and the lack of any market existing or to exist for Buyer's Interest, Buyer's investment in Buyer's Interest will be highly illiquid and may have to be held indefinitely.

4.4.7 Buyer understands that the Interests are subject to restrictions on distribution, transfer, resale, assignment or subdivision of Buyer's Interest imposed by applicable federal and state securities laws. Buyer is fully aware that Buyer's Interest has not been registered with the Securities and Exchange Commission in reliance on the exemption specified in Regulation D which reliance is based in part upon Buyer's representations set forth herein. Buyer understands that Buyer's Interest has not been registered under applicable state securities laws and is being offered and sold pursuant to the exemptions specified in said laws, and unless it is registered, it may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. Buyer further understands that the specific approval of such resales by the state securities administrator may be required in some states.

4.4.8 The documentary evidence submitted to the Trust for the purpose of qualifying as an Accredited Investor, including without limitation the documentary evidence listed in Appendix A-1 or the person or entity issuing the certification in the form of Appendix A-2, as applicable, is true, accurate and complete. If Buyer is qualifying on the basis of income, then Buyer has a reasonable expectation of reaching the income level necessary to qualify as an Accredited Investor during the current year. If Buyer is qualifying on the basis of net worth, then the documentary evidence regarding liabilities of the Buyer, if any, identifies all direct or indirect liabilities of the Buyer and no other liabilities exist as of the date hereof.

4.4.9 Buyer understands that none of Seller, Depositor or Signatory Trustee, or their respective officers, directors, employees, members or affiliates, nor any of their respective legal counsel or advisors, represents Buyer in any way in connection with the purchase of Buyer's Interest and the entering into any of the related agreements associated with the purchase, including, but not limited to, this Agreement and the Trust Agreement. Buyer also understands that legal counsel to Seller, the Depositor, the Signatory Trustee and their affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, Buyer. Buyer has been afforded the opportunity to retain the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by Seller, Depositor or Signatory Trustee both to Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on Buyer's behalf.

4.4.10 BUYER'S INTEREST OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CERTAIN STATES AND IS BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. BUYER'S INTEREST IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. BUYER'S INTEREST HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

4.4.11 Buyer is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act, provided, however, that Buyer is not, and is not purchasing the Interests on behalf of, any tax-exempt entity, including but not limited to any qualified employee pension or profit sharing trust, any individual retirement account, Simple 401k plan, annuity or charitable remainder trust.

4.4.12 Buyer is not and shall not be (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (September 25, 2001) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable enabling legislation or other Executive Orders in respect thereof (such lists are collectively referred to as "**Lists**"), (ii) owned or controlled by, nor act for or on behalf of, any person or entity on the Lists or (iii) transfer or permit the transfer of any of Buyer's Interest to any person who is or whose beneficial owners are listed on the Lists.

4.4.13 Buyer (i) has such knowledge and experience in financial and business matters that Buyer is personally capable of evaluating the Property and the merits and risks of an investment in Buyer's Interest and the Property and has the ability to protect its own interests in connection with such investment, and Buyer has not relied on an investment advisor in evaluating such risks and merits or (ii) has employed the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by Seller or Signatory Trustee both to Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on Buyer's behalf.

4.4.14 Within five days after receipt of a written request from Seller, the undersigned agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which Seller is subject.

4.4.15 Reserved.

4.5 Survival. The representations and warranties of Buyer set forth herein above shall survive the Closing Date or termination of this Agreement.

4.6 Indemnification. Buyer hereby agrees to indemnify, defend and hold harmless Seller, the Depositor, the Signatory Trustee and all of their shareholders, officers, directors, affiliates, members and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of Buyer's failure to fulfill all of the terms and conditions of this Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents Buyer has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by Seller, the Depositor or the Signatory Trustee, or any of their shareholders, officers, directors, members, affiliates or advisors, defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents Buyer has furnished to any of the foregoing in connection with this transaction.

5. Seller's Representations and Warranties.

5.1 Status. Seller is a validly formed and existing statutory trust under the laws of the State of Delaware.

5.2 Issuance. When issued, authenticated and delivered by Seller and paid for by Buyer pursuant to the provisions of this Agreement and of the Trust Agreement, Buyer's Interest will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

6. General Provisions.

6.1 Interpretation. The use herein of (i) the neuter gender includes the masculine and the feminine, (ii) the singular number includes the plural, whenever the context so requires and (iii) the words "I" and "me" include "we" and "us" if Buyer is more than one person. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms hereof. All exhibits referred to herein and attached hereto are incorporated by reference. This Agreement together with the other Transaction Documents contain the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

6.2 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

6.3 Cooperation. Buyer and Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein to complete the acquisition of Buyer's Interest as provided herein. Buyer and Seller agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the parties' intent evidenced in this Agreement.

6.4 Assignment of Agreement. Buyer shall not assign its rights under this Agreement without first obtaining Seller's written consent, which consent may be withheld in Seller's sole and absolute discretion. No such assignment shall operate to release the assignor from the obligation to perform all obligations of Buyer hereunder.

6.5 Notices. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be addressed as follows:

If to Seller: Driftwood Hotel Income I, DST
c/o Driftwood HI Signatory I, LLC
255 Alhambra Circle, Suite 760
Coral Gables, FL 33134
Attention: Jorge L. Gomez-Moller

If to Buyer: To Buyer's address as provided to Seller.

Either party may change such address by written notice to the other party. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be deemed to have been duly given and received (i) upon personal delivery, (ii) as of the third Business Day after mailing by United States mail, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding Business Day after deposit with Federal Express or other similar overnight delivery system.

6.6 Eminent Domain. If, prior to the Closing Date, (i) all of the Property is taken or appropriated by any public or quasi-public authority under the power of eminent domain, (ii) there is a partial taking of the Property that materially and adversely affects the ability to operate the Property or (iii) Seller, the Depositor or the Signatory Trustee receives actual notice of any pending or threatened condemnation proceedings that will materially and adversely affect the ability to operate the Property, then Buyer may terminate this Agreement without further liability hereunder and the parties shall proceed in accordance with Section 2.3.

6.7 Loss or Damage. Buyer shall have the right to terminate this Agreement in the event of any loss or damage to the Property, without further liability hereunder, and the parties shall proceed in accordance with Section 2.3.

6.8 Periods of Time. All time periods referred to in this Agreement include all Saturdays, Sundays and state or United States holidays, unless Business Days are specified, provided that if the date or last date to perform any act or give any notice with respect to this Agreement falls on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding Business Day.

6.9 Attorneys' Fees. If either party commences litigation for the judicial interpretation, enforcement, termination, cancellation or rescission hereof, or for damages (including liquidated damages) for the breach hereof against the other party, then, in addition to any or all other relief awarded in such litigation, the prevailing party therein shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The prevailing party shall be determined by the officiating judge in the matter.

6.10 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

6.11 Choice of Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Delaware, without regard to conflict of laws principles that would result in the application of any other law, except as otherwise provided herein or as to the type of registration of ownership of Buyer's Interest, which shall be construed in accordance with the state of principal residence of Buyer.

6.12 Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Miami-Dade County, Florida.

6.13 Time. Time is of the essence to this Agreement.

6.14 Third Party Beneficiaries. Buyer and Seller do not intend to benefit any party that is not a party to this Agreement other than Depositor and Signatory Trustee, each of whom shall be a third-party beneficiary of this Agreement with respect to Section 4, and, except as so provided, no party that is not a party to this Agreement shall be deemed to be a third party beneficiary of this Agreement or any provision hereof.

6.15 Severability. If any term, covenant, condition, provision or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Agreement.

6.16 Election to Effect a Code Section 1031 Exchange. In the event Buyer so elects, Seller agrees to accommodate Buyer in effecting a tax-deferred exchange under Code Section 1031. Buyer shall have the right to elect a tax-deferred exchange at any time prior to the Closing Date. If Buyer elects to effect a tax-deferred exchange, Seller agrees to execute revised or additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that Seller shall incur no additional costs, expenses, fees or liabilities, nor shall the closing be delayed, as a result of the exchange. Buyer may assign this Agreement to an accommodator in order to effect such exchange and thereafter, such assignee will perform Buyer's obligations under this Agreement.

6.17 Successors and Assigns. Subject to any limitation on assignment set forth herein, all terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

6.18 ACCEPTANCE OR REJECTION OF BUYER'S OFFER. THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER OF ANY KIND BY SELLER AND SHALL NOT BIND SELLER UNLESS DULY EXECUTED AND DELIVERED BY SIGNATORY TRUSTEE ON BEHALF OF SELLER. TO SUBMIT AN OFFER, BUYER SHALL DELIVER TO SELLER AN EXECUTED COPY OF (I) THE COMPLETED INVESTOR QUESTIONNAIRE (II) THIS AGREEMENT, AND (III) THE SIGNATURE PAGE TO THE TRUST AGREEMENT. SELLER SHALL HAVE 30 DAYS TO EITHER ACCEPT OR REJECT BUYER'S OFFER. IF SELLER DOES NOT ACCEPT BUYER'S OFFER WITHIN SUCH 30-DAY PERIOD, THE OFFER SHALL BE DEEMED REJECTED, AND THIS AGREEMENT SHALL NOT BECOME EFFECTIVE.

6.19 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail delivery of a ".pdf" or similar format data file, or by an electronic signature service complying with the U.S. Federal ESIGN Act of 2000 (*e.g.*, DocuSign) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.20 Electronic Signature and Information Delivery Matters.

6.20.1 Electronic Signatures. By executing this Agreement, Buyer agrees that this Agreement, the Investor Questionnaire, the Trust Agreement and all other related documents (collectively, the "**Purchase Documents**") may be executed electronically. Buyer agrees that its electronic signature is the legal equivalent of its manual signature on the Purchase Documents. Buyer further agrees that its use of a keypad, mouse or other device to select an item, button, icon or similar act/action while using any electronic service we offer, or in accessing or making any transactions regarding any documents or agreements relating to the subject matter of the Purchase Documents, constitutes Buyer's signature ("**E-Signature**"), acceptance and agreement as if actually signed by Buyer in writing. Buyer also agrees that no certification authority or other third party verification is necessary to validate its E-Signature and that the lack of such certification or third party verification will not in any way affect the enforceability of its E-Signature or any resulting contract between Buyer and Seller.

6.20.2 Consent to Electronic Communications.

(a) Buyer agrees to receive and/or obtain "**Electronic Communications**" with respect to Buyer's Interest. The term "Electronic Communications" includes, but is not limited to, any and all current and future notices and/or disclosures that various federal and/or state laws or regulations require that are provided to Buyer, as well as such other documents, statements, data, records and any other communications regarding Buyer's Interest. Buyer accepts Electronic Communications as reasonable and proper notice, for the purpose of any and all laws, rules, and regulations, and agrees that such electronic form fully satisfies any requirement that such communications be provided in writing.

(b) Buyer will provide an Internet connected device that is compatible with the minimum requirements outlined below. Buyer confirms that such device will meet these specifications and requirements and will permit access and retention of Electronic Communications. Should Buyer desire a paper version of this disclosure, select Print, and select a printer to retain a copy. In the alternative, Buyer can copy the text of this disclosure and the underlying agreements and paste the text into a new document in a word processor or a text editor on a computer and save the text. Buyer has the right to receive a paper copy of Electronic Communications, and any changes. To receive a paper copy, please request it in one of the following ways: call the Seller at (305) 500-9900, or write to:

Driftwood Hotel Income I, DST
c/o Metric Financial LLC
Attn: Andy Marshall
1180 W Peachtree St. NW
Suite 1910
Atlanta, GA 30309

In any such request, Buyer should include its name and address and state that it is requesting a copy of the Electronic Communications referenced above. Seller may charge a reasonable service charge to mail a paper copy of any Electronic Communication. Seller will either include such service charge on its fee schedule or Seller will first inform Buyer of the charge and provide Buyer with the choice as to whether Buyer still wants Seller to send a paper copy.

(c) Buyer has the right to withdraw consent to receive and/or obtain Electronic Communications and to execute any future documents via E-Signature at any time by providing notice to Seller as provided in this Agreement.

6.20.3 System Requirements to Access Information. To receive and view an electronic copy of the Electronic Communications Buyer must have the following equipment and software: (i) a personal computer or other device which is capable of accessing the Internet; and (ii) an Internet web browser which is capable of supporting SSL encrypted communications, JavaScript, and cookies. Buyer's access to this page verifies that Buyer's system/device and its browser and encryption software/device meet these requirements.

6.20.4 System Requirements to Retain Information. To retain a copy, Buyer must either have a printer connected to a personal computer or other device or, alternatively, the ability to save a copy through use of printing service or software such as Adobe Acrobat®. Buyer can also copy the text of this disclosure and the underlying agreements and paste the text into a new document in a word processor or text editor and save the text.

6.21 Legal Counsel. Buyer acknowledges and agrees that counsel representing any of Seller, Signatory Trustee, the Depositor and their respective affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing Buyer in any respect. In addition, Buyer consents to the Signatory Trustee hiring counsel for the Property who is also counsel to Seller and its affiliates.

6.22 Definitions. The following terms shall have the respective meanings ascribed to such terms below.

"**Signatory Trustee**" means Driftwood HI Signatory I, LLC, a Delaware limited liability company and the signatory trustee of Seller in accordance with the Trust Agreement. The Signatory Trustee is acting solely in its capacity as the signatory trustee of Seller and not on its own behalf.

"**Agreement**" shall have the meaning set forth in the preamble.

"**Business Day**" means any day other than a Saturday or Sunday or legal holiday in the State of Florida.

"**Buyer**" shall have the meaning set forth in the preamble.

"**Buyer's Address**" means the address for Buyer set forth on the signature page of this Agreement.

"**Buyer's Interest**" shall have the meaning set forth in Section 1.1.

"**Cash**" means (i) currency of the United States of America, (ii) cashier's check(s) currently dated and payable to Seller, as required under this Agreement, drawn and paid through a banking or savings and loan institution, tendered to Seller, as required under this Agreement at least one additional Business Day before funds are otherwise required to be delivered under this Agreement, or (iii) an amount credited by wire transfer to the Escrow Bank, as required under this Agreement.

"**Closing Date**" means that certain date selected by Seller in its sole discretion as the date the purchase of the Interests is final.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Depositor**" means Driftwood HI Contributor I, LLC, a Delaware limited liability company.

"**Effective Date**" shall have the meaning set forth in the preamble.

"**Electronic Communications**" shall have the meaning set forth in Section 6.20.2(a).

"**E-Signature**" shall have the meaning set forth in Section 6.20.1.

"**Funding Date**" shall have the meaning set forth in Section 1.2.

"**Interest**" shall have the meaning set forth in the recitals.

"**Investor Questionnaire**" means the Investor Questionnaire in the form provided in the Investor Data Room (as defined in the Memorandum).

"**Master Lease**" means the Master Lease as such term is defined in the Memorandum.

"**Master Tenant**" means the Master Tenant as such term is defined in the Memorandum.

"**Memorandum**" means that certain Confidential Private Placement Memorandum for beneficial interests in Driftwood Hotel Income I, DST dated April 15, 2026, as amended and supplemented and with all exhibits thereto.

"**Property**" shall have the meaning set forth in the recitals.

"**Purchase Price**" shall have the meaning set forth in Section 1.1.

"**Seller**" shall have the meaning set forth in the preamble.

"**Transaction Documents**" means this Agreement, the Investor Questionnaire, and the Trust Agreement.

"**Trust Agreement**" means that certain Amended and Restated Trust Agreement of Driftwood Hotel Income I, DST dated as of April 15, 2026, a copy of which is available in the Investor Data Room (as defined in the Memorandum).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Purchase Agreement has been executed as of the Effective Date.

SELLER:

DRIFTWOOD HOTEL INCOME I, DST,
a Delaware statutory trust

By: Driftwood HI Signatory I, LLC,
a Delaware limited liability company,
its signatory trustee

By: ____

Name:____

Title:____

Dated: ____

BUYER:

If a natural person:

By: ____

Print Name: ____

By: ____

Print Name: ____

Dated: ____

If not a natural person:

Name of Trust/Entity:________________________________

By: ____

Print Name: ____

Title: ____

By: ____

Print Name: ____

Title: ____

By: ____

Print Name: ____

Title: ____

Dated: ____

Appendix A-1

Documentary Evidence of Accredited Investor Status

A. In regard to whether an individual Investor is an Accredited Investor on the basis of income:
   1. Any Internal Revenue Service form that reports the Accredited Investor's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040); and
   2. Recent pay stubs or evidence of other cash distributions or payments demonstrating a likelihood of reaching the income level necessary to qualify as an Accredited Investor during the current year.

B. In regard to whether an individual Investor is an Accredited Investor on the basis of net worth:
   1. Assets: Any of the following documents dated within 90 days of the closing:
      (i) bank statements;
      (ii) brokerage statements and other statements of securities holdings;
      (iii) certificates of deposit, tax assessments, and appraisal reports issued by independent third parties.
   2. Liabilities: A consumer report issued within 90 days of the closing from at least one of Equifax, Experian or TransUnion.

C. In regard to whether an Investor that is an entity is an Accredited Investor on the basis of total assets:
   1. Assets: Any of the following documents dated within 90 days of the closing:
      (i) bank statements;
      (ii) brokerage statements and other statements of securities holdings;
      (iii) certificates of deposit, tax assessments, and appraisal reports issued by independent third parties.

APPENDIX A-2

CERTIFICATION OF ACCREDITED INVESTOR QUALIFICATION

The undersigned understands that this certificate will be relied upon by Driftwood Hotel Income I, DST (the "Trust") in determining the status of the person identified below as an "accredited investor." The undersigned understands that no sale of securities will be made to such person unless such person is an "accredited investor" as that term is defined in Rule 501 under the Securities Act of 1933, as amended (the "Securities Act"). The undersigned understands that the Trust intends to rely on Rule 506(c) of the Securities Act as a safe harbor from the registration requirements under the Securities Act.

The undersigned hereby certifies as follows:

1. [The undersigned is authorized to sign this Certificate on behalf of my firm and that] [the undersigned is]/[the undersigned's firm is] one of the following (please check one):

   ☐ a registered broker-dealer as that term is defined under the Securities Exchange Act of 1934, as amended; or

   ☐ an SEC-registered investment adviser, registered under the Investment Advisers Act of 1940, as amended; or

   ☐ a licensed attorney in good standing under the laws of _____________; or

   ☐ a certified public accountant, duly registered and in good standing under the laws of___________.

2. The undersigned has taken all reasonable steps necessary to verify that the following investor (the "Investor") is an "accredited investor" as that term is defined in Rule 501(a) under the Securities Act.

   Investor Name: ____

   Investor Address: ____

3. When determining the reasonableness of the steps undertaken to verify that the person identified in paragraph (2) above is an accredited investor, the undersigned considered a number of factors, including: (i) the nature of the person and the type of accredited investor that such person claims to be; (ii) the amount and type of information that the undersigned has about such person; and (iii) the nature of the offering, such as the manner in which such person was solicited to participate in the offering, and the terms of the offering, such as a minimum investment amount.

4. The undersigned's performance of reasonable steps to verify accredited investor status included verification of the following documents (collectively, as applicable, the "Supporting Documents"):

   (a) For verification based on income: (i) obtaining any IRS form issued to the Investor (an "Income Verification Form") that reports income, including but not limited to Form W-2 (Wage and Tax Statement), Form 1099 (report of various types of income), Schedule K-1 of Form 1065 (Partner's Share of Income, Deduction, Credits, etc.) and a copy of a filed Form 1040 ("U.S. Individual Income Tax Return") for each of the two most recent years, (ii) verifying the authenticity of any Income Verification Form with the issuer thereof, and (iii) receiving a written representation from the Investor that it has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year and, in the case of an Investor whose income is based on joint income with that Investor's spouse, obtaining such Income Verification Form for each of the two most recent years in regard to, and obtaining written representations from, both the Investor and the spouse.

   (b) For verification based on the basis of net worth: (i) with respect to assets, obtaining any of the following documentation for each of the prior three months: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments and appraisal reports issued by independent third parties, (ii) with respect to liabilities, obtaining a consumer/credit report from at least one of the nationwide consumer reporting agencies within three business days of the date on which the Investor's accredited investor status is determined (each such document under items (i) and (ii) being a "Net Worth Verification Form"), (iii) verifying the authenticity of any Net Worth Verification Form with the issuer thereof, and (iv) receiving a written representation from the Investor that all liabilities necessary to make the determination of net worth have been disclosed and, in the case of an Investor whose net worth is based on joint net worth with that Investor's spouse, receiving such written representation from the both the Investor and the spouse.

5. The statements contained in this Certificate are based upon the undersigned's familiarity with the documentation obtained and actions taken by the undersigned to verify accredited investor status. While the undersigned is not aware of any facts that would lead it to believe that the Supporting Documents are incomplete or inaccurate, the undersigned makes no affirmative representation as to their completeness or accuracy.

6. The undersigned will retain adequate records that document the steps taken to verify that the above-identified person is an accredited investor.

7. The undersigned knows of no facts, circumstances or events that are contrary to or inconsistent with the statements contained in this Certificate.

8. The undersigned will notify the Trust if anything in this Certificate ceases to be true prior to the Trust accepting the Investor's investment.

9. The undersigned agrees to indemnify the Trust and its affiliates and hold them harmless from any liability that they may incur as a result of the undersigned's failure to perform reasonable steps as provided above to verify accredited investor status.

10. The undersigned agrees to indemnify the Trust and its affiliates and hold them harmless from any liability that they may incur as a result of this Certificate being untrue in any respect.

11. The undersigned confirms that (a) a copy of this Certificate has been furnished to the Trust; (b) all supporting documentation will be made available to the Trust upon written request; and (c) the undersigned will retain the supporting documentation for a period of six (6) years from the date set forth below.

12. The undersigned acknowledges that this Certificate and any supporting documentation may be furnished to government agencies, offices or bodies upon their request.

By signing this Certificate, the undersigned affirms that the above statements are accurate.

(c) IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on the date set forth below.

(d) Dated: ________________, 20___

(e) By: ____

Name: ____

____

Name of Law Firm, Accounting Firm, Broker Dealer or Investment Adviser (if applicable)

EXHIBIT A
Legal Descriptions

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FORT LAUDERDALE, COUNTY OF BROWARD, STATE OF FLORIDA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

A PORTION OF LOT 10, BLOCK 2, PARK OF COMMERCE, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 110, PAGE 15, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 14, BLOCK 2, OF SAID PLAT; THENCE NORTH 08° 10' 01" WEST, A DISTANCE OF 230.00 FEET; THENCE NORTH 56° 20' 00" WEST, A DISTANCE OF 138.00 FEET; THENCE NORTH 01° 35' 00" WEST, A DISTANCE OF 130.00 FEET; THENCE NORTH 84° 47' 25" EAST, A DISTANCE OF 431.71 FEET; THENCE NORTH 58° 40' 00" EAST, RADIAL TO THE NEXT DESCRIBED CURVE TO THE LEFT, A DISTANCE OF 55.00 FEET, THE LAST FIVE (5) HEREIN DESCRIBED COURSES BEING COINCIDENT WITH THE WEST AND NORTH BOUNDARIES OF SAID LOT 14; THENCE SOUTHEASTERLY, EASTERLY, NORTHEASTERLY AND NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 50.00 FEET AND A CENTRAL ANGLE OF 173° 59' 00", A DISTANCE OF 151.83 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE RIGHT, THENCE NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 42° 50' 00", A DISTANCE OF 18.69 FEET TO THE POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1700.00 FEET, A CENTRAL ANGLE OF 11° 31' 00", A DISTANCE OF 341.71 FEET TO THE POINT OF TANGENCY; THENCE NORTH 06° 00' 00" EAST, A DISTANCE OF 300.60 FEET; THENCE NORTH 52° 13' 55" EAST, A DISTANCE OF 50.55 FEET TO A POINT ON AN ARC OF A CURVE CONCAVE TO THE SOUTH, WHOSE RADIUS POINT BEARS SOUTH 08° 27' 50" WEST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1547.00 FEET, A CENTRAL ANGLE OF 04° 59' 16", A DISTANCE OF 134.67 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE SOUTHEASTERLY, EASTERLY AND NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 406.14 FEET AND A CENTRAL ANGLE OF 78° 32' 07", A DISTANCE OF 556.70 FEET TO A POINT OF COMPOUND CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE CONTINUE NORTHWESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1870.00 FEET, A CENTRAL ANGLE OF 01° 11' 31", A DISTANCE OF 38.90 FEET TO THE POINT OF BEGINNING; THE LAST EIGHT (8) COURSES BEING COINCIDENT WITH A PORTION OF THE SOUTH, EAST AND SOUTHEAST BOUNDARY OF THAT CERTAIN PRIVATE ACCESS AND UTILITY EASEMENT AS SHOWN ON SAID PLAT; THENCE CONTINUE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, HAVING A CENTRAL ANGLE OF 10° 05' 04", A DISTANCE OF 329.13 FEET; THENCE SOUTH 76° 12' 24" EAST, NON-RADIAL TO THE LAST DESCRIBED CURVE, A DISTANCE OF 443.40 FEET TO THE SOUTHEASTERLY BOUNDARY OF SAID LOT 10; THENCE SOUTH 10° 47' 07" WEST, A DISTANCE OF 156.17 FEET TO THE POINT OF CURVATURE OF A CIRCULAR CURVE TO THE RIGHT FROM WHICH THE RADIUS POINT OF THE NEXT DESCRIBED CURVE BEARS NORTH 80° 03' 09" WEST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1035.92 FEET, A CENTRAL ANGLE OF 15° 03' 52", A DISTANCE OF 272.37 FEET, THE LAST TWO (2) COURSES BEING ALONG A PORTION OF SAID SOUTHEAST BOUNDARY OF LOT 10; THENCE NORTH 64° 03' 36" WEST, NON RADIAL TO THE LAST DESCRIBED CURVE, A DISTANCE OF 472.73 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH:

PARCEL II:

PRIVATE ACCESS & UTILITY EASEMENTS FOR THE BENEFIT OF PARCEL I AS CREATED BY THE RECORDED PLAT OF PARK OF COMMERCE, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 110, PAGE

15, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, FOR INGRESS AND EGRESS AND UTILITIES OVER, ACROSS AND UNDER ATLANTIC LOOP N/K/A NORTH COMMERCE PARKWAY AND MEDITERRANEAN ROAD AS LOCATED ON SAID PLAT.

PARCEL III:

CROSS ACCESS & CROSS PARKING EASEMENTS FOR THE BENEFIT OF PARCEL I AS CREATED BY CROSS ACCESS & CROSS PARKING AGREEMENT DATED DECEMBER 27, 1999, AND RECORDED JANUARY 6, 2000, IN OFFICIAL RECORDS BOOK 30160, PAGE 1461, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

PARCEL IV:

RIGHTS ESTABLISHED FOR THE BENEFIT OF PARCEL I AS CREATED BY DECLARATION OF RESTRICTIONS DATED DECEMBER 27, 1999, AND RECORDED JANUARY 6, 2000, IN OFFICIAL RECORDS BOOK 30160, PAGE 1454, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

TOGETHER WITH ANY EASEMENT RIGHTS OVER COMMON AREAS BENEFITING THE ABOVE PROPERTY CONTAINED IN AMENDED AND RESTATED DECLARATION OF TOWN FOUNDATION COVENANTS DATED MAY 13, 1985, AND RECORDED ON MAY 17, 1985, IN OFFICIAL RECORDS BOOK 12546, PAGE 921; AS AMENDED BY AMENDMENT TO AMENDED AND RESTATED DECLARATION OF TOWN FOUNDATION COVENANTS DATED APRIL 10, 1986, AND RECORDED ON APRIL 15, 1986, IN OFFICIAL RECORDS BOOK 13324, PAGE 40, BY SUPPLEMENTAL DECLARATION DATED MARCH 10, 1989, AND RECORDED ON APRIL 5, 1989, IN OFFICIAL RECORDS BOOK 16416, PAGE 143, BY ASSIGNMENT OF DEVELOPMENT RIGHTS DATED DECEMBER 15, 1983, AND RECORDED ON JANUARY 20, 1984, IN OFFICIAL RECORDS BOOK 11422, PAGE 350, BY ASSIGNMENT OF RESERVED RIGHTS RELATING TO REAL PROPERTY DATED SEPTEMBER 10, 1987, AND RECORDED ON SEPTEMBER 14, 1987, IN OFFICIAL RECORDS BOOK 14796, PAGE 666; ALL OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA

TOGETHER WITH ANY EASEMENT RIGHTS OVER COMMON AREAS BENEFITING THE ABOVE PROPERTY CONTAINED IN WESTON PARK OF COMMERCE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS DATED DECEMBER 13, 1989 AND RECORDED ON DECEMBER 14, 1989 IN OFFICIAL RECORDS BOOK 17006, PAGE 12 (NOT INCLUDING, HOWEVER, ANY RIGHT OF FIRST REFUSAL UNDER ARTICLE 17 THEREOF AS THE SAME HAS BEEN VALIDLY RELEASED OF RECORD WITH RESPECT TO THE SUBJECT PROPERTY); AS AMENDED BY FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED NOVEMBER 12, 1990 AND RECORDED ON DECEMBER 11, 1990 IN OFFICIAL RECORDS BOOK 17983, PAGE 463; AS AMENDED BY SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED SEPTEMBER 25, 1990 AND RECORDED ON OCTOBER 3, 1990 IN OFFICIAL RECORDS BOOK 17809, PAGE 704; AS AMENDED BY THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED NOVEMBER 6, 1991 AND RECORDED ON DECEMBER 11, 1991 IN OFFICIAL RECORDS BOOK 18985, PAGE 689; AS AMENDED BY FOURTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED AUGUST 27, 1992 AND RECORDED ON SEPTEMBER 11, 1992 IN OFFICIAL RECORDS BOOK 19857; PAGE 72; FIFTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED DECEMBER 27, 1994 AND RECORDED ON JANUARY 24, 1995 IN OFFICIAL RECORDS BOOK 23070, PAGE 448; AS AMENDED BY SIXTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED JUNE 13, 1996 AND RECORDED JULY 17, 1996 IN OFFICIAL RECORDS BOOK 25144, PAGE 749; AS AMENDED BY ASSIGNMENT AND ASSUMPTION OF DECLARANT'S RIGHTS DATED APRIL 1, 1994 AND EFFECTIVE AS OF JANUARY 1, 1993 AND RECORDED ON APRIL 5, 1994 IN OFFICIAL RECORDS BOOK 21964, PAGE 38; AS CONTAINED IN THAT CERTAIN SPECIAL WARRANTY DEED DATED JUNE 4, 1998 AND RECORDED ON JUNE 9, 1998 IN OFFICIAL RECORDS BOOK 28363, PAGE 938 AND AS AMENDED BY CANCELLATION AND WAIVER OF CERTAIN RIGHTS AND A RESTRICTION DATED DECEMBER 8, 1999 AND RECORDED ON DECEMBER 29, 1999 IN OFFICIAL RECORDS BOOK 30139, PAGE 1405, ALL OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

EXHIBIT B

Amended and Restated Trust Agreement

[attached]

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AMENDED AND RESTATED TRUST AGREEMENT
OF
DRIFTWOOD HOTEL INCOME I, DST
A DELAWARE STATUTORY TRUST

This AMENDED AND RESTATED TRUST AGREEMENT of Driftwood Hotel Income I, DST, a Delaware statutory trust (the "**Trust**") dated as of April 15 , 2026, is made by and among Driftwood HI Contributor I, LLC, a Delaware limited liability company (the "**Depositor**"), The Corporation Trust Company, a Delaware corporation, as co-trustee (the "**Delaware Trustee**"), and Driftwood HI Signatory I, LLC, a Delaware limited liability company, as co-trustee (the "**Signatory Trustee**," and together with the Delaware Trustee, the "**Trustees**"), and any other person who subsequently signs this agreement (the "**Trust Agreement**") and becomes a party to it.

WHEREAS, the Depositor and the Trustees formed the Trust as a "statutory trust" pursuant to and in accordance with the Delaware Statutory Trust Act (Title 12, Chapter 38) (as amended from time to time, the "**Act**") by filing the Certificate of Trust with the Delaware Secretary of State on February 12, 2026, and intend that this Trust Agreement constitute the "governing instrument" of the Trust (as such term is defined in Section 3801(c) of the Act);

WHEREAS, the Depositor, the Signatory Trustee and the Delaware Trustee entered into that certain Trust Agreement of Driftwood Hotel Income I, DST, dated as of February 12, 2026 (the "**Original Trust Agreement**");

WHEREAS, the Trust holds a fee simple interest in the real estate and improvements located at 2000 North Commerce Parkway, Weston, Florida 33326 operated as a hotel commonly known as the "Courtyard Fort Lauderdale Weston" (the "**Real Estate**");

WHEREAS, Real Estate is subject to the Master Lease (as hereinafter defined);

WHEREAS, the Real Estate is subject to the Loan (as hereinafter defined);

WHEREAS, it is anticipated that certain Persons (as hereinafter defined) will purchase from the Trust up to one hundred percent (100%) of the Interests (as hereinafter defined) in exchange for payment of money and become Investors, as such terms are defined herein, pursuant to a private placement of Interests, and that the proceeds of the private placement will be used by the Signatory Trustee to pay certain expenses and fees and to return to the Depositor all or a portion of its capital contributions in reduction of all or a portion of its Interests in the Trust, as the case may be, as set forth in the Private Placement Memorandum (as hereinafter defined); and

WHEREAS, in anticipation of the issuance of the Private Placement Memorandum, the Depositor, the Delaware Trustee and the Signatory Truste have determined that it is advisable to amend and restate in its entirety the Original Trust Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

For all purposes of this Trust Agreement, the capitalized terms set forth below shall have the following meanings:

"**Act**" shall have the meaning set forth in the preamble.

"**Affiliate**" shall mean, with respect to any specified Person, any other Person owning beneficially, directly or indirectly, any ownership interest in such specified Person or directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

"**Depositor**" shall have the meaning set forth in the preamble.

"**Borrower**" shall mean the Trust.

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

"**Control**" shall mean (whether capitalized or not), with respect to any specified Person, 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, more than fifty percent (50%) of the ownership interests.

"**Creditors Rights Laws**" shall mean any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to its debt or debtors.

"**Delaware Trustee**" shall have the meaning set forth in the preamble.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"**Indemnified Costs**" shall have the meaning set forth in Article VIII.

"**Interest**" shall mean, with respect to an Investor, such Investor's beneficial ownership interest in the Trust Property, which is reflected on Schedule 1 attached hereto and made a part hereof. All Interests shall be of a single class. When the Depositor's Interests have been redeemed, Schedule 1 will be updated accordingly.

"**Investor(s)**" shall mean the Depositor, to the extent it retains an Interest, each holder of an Interest and each of their successors in interest as beneficiaries of the Trust pursuant to Article III.

"**IRS**" shall mean the Internal Revenue Service.

"**Lender**" shall mean Fifth Third Bank, National Association and its successors and assigns, with respect to the Loan.

"**LLC**" shall have the meaning set forth in Section 9.03(b).

"**LLC Agreement**" shall have the meaning set forth in Section 9.03(b)

"**Loan**" shall mean that certain loan from the Lender in the amount of up to $19,250,000 made to the Trust by the Lender.

"**Loan Agreemen**t" shall mean that certain Loan Agreement dated as of April __, 2026 (as amended, restated, replaced, supplemented or otherwise modified from time to time), between Lender and the Trust.

"**Loan Documents**" shall mean any and all documents evidencing or securing the Loan or any assumptions thereof including, without limitation, the Loan Agreement, any promissory note, mortgage, assignment of leases and rents, indemnity agreement, guaranty certificate, escrow agreement, consent or subordination agreement or the functional equivalent of any of the aforementioned, and any and all other documents related to the Loan.

"**Majority**" shall mean more than fifty percent (50%).

"**Master Lease**" shall mean that certain Master Lease between the Trust, as landlord, and the Master Tenant, as tenant, with respect to the Real Estate.

"**Master Tenant**" shall mean 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company.

"**Original Trust Agreement**" shall have the meaning set froth in the recitals.

"**Percentage**" shall mean, with respect to a particular Investor, the percentage beneficial ownership interest of such Investor in the Trust Property as reflected on Schedule 1 attached hereto and made a part hereof (including any updates of Schedule 1 to reflect transfers of Interests that satisfy the provisions of Article III), and the rights, obligations, benefits and burdens associated with such beneficial interest.

"**Person**" shall mean a natural person, estate, 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.

"**Plan Asset Rules**" shall mean 29 Code of Federal Regulations Section 2510.3-101, as amended from time to time.

"**Private Placement Memorandum**" shall mean the memorandum and related documents distributed by the Depositor to prospective Investors that provides such persons with information relating to an investment in the Interests.

"**Proposed Interest Transfer**" shall have the meaning set forth in Section 3.01.

"**Real Estate**" shall have the meaning set forth in the recitals.

"**Regulations**" shall mean U.S. Treasury Regulations promulgated under the Code.

"**Section**" shall mean a section in this Trust Agreement, unless otherwise modified.

"**Special Purpose Entity**" shall mean an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially identical to the special purpose provisions set forth on Schedule 2 of this Trust Agreement.

"**Signatory Trustee**" shall have the meaning set forth in the Preamble of this Trust Agreement.

"**Transaction Documents**" shall mean the Trust Agreement, the Loan Documents and the Master Lease.

"**Trust**" shall have the meaning set forth in the preamble.

"**Trust Agreement**" shall have the meaning set forth in the preamble.

"**Trustee Indemnified Party**" shall have the meaning set forth in Article VIII.

"**Trust Property**" shall mean all right, title and interest of the Trust in and to any property owned by the Trust, or by the Signatory Trustee on behalf of the Trust, including the Real Estate.

"**Trustees**" shall have the meaning set forth in the preamble.

ARTICLE II
FORMATION OF TRUST

2.01 Name. The Trust created hereby shall be known as Driftwood Hotel Income I, DST.

2.02 Delaware Trustee; Principal Place of Business.

(a) The name and address of the registered agent of the Trust in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The Signatory Trustee may from time to time in accordance with the Act change any of the Trust's registered agents and/or registered offices and designate a registered agent and registered office in each state the Trust is required to maintain or appoint one.

(b) The principal place of business of the Trust shall be at such place as the Signatory Trustee shall designate from time to time by notice to the Investors, which need not be in the State of Delaware. The initial principal place of business of the Trust shall be 255 Alhambra Circle, Suite 760, Coral Gables, Florida 33134.

2.03 Purposes. The purposes of the Trust are to engage in the following activities: (i) to have the Trust own the Real Estate and any related personal property; (ii) to enter into or assume and comply with the terms of the Transaction Documents; (iii) to conserve, protect, lease and dispose of the Real Estate; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing. For the avoidance of doubt, without further action or authorization of any Person, and consistent with Sections 7.01(c) and 7.02 of this Trust Agreement, the Trust and the Signatory Trustee on behalf of the Trust are hereby authorized to acquire the Real Estate (including entering into any agreements to effectuate such acquisition), enter into the Loan Documents, enter into and assume the Master Lease, and to take such other actions as are required in order to effectuate the actions authorized by this sentence, notwithstanding any other provision of this Trust Agreement, the Act or applicable law, rule or regulation. All lawful acts and activities of the Trust, in the name or on behalf of the Trust, are approved, confirmed, and ratified in all respects. The Signatory Trustee is hereby authorized to enter into the Trust Agreement, to serve as signatory trustee of the Trust, and to execute on behalf of the Trust, the Transaction Documents, and to take such other actions on behalf of the Trust as contemplated under Section 2.03 of this Trust Agreement. The Trust shall hold the Trust Property for investment purposes and only engage in activities which are customary services in connection with the maintenance and repair of the Real Estate. Neither the Trustees, the Depositor, the Investors, nor their agents shall provide services: (a) that are not "customary services" within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261; (b) the payment for which would not qualify as "rents from real property" within the meaning of Code Section 512(b)(3)(A)(i) and the Regulations thereunder; or (c) the payment for which would not qualify as "rents from real property" within the meaning of Code Sections 856(c)(2)(C) and 856(c)(3)(A) and the Regulations thereunder. The Trust shall conduct no activities other than as specifically set forth in this Section 2.03.

2.04 Declaration of Trust by Trustees. The Trustees hereby declare that they will hold the Trust Property upon the terms and conditions herein for the benefit of the Investors, subject to the obligations of the Trust under the Transaction Documents and other relevant agreements. It is the intention of the parties hereto that the Trust constitutes a "statutory trust" under Chapter 38 of Title 12 of the Delaware Code. In accordance with the Original Trust Agreement, the Signatory Trustees caused the filing of a Certificate of Trust with the Secretary of State of the State of Delaware pursuant to Section 3810 of Title 12 of the Act. It is the intention of the parties hereto that the Trust shall not constitute an agency, partnership, corporation, association or business trust for federal income tax purposes. Each Investor shall have an undivided beneficial ownership interest in the Trust Property as provided in Section 3805(a) of the Act. Each Investor 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.

2.05 Limitation on Certain Activities. The Trust's sole business purpose shall be to own and operate the Trust Property. The Trust (i) shall conduct business only in its own name and under any trade name for the maintenance and repair of the Real Estate, (ii) shall not engage in any business or have any assets unrelated to the Trust Property, (iii) shall not have any indebtedness other than as permitted by this Trust Agreement, (iv) shall have its own separate books, records, and accounts (with no commingling of assets), (v) shall hold itself out as being an entity separate and apart from any other person or entity, (vi) shall observe statutory trust formalities independent of any other entity, and (vii) shall not change its name, identity, or organizational structure, unless the Trust shall have obtained the prior written consent of Lender to such change, and shall have taken all actions necessary or requested by Lender to file or amend any financing statement or continuation statement to assure perfection and continuation of perfection of security interests under the Loan Documents.

2.06 Operative Timing Related to Certain Provisions of this Trust Agreement. Notwithstanding anything else in this Trust Agreement to the contrary, the following sections of this Trust Agreement shall be of no force or effect until the Trust has more than one investor, at which time they shall become fully operative: (a) Section 7.03; (b) Section 7.06 (solely to the extent it refers to Section 7.03); (c) Section 9.02; (d) Section 9.03; and (e) Section 11.09 (solely with respect to the clause limiting amendments that would "vary the investment" of the Investors).

ARTICLE III
TRANSFER OF INTERESTS

3.01 Restrictions on Transfer. No Interest, or any portion thereof, may be assigned, pledged, encumbered or transferred (each a "**Proposed Interest Transfer**") without the prior consent of the Signatory Trustee. The Signatory Trustee's consent to each Proposed Interest Transfer is subject to sole discretion of the Signatory Trustee, including, but not limited to, the satisfaction of the following as determined in the sole discretion of the Signatory Trustee, of the following:

(a) that such Proposed Interest Transfer complies with all applicable securities laws;

(b) that such Proposed Interest Transfer complies with all transfer restrictions and requirements set forth in the Loan Documents and does not itself or in combination with any other prior Interest transfer or Proposed Interest Transfer constitute an event of default under the Loan Documents;

(c) that such Proposed Interest 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;

(d) that such Proposed Interest Transfer does not cause the Trust Property 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;

(e) that the transferor and transferee(s) in such Proposed Interest Transfer shall have executed documents to effectuate such transfer that are satisfactory to the Signatory Trustee, including that the transferee(s) shall have executed a written acceptance and adoption of this Trust Agreement; and

(f) that all expenses of such Proposed Interest Transfer shall have been paid by the transferor and/or transferee(s) as such persons may agree.

ARTICLE IV
DISTRIBUTIONS

4.01 Payments From Trust Property Only. Except as determined by the Signatory Trustee in its sole discretion and as is consistent with the status of the Trust described in Section 5.01(c), all payments to be made by the Trustees under this Trust Agreement shall be, directly or indirectly, from the Trust Property. Notwithstanding any provision to the contrary contained in this Trust Agreement, the Trust shall not be required to make a distribution to a trustee on account of its interest in the Trust if such distribution would violate the Loan Documents, the Act or any other applicable law.

4.02 Distributions in General. The Signatory Trustee shall distribute all available cash as determined pursuant to Section 4.01 to the Investors on a monthly basis, after paying or reimbursing the Trustees for any fees or expenses paid or incurred by the Trustees on behalf of the Trust, paying debt service on the Loan and related expenses and retaining such additional amounts as are necessary to pay anticipated ordinary current and future Trust expenses. Amounts of cash retained pursuant to this paragraph shall only be invested 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 company having a minimum stated capital and surplus of Fifty Million and no/100 Dollars ($50,000,000.00). All such obligations must mature prior to the next distribution date, and be held to maturity. All amounts distributable to the Investors 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 the Investors, as instructed from time to time by the Investors.

ARTICLE V
RIGHTS AND OBLIGATIONS OF INVESTORS

5.01 Status of Relationship.

(a) This Trust Agreement shall not be interpreted to impose a partnership or joint venture relationship on the Investors either at law or in equity. Accordingly, no Investor shall have any liability for the debts or obligations incurred by any other Investor, other than as specifically provided herein, to act on behalf of any other Investor or to impose any obligation with respect to the Trust Property.

(b) For so long as there is only one (1) Investor that is an owner of the Trust, any Trust Property held at such time will be treated for federal income tax purposes as the property of the sole Investor.

(c) At such time as there is more than one (1) Investor that is an owner of the Trust, the Trust shall not constitute a business entity for federal income tax purposes, but shall instead constitute an investment trust pursuant to Regulation Section 301.7701-4(c) and a grantor trust under Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 and following).

(d) Legal title to the Trust Property, including the Real Estate, shall be held by the Trust, and the Investors shall not have legal title to the Trust Property. Neither the bankruptcy, death or other incapacity of any Investor nor the transfer, by operation of law or otherwise, of any right, title or interest of the Investors in and to the Trust or hereunder shall terminate this Trust Agreement. Except as expressly set forth herein, the Investors shall not be liable for any liabilities or obligations of the Trust or the Trustees or for the performance of the Trust Agreement.

5.02 No In-Kind Distributions; Waiver of Partition; Nature of Interest. To the fullest extent permitted by law, and consistent with Section 3805 of the Act, no Investor or any additional Investor admitted to the Trust shall have, and each Investor and each additional Investor hereby completely and irrevocably waives, any and all power or right: (a) to cause the Trust or any of its assets to be partitioned or divided or to demand or receive an in-kind distribution of the Trust Property; (b) to cause the appointment of a receiver for all or any portion of the assets of the Trust; (c) to compel any sale of all or any portion of the assets of the Trust pursuant to any applicable law; or (d) to file a complaint or to institute any proceeding at law or in equity to cause the bankruptcy, dissolution, liquidation, winding up or termination of the Trust. No Investor shall have any interest in any specific assets of the Trust, and no Investor shall have the status of a creditor with respect to any distribution pursuant to Section 4.02 hereof. The interest of each Investor in the Trust is personal property.

5.03 Role of Investors. For the avoidance of doubt, except solely as provided in Article X with respect to the appointment of a successor trustee, Investors shall have no right to make decisions for, or to operate or manage, the Trust. The Investors' sole right with respect to the Trust shall be limited to the right to receive distributions as provided under Section 4.02. Accordingly, by way of illustration and not limitation, any sale or other conveyance of the Trust Property or any part thereof by the Signatory Trustee made pursuant to the terms of this Trust Agreement shall bind the Investors and be effective to transfer or convey all rights, title and interest of the Trust, the Trustees and the Investors in and to the Trust Property.

5.04 Representations, Warranties and Acknowledgments of Investors. Each Investor, by executing a counterpart signature page to this Trust Agreement, represents, warrants and acknowledges to the Trust and to the Trustees as follows:

(a) the execution, delivery and performance of this Trust Agreement (i) has been duly authorized by such Investor, (ii) does not require such Investor to obtain any consent or approval that has not been obtained and (iii) does not contravene or result in a default under (A) any provision of any law or regulation applicable to such Investor, (B) the governing documents of such Investor or (C) any agreement or instrument to which such Investor is a party or by which such Investor is bound;

(b) that such Investor (i) is not acquiring its 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 Interests and will not offer, sell, pledge or otherwise transfer its Interest except in compliance with all applicable securities laws and regulations;

(c) that this Trust Agreement is valid, binding and enforceable against such Investor in accordance with its terms;

(d) that such Investor is (i) a citizen or resident of the United States (including certain former citizens and former long-term residents), (ii) a corporation (or other entity taxable as a corporation for United States federal income tax purposes), limited liability company, partnership or other business entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate, the income of which is subject to United States federal income taxation regardless of the source of such income or (iv) a trust, if (A) the administration of the trust is subject to the primary supervision of a United States court and the trust has one or more United States persons with authority to control all substantial decisions or (B) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; and

(e) that such Investor acknowledges and accepts the power, authority and duties vested in the Trustees pursuant to this Trust Agreement, and the limitations on the duties of the Trustees to the Investors set forth in this Trust Agreement, including but not limited to the power of attorney that such Investor grants to the Trustees pursuant to Section 7.06 of this Trust Agreement and the limitations set forth in Section 6.02 of this Trust Agreement.

5.05 Subordination to Loan Documents. To the fullest extent permitted by law and while the Loan Documents remain in effect, any and all rights of the Investors pursuant to the terms of this Trust Agreement are subordinate to the rights of the Lender under the Loan Documents.

ARTICLE VI
TRUSTEES IN GENERAL

6.01 Acceptance of Trust and Duties. The Delaware Trustee accepts the Trust hereby created and agrees to perform its duties as so provided herein. The Signatory Trustee accepts its duties as Signatory Trustee as set forth in this Trust Agreement, including, but not limited to receiving and disbursing all money received by them constituting part of the Trust Property, subject to the Transaction Documents and other relevant agreements.

6.02 Limitation on Fiduciary Duties of Delaware Trustee and Signatory Trustee. Consistent with Sections 3803(b), 3806(d) and 3806(e) of the Act, to the fullest extent permitted by law, the duties and liabilities of the Trustees to the Trust and the Investors pursuant to this Trust Agreement are expressly limited as follows:

(a) The Trustees shall not be individually answerable or accountable for their omissions or actions on behalf of the Trust, except: (i) for their own willful misconduct or gross negligence; (ii) for the inaccuracy of any of their representations or warranties contained in Section 6.05 hereof; (iii) for their failure to comply with Section 7.03; (iv) for their own income taxes based on fees, commissions or compensation received as a trustee; or (v) for the failure to use ordinary care to disburse money received by them in accordance with the terms hereof.

(b) The Investors hereby acknowledge and agree that the Trustees and their Affiliates engage in business activities other than acting as Delaware Trustee and Signatory Trustee hereunder, and the Investors hereby waive any claim or cause of action against any Delaware Trustee as result of any potential or actual conflict of interest arising as a result of any such business activity. Such business activities include, but are not limited to: (i) receiving fees related to the acquisition of the Trust Property; (ii) owning an interest in and receiving distributions of income from the Trust Property; (iii) engaging directly or indirectly in business activities that may relate to the Trust Property; (iv) acquiring, or sponsoring the acquisition of interests by investors in, parcels of real property that may compete with the Trust Property; and (v) undertaking obligations (including obligations as trustees) to entities other than the Trust.

6.03 Not Acting in Individual Capacity. Except as otherwise provided in this Article VI, and pursuant to Section 3803(b) of the Act, the Delaware Trustee and the Signatory Trustee act solely as Trustees hereunder and not in their individual capacities, and all Persons other than the Investors having any claim against the Delaware Trustee or Signatory Trustee by reason of the transactions contemplated hereby shall look only to the Trust Property for payment or satisfaction thereof, but subject to the liens and other obligations created pursuant to the Master Lease and Loan Documents.

6.04 Authority of Trustees. The Signatory Trustee shall manage, control, dispose of or otherwise deal with the Trust Property consistent with its duties to conserve and protect the Trust Property, subject to any restrictions required by the Loan Documents, or otherwise provided in this Trust Agreement.

6.05 Representations or Warranties as to Trust Property or Documents. The Delaware Trustee and the Signatory Trustee make no representation or warranty as to: (i) the title, value, condition or operation of the Trust Property; and (ii) the validity or enforceability of any Transaction Document or as to the correctness of any statement contained in any thereof, except as expressly made by the Trustees in each of their individual capacities. The Trustees represent and warrant to the Investors that this Trust Agreement has been authorized, executed and delivered by each member of the Trustees respectively.

6.06 Reliance. The Trustees shall not be liable to anyone for relying on any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by them to be genuine and signed by the proper parties. The Trustees may accept a copy of a resolution of the board of directors or other governing body of any corporate party, certified by the secretary or a senior officer thereof, as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter, the manner of ascertainment of which is not specifically prescribed herein, the Trustees may for all purposes hereof rely on an officer's certificate of the relevant Person (if not an individual) as to such fact or matter, and such certificate shall constitute full protection to the Trustees for any action taken, suffered or omitted by it in good faith in reliance thereon.

6.07 Advice of Counsel. In the administration and interpretation of the Trust, the Trustees may perform any of their powers and duties, directly or through agents or attorneys and may consult with counsel, accountants and other skilled Persons selected and employed by them. The Trustees shall not be liable for anything done or omitted in good faith in accordance with the advice or opinion within the scope of competence of any such counsel, accountant or other skilled Persons selected with due care.

6.08 Compensation. The Delaware Trustee shall receive as compensation for its services an initial fee, monthly fees and document execution fees as agreed to by the Delaware Trustee and the Trust in a separate agreement.

ARTICLE VII
DUTIES OF TRUSTEES

7.01 Duties of the Trustees in General.

(a) The Trustees shall only have the duties and obligations expressly provided in this Trust Agreement. Except to the extent specifically provided in Section 7.01(b), to the effect that specific duties and obligations are those of the Delaware Trustee, and notwithstanding any other provision of this Trust Agreement, all the duties and obligations of the Trustees or of any of them under this Trust Agreement shall be solely the duties and obligations of the Signatory Trustee.

(b) The Delaware Trustee is appointed to serve as the trustee of the Trust in the State of Delaware for the purpose of satisfying the requirement of Section 3807(a) of the Act that the Trust have at least one trustee with a principal place of business in Delaware. It is understood and agreed by the parties hereto that the Delaware Trustee shall have none of the duties or liabilities of the Signatory Trustee. The duties of the Delaware Trustee shall be limited to: (i) accepting legal process served on the Trust in the State of Delaware; (ii) executing of any certificates required to be filed with the Delaware Secretary of State which the Delaware Trustee is required to execute under Section 3811 of the Act; and (iii) any other duties specifically allocated to the Delaware Trustee in this Trust Agreement. To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or the Investors, it is hereby understood and agreed by the other parties hereto that such duties and liabilities are replaced by the duties and liabilities of the Delaware Trustee expressly set forth in this Trust Agreement.

(c) Except as provided in Section 7.01(b) above, the Signatory Trustee is hereby authorized and directed to enter into any agreement permitted or directed by this Trust Agreement without the consent or signature of the Delaware Trustee including, without limitation, the Transaction Documents. The Delaware Trustee is authorized and directed to enter into such other documents and take such other actions as the Signatory Trustee shall specifically direct in written instructions delivered to the Delaware Trustee; *provided*, *however*, that the Delaware Trustee will take such action merely in a ministerial nondiscretionary capacity, as directed by the Signatory Trustee, and any such action shall not subject the Delaware Trustee to any liability, and *provided further, however*, that no Trustee shall be required to take any action if such Trustee shall determine, or shall be advised by counsel, that such action is likely to result in personal liability to such Trustee or is contrary to applicable law or any agreement to which such Trustee is a party.

(d) The Signatory Trustee has also been appointed hereunder to satisfy such legal or administrative requirements as may be necessary or prudent to carry out the duties of the Trust with respect to the Transaction Documents or any Trust Property to the extent that the Delaware Trustee is not required to do so under applicable law or this Trust Agreement.

7.02 Actions of Signatory Trustee. The Signatory Trustee is hereby authorized and directed to take, or cause the Trust to take (subject, however, in all respects, to Section 2.05), any and all necessary actions to conserve and protect the Trust Property, including, but not limited to:

(a) acquiring, owning, conserving, protecting, leasing and selling the Trust Property;

(b) entering into and/or assuming and complying, including on behalf of the Trust, with the terms of the Master Lease and any other Transaction Documents;

(c) collecting rents and making distributions in accordance with Article IV;

(d) entering into any agreement for purposes of completing tax-free exchanges of real property for Investors with each such Investor's "qualified intermediary" as defined in Section 1031 of the Code and the Treasury Regulations thereunder;

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

(f) solely to the extent necessitated by the bankruptcy or insolvency of the Master Tenant, renegotiating the Master Lease or entering into a new lease(s) with respect to the Real Estate or negotiating or financing any debt secured by the Real Estate;

(g) notifying the Lender of any default under this Trust Agreement;

(h) taking any action required under Section 9.02 or 9.03 of this Trust Agreement;

(i) selling, exchanging, contributing or otherwise disposing of the Trust Property or any part thereof on such terms, including such price, and at such time(s) as the Signatory Trustee shall determine in its sole discretion; and

(j) taking any action, which in the reasoned opinion of tax counsel to the Trust, should be necessary to preserve the treatment of the Trust as an "investment trust" within the meaning of Regulations Section 301.7701-4(c).

7.03 Prohibited Actions. Notwithstanding any other provision in this Trust Agreement, the Signatory Trustee shall not have the power to take any of the following actions, if the exercise of such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" as defined by Regulation Section 301.7701-4(c)(1): (a) reinvest any monies of the Trust, except in accordance with Section 4.02; (b) renegotiate the terms of the Loan, enter into new mortgage financing, renegotiate the Master Lease or enter into new leases except in the case of Master Tenant's bankruptcy or insolvency; (c) make other than minor nonstructural modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or new investors except as provided for in the Private Placement Memorandum; or (e) take any other action that, in the reasoned opinion of tax counsel to the Trust, should be expected to cause the Trust to be treated as a "business entity" for federal income tax purposes.

7.04 Books and Records. The Signatory Trustee shall keep customary and appropriate books and records relating to the Trust and the Trust Property and shall certify reports regarding same to the Lender, if required by the Loan Documents.

7.05 Furnishing of Documents. The Signatory Trustee will promptly furnish to the Lender those documents as required by the Loan Documents.

7.06 Duty to Act.

(a) No provision of this Trust Agreement shall be deemed to impose any duty on the Trustees to act or refrain from acting under this Trust Agreement or the Loan Documents (other than the actions prohibited in Section 7.03) if such Trustee has been advised by legal counsel that such actions may result in personal liability or is contrary to the terms hereof or to applicable law.

(b) The Delaware Trustee shall not have any duty (i) except as provided in Section 7.01(b) with respect to the Delaware Trustee, to 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) to obtain or maintain any insurance on the Real Estate; (iii) to maintain the Real Estate; (iv) to pay or discharge any tax levied against any part of the Trust Property; (v) to confirm, verify, investigate or inquire into the failure to receive any reports or financial statements from any party obligated under the Loan Documents to provide such reports or financial statements; or (vi) to inspect the Real Estate at any time or to ascertain or inquire as to the performance or observance of any of the covenants of any other Person under the Loan Documents.

ARTICLE VIII
INDEMNIFICATION AND PAYMENT OF THE TRUSTEES

To the fullest extent permitted by law, the Trust agrees, and the Investors hereby acknowledge and agree that the Trust agrees: (a) to reimburse each Trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals (whether provided by outside counsel or by in-house legal counsel)) incurred or advanced in connection with the performance of their duties under this Trust Agreement or any other agreement that the Trustees enter into for the benefit of the Trust; (b) to the fullest extent permitted by law, to indemnify each Trustee, their owners, officers, directors, members, employees, agents and other Affiliates (collectively the "**Trustee Indemnified Parties**" and each a "**Trustee Indemnified Party**") and hold the Trustee Indemnified Parties harmless, in their individual capacities, 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 operation of the Trust (including the Trust Agreement and all transactions and documents contemplated thereby), the Trust Property, or the Loan Documents (all such items collectively the "**Indemnified Costs**"); provided, however, that the Trust shall not be required to indemnify any Trustee Indemnified Party with respect to any of the matters described in Sections 6.02(a)(i) through 6.02(a)(v) to the extent any such section is adjudged (as provided in subsection (c) below) to apply to such Trustee Indemnified Party; and (c) to the fullest extent permitted by law, to advance to each such Trustee

Indemnified Party the Indemnified Costs incurred by such Trustee Indemnified Party in defending any claim, demand, action, suit or proceeding arising out of the operation of the Trust (including the Trust Agreement and all transactions and documents contemplated thereby), or the Trust Property, prior to the final disposition of such claim, demand, action, suit or proceeding, upon receipt by the Trust of an undertaking by or on behalf of such Trustee Indemnified Party, to repay such amount if a court of competent jurisdiction renders a final, nonappealable judgment that includes a specific finding of fact that such Trustee Indemnified Party is not entitled to indemnification pursuant to this Article VIII (i.e., because such court of competent jurisdiction specifically finds that any of Sections 6.02(a)(i) through 6.02(a)(v) apply to such Trustee Indemnified Party). The obligations of the Trust pursuant to this Article VIII shall survive the resignation or removal of any such Trustee, the disposition of the Trust Property, the termination of the Trust (whether in accordance with Article IX or otherwise), or the amendment, supplement or restatement of this Trust Agreement. So long as any obligation evidenced or secured by the Loan Documents is outstanding, no indemnity payment from funds of the Trust (as distinct from funds from other sources, such as insurance) of any indemnity pursuant to this Article VIII shall be payable from amounts owed by the Trust to the Lender pursuant to the Loan Documents. Any indemnification set forth in this Trust Agreement shall be fully subordinate to the Loan and shall only constitute a claim against the Trust if its cash flow is sufficient to pay its obligations to the extent of and shall be paid by the Trust in monthly installments only from the excess of net operating income of the Trust for any month over all amounts due under the Loan Documents, nor shall it constitute a claim against any beneficial owner of an interest in the Trust.

ARTICLE IX
TERMINATION OF TRUST AGREEMENT

9.01 Termination in General. The Trust shall dissolve and wind up in accordance with Section 3808 of the Act and each Investor's share of the Trust Property shall, subject to Article IV hereof, be distributed to the Investors, at the earlier of: (a) December 31, 2076; or (b) the sale or other disposition of the Real Estate; provided, however, that no such dissolution or winding up will occur so long as any obligation evidenced or secured by any of the Loan Documents remains outstanding and not discharged in full. Notwithstanding any other provision of this Trust Agreement, the bankruptcy of a Trustee or any Investor shall not cause the Trustee or the Investor, respectively, to cease to be a Trustee of the Trust or an Investor in the Trust and upon the occurrence of such an event, the Trust shall continue without dissolution.

9.02 Termination in Certain Circumstances. Notwithstanding Section 9.01, if: (i) the Trust Property is in jeopardy of being foreclosed upon due to a default on the Loan; (ii) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; or (iii) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests, and the Signatory Trustee is prohibited from taking actions to cure or mitigate the event(s) described in clauses (i), (ii) or (iii) by reason of the restrictions set forth in Section 7.03 hereof, or (iv) the Signatory Trustee is required to do so pursuant to the Loan Documents, the Signatory Trustee shall, in compliance with such conditions precedent and other requirements as may be set forth in the Loan Documents (if still in force), terminate the Trust by converting it to a

Delaware limited liability company and distribute the Trust Property to the Investors in the manner provided in Section 9.03.

9.03 Distribution of Trust Property to Investors.

(a) If the circumstances described in Section 9.02 apply to the Trust, and if no obligation evidenced or secured by the Loan Documents remains outstanding and all such obligations have been satisfied in full at the time the Trust is to be terminated pursuant to Section 9.02, or if the Loan Documents do not prohibit a direct distribution of the Trust Property to the Investors, then the Signatory Trustee may in its sole discretion terminate the Trust in accordance with Section 9.02 by either (i) following the procedure described in Section 9.03(b), i.e., converting the Trust to an LLC or (ii) terminate the Trust by distributing tenant-in-common interests in the Trust Property to the Investors in proportion to their ownership in the Trust, which interests (and the Investors) would be subject to an agency and/or co-ownership arrangement and other agreements that are in form and substance satisfactory to the Signatory Trustee as determined in its discretion and materially consistent with the terms and conditions set forth in Rev. Proc. 2002-22 or such other Internal Revenue Service guidance as may apply to the treatment of tenancy-in-common arrangements as direct interests in the Real Estate for purposes of Section 1031 of the Code.

(b) If the circumstances described in Section 9.02 apply to the Trust, and if any obligation evidenced or secured by the Loan Documents remains outstanding and has not been satisfied in full at the time the Trust is to be terminated pursuant to Section 9.02, and if the Loan Documents prohibit a direct distribution of tenant-in-common interests in the Trust Property to the Investors as provided in Section 9.03(a), then the Signatory Trustee shall (subject to the requirements set forth in the Loan Documents) terminate the Trust in accordance with Section 9.02 by (1) converting it pursuant to Section 3821 of the Act into a Delaware limited liability company (an "**LLC**"), the operating agreement for which will be substantially similar in form to the LLC operating agreement set forth as Exhibit A attached hereto and made a part hereof (the "**LLC Agreement**") (or in lieu of such conversion, as determined in the sole discretion of the Signatory Trustee, by transferring or contributing the Trust Property to, or by merging the Trust into, such LLC), which LLC shall acquire, by operation of law, contract, or otherwise, the Trust Property subject to the then-outstanding obligations of the Trust under the Loan Documents and the Master Lease, and which LLC shall assume, by operation of law, contract, or otherwise, the Trust's obligations under the Loan Documents and the Master Lease , which assumption shall be evidenced by documents approved in writing by the Lender; (2) effecting the conversion or exchange of the Investors' ownership interests in the Trust into equivalent membership interests in the LLC; (3) causing the Signatory Trustee to be designated as the Manager (as such term is defined in the LLC Agreement) of the LLC and to execute all necessary documents, including the LLC Agreement on behalf of the members of the LLC; and (4) taking all other actions necessary to complete the termination and winding up of the Trust and the formation of the LLC in accordance with the Act and the Delaware Limited Liability Company Act.

(c) For federal income tax purposes: a conversion of the Trust to an LLC effectuated pursuant to Section 9.03(b) shall be characterized as: (1) a distribution of Trust Property by the Trust to the Investors in complete termination of the Trust, followed by (2) a contribution by the Investors of the Trust Property to the LLC in exchange for membership interests in the LLC.

9.04 Certificate of Cancellation. Upon the completion of winding up of the Trust, the Trustees shall cause a Certificate of Cancellation to be filed with the Delaware Secretary of State and thereupon the Trust and this Trust Agreement shall terminate.

ARTICLE X
SUCCESSOR TRUSTEES

10.01 Resignation; Removal. A Delaware Trustee, Signatory Trustee, or any successor Delaware trustee or signatory trustee may resign at any time by giving at least 60 days' prior written notice to the Investors. Investors holding a Majority of the Interests may remove a Trustee at any time for "Cause" by giving written notice to such Trustee. As used in the preceding sentence, "Cause" shall mean the willful misconduct, fraud or gross negligence of the Trustee, as determined by a final, nonappealable judgment of a court of competent jurisdiction. Notwithstanding the foregoing, (a) until the date on which all obligations of the Trust under the Loan Documents are indefeasibly and fully satisfied, the prior written consent of the Lender shall be required for the removal of the Signatory Trustee and the appointment of a replacement for the Signatory Trustee, and (b) the removal of the Signatory Trustee shall not be effective without the prior written consent of the Signatory Trustee until the Signatory Trustee and each of its Affiliates have been fully removed from any guarantee and indemnity obligations they may have with respect to the Loan. The terms of this Section 10.01 are subject to the terms and conditions of the Loan Documents.

10.02 Appointment of Successor Delaware Trustee or Signatory Trustee. Notwithstanding anything herein to the contrary, no resignation or removal of a Delaware Trustee or Signatory Trustee shall be effective until a successor trustee or signatory trustee has been appointed and such successor has accepted its responsibilities, all as hereinafter provided. In case of the resignation, liquidation or removal of the Delaware Trustee, the Signatory Trustee shall appoint a successor trustee. In case of the resignation, liquidation or removal of the Signatory Trustee, Investors holding a Majority of the Interests may appoint, by written instrument, a successor (a "**Majority Appointment**"). The Trust shall not be terminated solely due to the death, liquidation, resignation or removal of any Delaware Trustee or Signatory Trustee. If a successor trustee or signatory trustee shall not have been appointed within 60 days after notice has been given pursuant to Section 10.01, the Signatory Trustee or a Majority of the Investors may apply to any court of competent jurisdiction in the United States to appoint a successor trustee or signatory trustee to act until such time, if any, as a Majority Appointment shall have occurred. Any successor appointed by a court shall immediately and without further act be superseded by any successor appointed by Majority Appointment within one year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor trustee (the Delaware Trustee, the Signatory Trustee or a successor trustee or signatory trustee, as the case may be) an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee with like effect as if originally named a Delaware Trustee or Signatory Trustee herein; provided, however, that upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to a successor 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 Investors against the predecessor Delaware Trustee or Signatory Trustee, in its, his or her individual capacity, shall not be prejudiced by the appointment of any successor trustee and shall survive the termination of the trusts created hereby. The terms of this Section 10.02 are subject to the terms and conditions of the Loan Documents.

10.03 Successor Delaware Trustee. Any successor Delaware Trustee, however appointed, shall be a bank or trust company with its principal place of business in the State of Delaware and having either: (a) a combined capital and surplus of at least $50,000,000; or (b) the performance of its obligations hereunder guaranteed by such a bank or trust company having a combined capital and surplus of at least $50,000,000, if there is such an institution willing, able and legally qualified to perform the duties of trustee hereunder upon reasonable or customary terms, 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. Any successor Trustee, however appointed, shall be competent and qualified to: (i) serve as a trustee of a statutory trust formed pursuant to Chapter 38 of Title 12 of the Delaware Code; (ii) own, buy, sell, lease and mortgage land in the state where the Trust Property is located; and (iii) take all actions required by the Delaware Trustee pursuant to the Trust and the Loan Documents in the State of Delaware. The terms of this Section 10.3 are subject to the terms and conditions of the Loan Documents.

ARTICLE XI
MISCELLANEOUS

11.01 Limitations on Rights of Others. . Nothing in this Trust Agreement, whether express or implied, shall give to any Person other than the Trustees and the Investors any legal or equitable right, remedy or claim hereunder; provided, however, that the Lender shall be an intended third-party beneficiary of the Special Purpose Entity provisions contained in Schedule 2 of this Trust Agreement.

11.02 Notices, Etc. All notices, requests, demands, consents and other communications ("**Notices**") required or contemplated by the provisions hereof shall refer on their face to this Trust Agreement (although failure to do so shall not make such Notice ineffective), shall, unless otherwise stated herein, be in writing and shall be: (i) personally delivered; (ii) sent by reputable overnight courier service; (iii) sent by certified or registered mail, postage prepaid and return receipt requested; (iv) transmitted by telephone facsimile with electronic confirmation of receipt; or (v) by email (if an email address is provided by such prospective recipient of Notice); in each case, as follows:

if to the Delaware Trustee:

The Corporation Trust Company
1209 Orange Street
Wilmington, Delaware 19801
Attn: Corporate Trust Administration
Facsimile: (302) 636-8666
Email: trust@delawaretrust.com

if to the Signatory Trustee:	Driftwood HI Signatory I, LLC 255 Alhambra Circle Suite 760 Coral Gables, FL 33134 Attn: Jorge L Gomez-Moller
if to the Depositor:	Driftwood HI Contributor I, LLC 255 Alhambra Circle Suite 760 Coral Gables, FL 33134 Attn: Jorge L Gomez-Moller
if to the Investors:	at the address and/or fax set forth on Schedule 1 attached hereto and made part hereof

or at such other address and telephone facsimile number as shall be designated, respectively, by the Trustee, the Signatory Trustee, the Depositor or the Investors in a written notice to the other Persons receiving Notices pursuant to this Section. Notices given pursuant to this Section shall be deemed received upon the earliest of the following to occur: (i) upon personal delivery; (ii) on the third day following the day sent, if sent by registered or certified mail; (iii) on the next business day following the day sent, if sent by reputable overnight courier; and (iv) if transmitted by telephone facsimile or email, on the day sent if such day is a business day of the addressee and the telephone facsimile or email is transmitted by the sender by 5:00 p.m. local time of the addressee on such day and otherwise on the first business day of the addressee after the day that the telephone facsimile or email is sent.

11.03 Severability. Any provision of this Trust Agreement, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, 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.

11.04 Separate Counterparts. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11.05 Successors and Assigns. All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Trustees and their successors and assigns, and the Investors and their respective successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other writing or action by the Investors shall bind their respective successors and assigns.

11.06 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.

11.07 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.

11.08 Governing Law. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts to be performed entirely within such state, including all matters of construction, validity and performance. Each party to this Trust Agreement acknowledges and agrees that, except solely for the Act, the laws of the State of Delaware or of any other state or authority having jurisdiction over the Trust which pertain to trusts shall not apply to this Trust Agreement, and that the Act is the sole law pertaining to trusts that applies to this Trust Agreement. Each party to this Trust Agreement agrees to only bring suit in a court located in Orange County, California or New Castle County, Delaware, and consents to personal jurisdiction therein.

11.09 Amendments. Subject to Section 2.05, this Trust Agreement may be supplemented or amended by determination of the Signatory Trustee to correct scrivener's errors, to clarify any ambiguities in the Trust Agreement or to reflect any changes to or otherwise comply with securities and tax law, provided, however, that no amendment or supplement shall be made if, in the reasoned opinion of tax counsel to the Trust, the making or exercise of such amendment or supplement would constitute a power under the Trust Agreement to "vary the investment" of the Investors within the meaning of Treasury Regulation Section 301.7701-4(c)(1).

11.10 Benefits of Agreement. No Third-Party Rights. None of the provisions of this Trust Agreement shall be for the benefit of or enforceable by any creditor of the Trust or by any creditor of any Investor; and nothing in this Trust Agreement shall be deemed to create any right in any Person not a party hereto. Notwithstanding the foregoing, the Lender and its successors and assigns are intended third-party beneficiaries of this Trust Agreement and may enforce this Trust Agreement against the Trustees or the Investors.

[SIGNATURE PAGE FOLLOWS]

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WHEREFORE, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers as of the date set forth above.

DEPOSITOR:

DRIFTWOOD HI CONTRIBUTOR I, LLC,
a Delaware limited liability company

By: ______________________________
Name: Jorge L Gomez-Moller
Title: Authorized Signatory

DELAWARE TRUSTEE:

THE CORPORATION TRUST COMPANY,
a Delaware corporation

By: ______________________________
Name: Jennifer A. Schwartz
Its: Assistant Vice President

SIGNATORY TRUSTEE:

DRIFTWOOD HI SIGNATORY I, LLC,
a Delaware limited liability company

By: ______________________________
Name: Jorge L Gomez-Moller
Title: Authorized Signatory

`

SCHEDULE 1

THE INVESTORS AND THEIR INTERESTS

Investor	Interest
Depositor: Driftwood HI Contributor I, LLC 255 Alhambra Circle Suite 760 Coral Gable, FL 33134	100%
Total	100%

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SCHEDULE 2

SPE PROVISIONS

Reference is hereby made to that certain Loan Agreement (the "**Loan Agreement**"), by and between the Trust and the Lender. Unless otherwise defined herein or in the Trust Agreement, the terms used in this Schedule 2 shall have the meanings ascribed thereto in the Loan Agreement. Until the Loan is paid in full, Trust will remain a "**Special Purpose Entity**," which means at all times since the date of the Loan Agreement and thereafter, the Trust:

(A) shall not

(i) engage in any business or activity other than the acquisition, ownership, operation, and maintenance of the Property (subject to the Master Lease), and activities incidental thereto;

(ii) acquire or own any material asset other than (i) the Property (including, as applicable, the Master Lease), and (ii) such incidental Personal Property as may be necessary for the construction, operation or maintenance of the Property;

(iii) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) (i) fail to preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (ii) dissolve or otherwise terminate, or fail to comply with the provisions of its organizational documents, or (iii) amend or modify its organizational documents except as expressly permitted under the Loan Agreement;

(v) own any subsidiary or make any investment in or acquire the obligations or securities of any other person or entity;

(vi) fail to hold its assets in its own name, or commingle its assets with the assets of any of its partners, Affiliates, or of any other person or entity or transfer any assets to any such person or entity other than distributions on account of equity interests in the Borrower, to the extent, if any, permitted hereunder, and properly account for, and any other payments expressly permitted hereunder;

(vii) incur any Indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Loan, except Indebtedness provided for in the Hotel Management Agreement and other unsecured trade and operational Indebtedness incurred with trade creditors in the ordinary course of its business of owning and operating the Property in such amounts as are normal and reasonable under the circumstances, provided that such Indebtedness is not evidenced by a note and is paid when due;

(viii) allow any Person (other than Guarantor) to pay its debts and liabilities in tendering a cure, in its sole discretion, or fail to pay its debts and liabilities solely from its own assets;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of the members of and any Affiliates of Borrower or Master Tenant (as applicable) or its members or fail to prepare and maintain its own financial statements in accordance with GAAP and susceptible to audit, except to the extent Borrower/Master Tenant is deemed a "disregarded entity" for tax purposes;

(x) enter into any contract or agreement with Guarantor, or any Affiliate, except as approved in writing by Agent or upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than Guarantor or such Affiliate;

(xi) seek a Conversion, dissolution, or winding up, in whole or in part (except to the extent otherwise permitted by the terms of the Loan Documents);

(xii) fail to correct any known misunderstandings regarding its identity separate from all other Persons;

(xiii) guaranty or become obligated for the debts of any other entity or person, or hold itself out to be responsible or pledge its assets or credit worthiness for the debts of another person or entity, or allow any person or entity to hold itself out to be responsible or pledge its assets or credit worthiness for its debts (except for Guarantor);

(xiv) make any loans or advances to any third party, including any Affiliate;

(xv) fail to use separate contracts, purchase orders, stationery, invoices and checks;

(xvi) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the entity with which such other party is transacting business, or (ii) to suggest that it is responsible for the debts of any third party (including any Affiliate);

(xvii) fail to allocate fairly and reasonably among itself and any third party (including any of its Affiliates) any overhead for common employees, shared office space or other overhead and administrative expenses;

(xviii) fail to maintain adequate capital from available operating revenues of the Property for the normal obligations reasonably foreseeable in the next thirty (30) day period in a business of its size and character and in light of its contemplated business operations;

(xix) file a voluntary petition or otherwise initiate proceedings to have itself adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition seeking or consenting to its reorganization or relief as debtor under any applicable federal or state law relating to bankruptcy, insolvency, or other relief for debtors; or seek or consent to the appointment for itself of any Signatory Trustee, receiver, conservator, assignee, sequester, custodian, liquidator (or other similar official) or of all or any substantial part of its properties and assets, or make any general assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due or declare or effect a moratorium on the payment of any of its Indebtedness or take any action in furtherance of any such action;

(xx) share any common logo with or hold itself out as or be considered as a department or division of (i) any of its Affiliates, (ii) of Guarantor or any Affiliate of Guarantor, or (iii) any other Person or allow any Person to identify it as a department or division of that Person; or

(xxi) conceal assets from any creditor or enter into any transaction with the intent to hinder, delay or defraud its creditors or the creditors of any other Person.

(B) has one trustee that is a corporation or a Springing LLC (each, an "**SPE Component Entity**") that (i) will at all times comply with each of the representations, covenants, terms and provisions contained herein; (ii) will not engage in any business or activity other than serving as such trustee and/or holding title to property for the benefit of the Trust; (iii) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (iv) will cause the Trust to maintain its status as a Special Purpose Entity.

<u>**EXHIBIT A**</u>
FORM OPERATING AGREEMENT FOR LLC CREATED PURSUANT TO SECTION 9.03(b) OF THIS TRUST AGREEMENT

OPERATING AGREEMENT
OF
DRIFTWOOD HOTEL INCOME I, LLC

THIS OPERATING AGREEMENT (this "**Agreement**") of Driftwood Hotel Income I, LLC, a Delaware limited liability company (the "**Company**"), is made and entered into as of ______________________________ (the "**Effective Date**"), by and among Driftwood Hotel Income I, DST, a Delaware statutory trust (the "**DST**" or the "**Trust**"), Driftwood HI Signatory I, LLC, a Delaware limited liability company (the "**Signatory Trustee**" or "**Manager**"; provided, however, that the term "**Manager**" shall not include the Independent Manager (as defined herein)), and the persons whose names are set forth on <u>Schedule 1</u> of this Agreement (the "**Members**").

WHEREAS, pursuant to the Amended and Restated Trust Agreement of the DST dated ____________, 2026 (the "**Trust Agreement**"), the Signatory Trustee is the signatory trustee of the DST and the Members collectively own all of the beneficial interests in the DST (the Members in such capacity the "**Owners**");

WHEREAS, the Signatory Trustee, on behalf of the DST, owns all right, title and interest of the Trust in and to all property contributed to the Trust or otherwise owned by the Trust, including the Real Estate (the "**Trust Property**");

WHEREAS, the Signatory Trustee has determined that, to conserve and protect the Trust Property, the DST must be converted into a limited liability company as provided in Sections 9.02 and 9.03 of the Trust Agreement; and

WHEREAS, pursuant to Section 9.03 of the Trust Agreement, the Company shall be the owner of the Trust Property (such property in the hands of the Company, the "Company Property") which shall remain subject to the Master Lease and the Loan Documents, the Signatory Trustee shall become the manager of the Company, the Owners shall become Members of the Company, and the Trust shall be converted into a limited liability company.

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

ARTICLE I
FORMATION OF COMPANY

1.01 <u>Authority</u>. The Company has been converted in accordance with the requirements of Delaware Limited Liability Company Act, as amended from time to time (the "Act") and the Manager has been designated the manager of the Company. The Manager shall have the authority to perform 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.

1.02 Membership; Rights and Obligations. Upon the consummation of the transactions described in the Recitals, the Members will be 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.

1.03 Name. The name of the Company is "**Driftwood Hotel Income I, 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.

1.04 Purposes of the Company. The purposes of the Company are: (i) to manage and dispose of, finance and refinance the Company Property; (ii) to assume and to satisfy the obligations of the DST set forth in the Loan Documents and the Master 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.

1.05 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.

1.06 Principal Office of the Company. The principal office of the Company shall be located at 255 Alhambra Circle, Suite 760, Coral Gables, FL 33134 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.

1.07 Registered Office and Registered Agent. The name and address of the registered agent, and the address of the registered office, of the Company in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801. 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.

1.08 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 the State of Delaware and will be perpetual unless sooner terminated as provided in Article VIII. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate of Formation of the Company as provided in the Act.

ARTICLE II
MEMBERSHIP INTERESTS; CAPITAL CONTRIBUTIONS

2.01 Membership Interest. Each Member's percentage ownership interest in the Company shall be equal to such Member's beneficial ownership interest in the 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.

2.02 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 Schedule 1 hereto.

(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 Schedule 1 to equitably reflect any additional capital contributions made by Members.

2.03 Subordination to Loan Documents. While the Loan Documents remain in effect, any and all rights of Members pursuant to the terms of this Agreement are subordinated to the rights of the Lender under the Loan Documents.

ARTICLE III
ACCOUNTING, ALLOCATIONS AND DISTRIBUTIONS

3.01 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, the Company will cause to be prepared such partnership income tax 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.

3.02 Capital Accounts. A separate capital account ("**Capital Account**") will be maintained for each Member. Each Member's initial Capital Account shall be equal to the amount set forth opposite such Member's name on Schedule 1 hereto. 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).

3.03 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.

3.04 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.

3.05 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, operating 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.

(d) No distribution shall be made to any Members, if such distribution would violate applicable law or constitute a default under the Loan Documents.

3.06 Withholding. If the Company incurs a withholding obligation with respect to the share of income allocated to any Member, whether pursuant to tax law or otherwise pursuant to an order of an agency of competent authority, any amount which is actually withheld from a distribution that would otherwise have been made to such Member and paid over in satisfaction of such withholding tax obligation shall be treated for all purposes under this Agreement as if such amount had been distributed to such Member.

ARTICLE IV
RIGHTS, DUTIES, LIABILITIES AND RESTRICTIONS OF THE MANAGER

4.01 The Manager.

(a) Except solely as provided in Section 4.01(b) with respect to Major Decisions (as defined below), 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 the right to convert the Company into another form of entity (for the avoidance of doubt, the Manager shall have a limited power of attorney to execute all documents to effect such conversion).

(b) Notwithstanding the foregoing, after satisfaction of the Company's obligations with respect to the Loan (provided, however, that for the avoidance of doubt the Company's obligations with respect to the Loan shall not be treated as having been satisfied to the extent the Company is obligated with respect to any substitute financing that has replaced the Loan), 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 Company Property (other than the assumption by the Company of the obligations of the DST under the Loan Documents, consent to which is deemed to have been given); (ii) entering into, modifying, extending, renewing or canceling any lease with respect to the Company 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, pledge, lien or other encumbrance upon the Company 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; or (vi) amending this Agreement; provided, however, subject to Section 4.02, this Agreement may be supplemented or amended by agreement of the Manager to correct scrivener's errors, to clarify any ambiguities in this Agreement or to reflect any changes to or otherwise comply with securities and tax law. The consent of the Members to any Major Decision shall be determined as provided in Section 5.01.

4.02 Limitation on Authority; Separateness.

(a) This Section 4.02 is being adopted in order to comply with certain provisions of the Loan Documents necessary to qualify the trust as a "special purpose entity."

(b) Notwithstanding any provisions of this Agreement and any provision of law that otherwise so empowers the Company, the Manager or the Members, so long as any obligation evidenced or secured by any of the Loan Documents remains outstanding and not discharged in full and the lien of the mortgage has not been released, neither the Manager, Members nor any other Person on behalf of the Company shall have any authority to do any of the following without Lender's prior written consent:

(i) engage in any business or activity other than those set forth in Section 1.04;

(ii) except as provided in Article VIII of this Agreement, seek, consent to or permit (A) any division, dissolution, winding up, liquidation, consolidation or merger, or (B) any sale or other transfer of all or substantially all of its assets or any sale of assets outside the ordinary course of its business, except as permitted by the Loan Documents;

(iii) sell all or substantially all of its assets, except simultaneously with a permitted repayment of the Loan;

(iv) merge, combine or consolidate with any other entity;

(v) file or consent to the filing of any bankruptcy, insolvency or reorganization case or proceeding, institute any proceedings under any applicable insolvency law or otherwise seek relief under any laws relating to the relief from debts or the protection of debtors generally, file a bankruptcy or insolvency petition or otherwise institute insolvency proceedings;

(vi) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the entity or a substantial portion of the Company's property;

(vii) make an assignment for the benefit of the creditors of the Company; or

(viii) take any action in furtherance of any of the foregoing.

(c) Notwithstanding any other provision of this Agreement, so long any portion of the Loan remains outstanding, the Manager also shall cause the Company to and the Company shall comply with the covenants set forth on Schedule 2.

(d) Failure of the Company, or the Members or the Manager on behalf of the Company, to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Company as a separate legal entity or the limited liability of the Member or the Manager.

(e) Except as provided by Schedule 2, notwithstanding any other provision of this Agreement and any provision of law that otherwise so empowers the Company, so long any portion of the Loan remains outstanding, neither the Company, the Manager, nor any other Person shall be authorized or empowered to, nor shall they permit the Company to take any Major

(f) Decision without the prior unanimous written consent of the Members.

4.03 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. The Manager shall be entitled to receive compensation for services rendered as Manager as determined by the Company and the Manager from time to time.

4.04 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.

4.05 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.

4.06 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. Notwithstanding any duty existing at law or in equity, 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.

4.07 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. Notwithstanding any of the foregoing to the contrary, the provisions of this Section will not relieve the Manager of any liability 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 to the fullest extent permitted by law.

4.08 Indemnification. To the fullest extent permitted by the applicable law, the Company agrees: (a) to reimburse the Manager for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals) incurred in connection with the performance of their duties under this Agreement: (b) to the fullest extent permitted by law, to indemnify the Manager, its owners, officers, directors, members, employees, agents and other Affiliates (collectively the "**Manager Indemnified Parties**" and each a "**Manager Indemnified Party**") and hold the Manager Indemnified Parties harmless, in their individual capacities, 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 operation of the Company (including this Agreement and all transactions and documents contemplated thereby), the Company Property, or the Loan Documents (all such items collectively the "**Indemnified Costs**"), provided, however, that the Company shall not be required to indemnify any Company Indemnified Party with respect to any willful misconduct or gross negligence with respect to the Company on the part of such Manager Indemnified Party to the extent such Manager Indemnified Party is adjudged (as provided in subsection (c) below) to have engaged in such willful misconduct or gross negligence with respect to the Company; and (c) to the fullest extent permitted by law, to advance to each such Manager Indemnified Party the Indemnified Costs incurred by such Manager Indemnified Party in defending any claim, demand, action, suit or proceeding arising out of the operation of the Company (including this Agreement and all transactions and documents contemplated thereby), the Company Property or the Loan Documents, prior to the final disposition of such claim, demand, action, suit or proceeding, upon receipt by the Company of an undertaking by or on behalf of such Manager Indemnified Party, to repay such amount if a court of competent jurisdiction renders a final, nonappealable judgment that includes a specific finding of fact that such Manager Indemnified Party is not entitled to indemnification pursuant to this Section 4.08 (i.e., because such court of competent jurisdiction specifically finds that such Manager Indemnified Party engaged in willful misconduct or gross negligence with respect to the Company). The obligations of the Company pursuant to this Article IV shall survive the resignation or removal of any Manager, the disposition of the Company Property, the termination of the Company, or the amendment, supplement or restatement of this Agreement. So long as any obligation evidenced or secured by the Loan Documents is outstanding, no indemnity payment from funds of the Company (as distinct from funds from other sources, such as insurance) of any indemnity pursuant to this Section 4.08 shall be payable from amounts allocable to the Lender pursuant to the Loan Documents. Any indemnification set forth in this Agreement shall be fully subordinate to the Loan and shall only constitute a claim against the Company to the extent of, and shall be paid by the Company in monthly installments only from, the excess of net operating income of the Company for any month over the amounts then due under the Loan Documents, nor shall it constitute a claim against any owner of an interest in the Company.

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

4.10 Partnership Representative.

(a) The Manager shall be designated as, and shall serve as, the "partnership representative" (the "**Partnership Representative**"), as defined in Code Section 6223 (as in effect following the effective date of its amendment by Section 1101 of H.R. 1314, the "**Bipartisan Budget Act of 2015**") and the Company, the Manager and the Members shall complete any necessary actions (including executing any required certificates or other documents) to effect such designation. The Partnership Representative shall keep the Members (including Persons who were Members in the "reviewed year,") as defined in Code Section 6225(d), as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015) informed of all administrative and judicial proceedings relating to the Company. The Partnership Representative, acting at the direction of the Manager, may make any elections available to be made as Partnership Representative, including, without limitation, the election described in Code Section 6226(a)(1) and the election described in Code Section 6221(b) (each as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015) (the "**Pass-Through Election**"). In the event a Pass-Through Election is made, the Partnership Representative, on behalf of the Company, shall determine each current and former Member's share of adjustments (as contemplated by Section 6226(a)(2), as so in effect) in a manner consistent with the standard set forth in Section 4.07, based on the allocations that would have been made to each such Person in the reviewed year (and any subsequent year) if the adjustments were taken into account by the Company in such year(s), subject to any future guidance promulgated under the Code.

(b) In the event the Company is liable for any imputed underpayment (within the meaning of Code Section 6225 (as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015)) paid (or payable) by the Company as a result of an adjustment with respect to any Company item, including any interest or penalties with respect to any such adjustment (collectively, an "**Imputed Underpayment Amount**") with respect to items of Company income, gain, loss, deduction or credit that should have been allocated to a Member for the applicable year, such Member shall promptly reimburse the Company for such amount and such reimbursement shall not be considered a capital contribution to the Company by such Member. The foregoing sentence shall apply even if the applicable Member is no longer a member of the Company at the time the Company becomes liable for such imputed underpayment. Each Member shall indemnify the Company for any amount of Imputed Underpayment Amount attributed to such Member, and such indemnification shall survive any such Member's cessation of membership in the Company. In addition, at the option of the Company, the Company may treat any such Imputed Underpayment Amount attributed to any Member as an amount of Taxes required to be withheld or deducted from any amount distributed or allocated by the Company to such Member pursuant to Section 3.06. Imputed Underpayment Amounts subject to the provisions of this Section 4.10(b) also shall include any imputed underpayment within the meaning of Code Section 6225 (as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015) paid (or payable) by any entity treated as a partnership for U.S. federal income tax purposes in which the Company holds (or has held) a direct or indirect interest, other than through entities treated as corporations for U.S. federal income tax purposes, to the extent that the Company bears the economic burden of such amounts, whether by law or agreement.

ARTICLE V
MEMBERS

5.01 Powers of the Members. Except as otherwise provided in the Agreement, as to any matters on which the Members have a right to vote, such vote shall require an affirmative vote of a Majority of the Membership Interests.

5.02 Liability. Except as otherwise expressly provided by the Act, 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 solely by reason of being a Member.

5.03 Meetings of the Members. A meeting of the Members may be called at any time by the Manager or by Members holding a Majority 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 days prior written notice stating the time, place and purpose of the meeting. At a meeting of the Members, the presence of Members holding a Majority 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.

5.04 Removal of Manager. Notwithstanding any other provision of this Agreement, a Manager can be removed and its successor chosen by Members holding at least Seventy Five Percent (75%) of the Membership Interests for cause by giving written notice to the Manager. As used in the preceding sentence, "Cause" shall mean the willful misconduct, fraud or gross negligence of the Manager, as determined by a final, nonappealable judgment of a court of competent jurisdiction. Notwithstanding the foregoing, (a) so long as any obligation evidenced or secured by the Loan Documents remains outstanding and not discharged in full, the consent of the Lender shall also be required for removal of a Manager and appointment of a successor Manager, and (b) the removal of the Manager shall not be effective without the prior written consent of the

Manager until the Manager and each of its Affiliates have been fully removed from any guarantee and indemnity obligations they may have with respect to the Loan.

ARTICLE VI
ASSIGNMENT PROVISIONS

6.01 Transfers by Members.

(a) Subject to Section 6.02, 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) be in contravention of or constitute an event of default under the Loan Documents; (ii) 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; (iii) result in the Company not qualifying for an exemption from the registration requirements of any applicable federal or state securities laws; (iv) result in any violation of any applicable federal or state securities laws; (v) require the Company, the Manager or any Affiliate of the Manager to register as an investment advisor under the Investment Advisers Act of 1940, as amended; or (vi) cause the Company Property 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.

6.02 General Provisions. The following rules will apply to the Transfer of Membership Interests in the Company:

(a) no person will be admitted as a substitute Member hereunder unless and until: (i) 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; (ii) 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 (iii) an appropriate amendment hereto is executed and, if required, filed of record;

(b) the effective date of admission of a substitute Member 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 substitute Member of the Company by the Manager, 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 share of distributions from 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. Substitute Members admitted pursuant to Section 6.02(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;

(e) the costs incurred by the Company in processing an assignment (including attorney's fees) will be borne by the assignor or assignee as such parties may agree, and will be payable prior to and as a condition of any distribution of cash or property; and

(f) upon the Transfer of a Membership Interest which satisfies this Section 6.02, Schedule 1 to this Agreement will be revised to reflect such Transfer.

ARTICLE VII
ADMISSION OF ADDITIONAL MEMBERS; RESIGNATIONS AND WITHDRAWALS

7.01 Admission of Additional Members.

(a) Subject to compliance with applicable securities laws, the Loan Documents and this Agreement, the Manager, in its sole discretion, may admit new Members in exchange for Capital Contributions by such persons to the Company in an amount as determined by the Manager in its sole discretion. 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, including such Membership Interests that may constitute one or more classes of interests with preference as to distributions from the Company (provided, however, that the Members will be provided an opportunity to make such Capital Contributions in respect of such new class(es) of interests). Upon the admission of any new Members to the Company, the Manager shall adjust the Members' Membership Interests set forth on Schedule 1 hereto to equitably reflect the Capital Contributions made by new Members.

(b) Additional Members admitted pursuant to Section 7.01(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.

7.02 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 Schedule 1 hereto to equitably reflect the withdrawal of a Member.

ARTICLE VIII
TERMINATION AND WINDING UP

8.01 Termination.

(a) The Company will be terminated upon the earliest to occur of the following:

(i) The Manager and Members holding a Majority of the Membership Interests vote to terminate the Company or convert it into a different legal entity pursuant to the Act; or

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

(iii) The termination of the legal existence of the last remaining member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining member of the Company in the Company unless the business of the Company is continued in a manner permitted by this Agreement or the Act; or

(iv) The entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, for so long as the Company's obligations under the Loan Documents remain outstanding, the Company may not be terminated without the prior written consent of the Lender.

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

8.02 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.

8.03 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.

8.04 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 ninety (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.

8.05 No Dissolutions. The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member shall not cause the termination, division, 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.

8.06 Termination. The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company shall have been distributed to the Member in the manner provided for in this Agreement and (ii) the Certificate of Formation of the Company shall have been cancelled in the manner required by the Act.

ARTICLE IX
GENERAL PROVISIONS

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

(a) "**Act**" shall mean the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time, and any successor statute.

(b) "**Affiliate**" (whether or not such term is capitalized) shall mean, with respect to any specified Person any other Person owning beneficially, directly or indirectly, any ownership interest in such specified Person or directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

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

(d) "**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. Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, more than fifty (50%) of the ownership interests.

(e) "**IRS**" shall mean the Internal Revenue Service.

(f) "**Majority**" shall mean more than fifty percent (50%).

(g) "**Master Lease**" shall mean that certain Master Lease between the Trust, as landlord, and the Master Tenant, as tenant, with respect to the Real Estate.

(h) "**Master Tenant**" shall mean 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company.

(i) "**Member**" shall mean the undersigned member of the Company, and includes any person admitted as an additional member of the Company or a substitute member of the Company pursuant to the provisions of this Agreement, each in its capacity as a member of the Company.

(j) "**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.

(k) "**Private Placement Memorandum**" shall mean the memorandum and related documents distributed to prospective investors in the Trust that provided such persons with information relating to an investment in the Trust interests.

(l) "**Real Estate**" shall have the meaning set forth in the recitals of this Agreement.

(m) "**Section**" shall mean a section in this Agreement unless the context clearly indicates otherwise.

(n) "**Special Purpose Entity**" shall mean an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially identical to the special purpose provisions set forth on Schedule 2 of this Agreement.

(o) "**Treasury Regulations**" shall mean U.S. Treasury Regulations promulgated under the Code.

9.02 Notices. All notices, requests, demands, consents and other communications ("**Notices**") required or contemplated by the provisions hereof shall refer on their face to this Agreement (although failure to do so shall not make such Notice ineffective), shall, unless otherwise stated herein, be in writing and shall be (i) personally delivered, (ii) sent by reputable overnight courier service, (iii) sent by certified or registered mail, postage prepaid and return receipt requested, or (iv) transmitted by telephone facsimile with electronic confirmation of receipt; or (v) by email (if an email address is provided by such prospective recipient of Notice). Any Member may change its address by giving fifteen (15) days advance written notice stating its new address to the Manager. 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.

9.03 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.

9.04 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.

9.05 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts to be performed entirely within such state, including all matters of construction, validity and performance. Each party to this Agreement acknowledges and agrees that, except solely for the Act, the laws of the State of Delaware or of any other state or authority having jurisdiction over the Company which pertain to limited liability companies shall not apply to this Agreement, and that the Act is the sole law pertaining to limited liability companies that applies to this Agreement. Each party to this Agreement agrees to only bring suit in a court located in Orange County, California or New Castle County, Delaware, and consents to personal jurisdiction therein**.**

9.06 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.

9.07 Binding Effect. Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member, in accordance with its terms.

9.08 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.

9.09 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, is 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 the Company 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 the Manager 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.

9.13 Benefits of Agreement. No Third-Party Rights. Except for the Lender and its successors or assigns as holders of the Loan (with respect to the Special Purpose Entity Provisions of this Agreement) (a) 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 any Member and nothing in this Agreement shall be deemed to create any right in any Person (other than the Manager with respect to indemnity under Section 4.09) not a party hereto. 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, except as provided in this Section 9.12. The Lender and its successors or assigns are intended third-party beneficiaries of Section 4.02 this Agreement and may enforce this Agreement against the Manager or the Members.

9.14 Waiver of Partition; Nature of Interest. To the fullest extent permitted by law, and notwithstanding any provision in this Agreement to the contrary, each of the Members, and any additional and substitute members admitted to the Company hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. No Member shall have any interest in any specific assets of the Company, and no Member shall have the status of a creditor with respect to any distribution pursuant to Section 3.06 hereof. The interest of each Member in the Company is personal property.

9.15 Power of Attorney. Each Member hereby constitutes and appoints the Manager, with full power of substitution and re-substitution, as his true and lawful agent and attorney in fact, with full power and authority in his name, place and stead, to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) this Agreement, all certificates, documents and other instruments (including the Certificate of Formation of the Company), and all amendments thereof and hereof in accordance with the terms hereof which the Manager deems appropriate or necessary to form, qualify or continue the qualification of the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property, or to effect the termination and dissolution of the Company pursuant to the terms of this Agreement; (b) all documents and instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms and of the documents and instruments described in clause (a); (c) all conveyances, documents and other instruments which the Manager deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement or a transfer of Membership Interests pursuant to the terms of this Agreement; and (d) all instruments relating to the admission, withdrawal or substitution of any Member pursuant to the terms of this Agreement. Each Member authorizes the Manager to take any further action that the Manager shall consider necessary in connection with any of the foregoing, hereby giving the Manager full power and authority to do and perform each and every act or thing whatsoever requisite to be done in connection with the foregoing as fully as such

Member might or could do personally, and hereby ratifies and confirms all that the Manager shall lawfully do, or cause to be done, by virtue thereof or hereof. The foregoing power of attorney is irrevocable and coupled with an interest and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the transfer of all or any portion of his Membership Interest and shall extend to such Member's heirs, successors, assigns and personal representatives.

[SIGNATURE PAGES FOLLOW]

COUNTERPART SIGNATURE PAGE
OPERATING AGREEMENT
OF
DRIFTWOOD HOTEL INCOME I, LLC

IN WITNESS WHEREOF, the undersigned has executed this Operating Agreement as of ____________________, 20__.

MANAGER:

Driftwood HI Signatory I, LLC, a Delaware limited liability company

By: ______________________________________
Name: ______________________________________
Its: ______________________________________

MEMBER:

____
Signature

____
Print Name

____
Address

____
City, State & Zip Code

SCHEDULE 1
(of Exhibit A)

MEMBERS, CAPITAL CONTRIBUTIONS AND MEMBERSHIP INTERESTS

NAME AND ADDRESS OF MEMBER	CAPITAL CONTRIBUTION	CAPITAL ACCOUNT	MEMBERSHIP INTEREST
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			
______________________ ______________________ ______________________			

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SCHEDULE 2
(of Exhibit A)

SPE PROVISIONS

Reference is hereby made to that certain Loan Agreement (the "Loan Agreement"), by and between the Company and the Lender. Unless otherwise defined herein, the terms used in this Schedule 2 shall have the meanings ascribed thereto in the Loan Agreement. Until the Loan is paid in full, Trust will remain a "Special Purpose Entity," which means at all times since the date of the Loan Agreement and thereafter, the Company:

(A) shall not

(i) engage in any business or activity other than the acquisition, ownership, operation, and maintenance of the Property (subject to the Master Lease), and activities incidental thereto;

(ii) acquire or own any material asset other than (i) the Property (including, as applicable, the Master Lease), and (ii) such incidental Personal Property as may be necessary for the construction, operation or maintenance of the Property;

(iii) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) (i) fail to preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (ii) dissolve or otherwise terminate, or fail to comply with the provisions of its organizational documents, or (iii) amend or modify its organizational documents except as expressly permitted under the Loan Agreement;

(v) own any subsidiary or make any investment in or acquire the obligations or securities of any other person or entity;

(vi) fail to hold its assets in its own name, or commingle its assets with the assets of any of its partners, Affiliates, or of any other person or entity or transfer any assets to any such person or entity other than distributions on account of equity interests in the Borrower, to the extent, if any, permitted hereunder, and properly account for, and any other payments expressly permitted hereunder;

(vii) incur any Indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Loan, except Indebtedness provided for in the Hotel Management Agreement and other unsecured trade and operational Indebtedness incurred with trade creditors in the ordinary course of its business of owning and operating the Property in such amounts as are normal and reasonable under the circumstances, provided that such Indebtedness is not evidenced by a note and is paid when due;

(viii) allow any Person (other than Guarantor) to pay its debts and liabilities in tendering a cure, in its sole discretion, or fail to pay its debts and liabilities solely from its own assets;

(ix) fail to maintain its records, books of account and bank accounts separate and apart from those of the members of and any Affiliates of Borrower or Master Tenant (as applicable) or its members or fail to prepare and maintain its own financial statements in accordance with GAAP and susceptible to audit, except to the extent Borrower/Master Tenant is deemed a "disregarded entity" for tax purposes;

(x) enter into any contract or agreement with Guarantor, or any Affiliate, except as approved in writing by Agent or upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than Guarantor or such Affiliate;

(xi) seek a Conversion, dissolution, or winding up, in whole or in part (except to the extent otherwise permitted by the terms of the Loan Documents);

(xii) fail to correct any known misunderstandings regarding its identity separate from all other Persons;

(xiii) guaranty or become obligated for the debts of any other entity or person, or hold itself out to be responsible or pledge its assets or credit worthiness for the debts of another person or entity, or allow any person or entity to hold itself out to be responsible or pledge its assets or credit worthiness for its debts (except for Guarantor);

(xiv) make any loans or advances to any third party, including any Affiliate;

(xv) fail to use separate contracts, purchase orders, stationery, invoices and checks;

(xvi) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in its own name in order not (i) to mislead others as to the entity with which such other party is transacting business, or (ii) to suggest that it is responsible for the debts of any third party (including any Affiliate);

(xvii) fail to allocate fairly and reasonably among itself and any third party (including any of its Affiliates) any overhead for common employees, shared office space or other overhead and administrative expenses;

(xviii) fail to maintain adequate capital from available operating revenues of the Property for the normal obligations reasonably foreseeable in the next thirty (30) day period in a business of its size and character and in light of its contemplated business operations;

(xix) file a voluntary petition or otherwise initiate proceedings to have itself adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition seeking or consenting to its reorganization or relief as debtor under any applicable federal or state law relating to bankruptcy, insolvency, or other relief for debtors; or seek or consent to the appointment for itself of any Signatory Trustee, receiver, conservator, assignee, sequester, custodian, liquidator (or other similar official) or of all or any substantial part of its properties and assets, or make any general assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due or declare or effect a moratorium on the payment of any of its Indebtedness or take any action in furtherance of any such action;

(xx) share any common logo with or hold itself out as or be considered as a department or division of (i) any of its Affiliates, (ii) of Guarantor or any Affiliate of Guarantor, or (iii) any other Person or allow any Person to identify it as a department or division of that Person; or

(xxi) conceal assets from any creditor or enter into any transaction with the intent to hinder, delay or defraud its creditors or the creditors of any other Person.

(B) has at least one of its member which is a Springing LLC (an “SPE Component Entity”), whose sole asset is its interest in the Company, and such SPE Component Entity (i) will at all times comply with each of the representations, covenants, terms and provisions contained herein; (ii) will not engage in any business or activity other than managing the Company; (iii) will not acquire or own any assets other than its partnership, membership, or other equity ownership interest in the Company; (iv) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation); and (vi) will cause the Company to maintain its status as a Special Purpose Entity.

EXHIBIT C

Master Lease

[attached]

MASTER LEASE
FOR
DRIFTWOOD HOTEL INCOME I, DST

THIS MASTER LEASE (this "**Lease**") is entered into to be effective as of April 15, 2026, between Driftwood Hotel Income I, DST, a Delaware statutory trust, (the "**Landlord**"), and 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company (the "**Tenant**").

ARTICLE 1
Demise of Premises

Landlord, for and in consideration of the rents to be paid and the covenants and agreements hereinafter contained to be kept and performed by Tenant, hereby demises and leases to Tenant and Tenant hereby lets and takes from Landlord, for the term hereinafter set forth, Landlord's interest in the real estate located at 2000 N. Commerce Parkway, Weston, Florida 33326, as more particularly described on Exhibit A attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining, together with (a) the improvements, buildings, equipment and personal property located thereon and associated therewith and owned by Landlord, (b) the leases and other agreements to occupy such improved real property, and (c) all other rights and property (real, personal and intangible) associated with such improved real property (the "**Property**").

ARTICLE 2
Term of Lease

Section 2.01. The term of this Lease shall commence on the date hereof, and shall expire, unless sooner terminated as hereinafter provided, on the date that is seven years after the anniversary of the date hereof (the "**Original Term**"). Provided that Tenant is not in default hereunder as of the expiration of the Original Term and the Landlord owns the Property on the last day of the Original Term, this Lease shall automatically be renewed for successive one-year terms (the "**Renewal Term**") upon expiration of the Original Term, on the same terms and conditions contained herein, provided that Tenant may elect not to renew by providing Landlord sixty (60) days' prior written notice prior to the expiration of the Original Term (the Original Term and the Renewal Term, if applicable, are referred to herein as the "**Term**"). Each year during the Term is herein referred to as a "**Lease Year**," with the first Lease Year commencing on the date hereof and ending on March 31, 2027, and each subsequent Lease Year commencing on April 1 and ending on March 31 of the following calendar year. The term of this Lease shall automatically terminate upon the sale of the Property.

Section 2.02. This Lease constitutes the absolute and unconditional obligation of Tenant. Tenant waives all rights which are not expressly stated in this Lease but which may now or otherwise be conferred by law (i) to quit, terminate or surrender this Lease or the Property, (ii) to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to "**Rent**" (as defined below) or any other sums payable under this Lease, except as otherwise expressly provided in this Lease, and (iii) for any statutory lien or offset right against Landlord or its property. Notwithstanding clause (i) above, if a person not affiliated with Tenant is the administrative trustee (or otherwise in control) of Landlord, Tenant shall have the right to terminate this Lease in the event of a default by Landlord hereunder.

ARTICLE 3
Rent; Payments

Section 3.01.

(a) Tenant shall pay to Landlord, during the Term, in currency of the United States of America, at the office of Landlord, or at such other address as shall be specified, in writing, from time to time by Landlord, the rentals hereinafter provided. If Landlord so requests, Tenant agrees to make Rent payments by wire transfer of immediately available federal funds.

(b) Tenant covenants to pay Landlord, in lawful money of the United States of America, without notice or demand and without any set-off, deduction or abatement whatsoever except with respect to Additional Rent and Bonus Rent (but not Base Rent) to the extent set forth in Section 7.04 hereof, at the office of Landlord, or at such other address designated by Landlord during the Term of this Lease, the following:

(i) an annual amount, as set forth on Exhibit C, (the "**Base Rent**") on the third day of each month in arrears. Landlord may direct Tenant to pay each monthly installment of Base Rent to Fifth Third Bank, National Association, or its successors or assigns ("**Lender**"), or to any counterparty to a derivative transaction with Landlord, in each instance in accordance with the terms and conditions of the documents (collectively, the "**Loan Documents**") evidencing and/or securing the loan in the original principal amount of $19,250,000 (the "**Loan**") from Lender to Landlord. For the avoidance of doubt, any foregoing direction does not constitute an assumption of Landlord's obligation under the Loan Documents, and does not alter Landlord's obligation thereunder, but rather is an accommodation to Landlord which constitutes consideration hereunder. Prorated monthly payments of Base Rent shall be made if the Term of this Lease begins on a date other than the third day of a month or ends on a date other than the second day of a month. In the event that the payments due Lender under the Loan Documents are modified, then Base Rent, Additional Rent and Bonus Rent (each as applicable) hereunder shall be equitably adjusted to take such modification into account. For the avoidance of doubt, Base Rent does not include any balloon payments or otherwise accelerated payment of principal that may be required under the Loan Documents, and further does not include any amounts funded by Landlord, whether for "Impositions" (as defined herein) or otherwise in connection with the Landlord's acquisition of the Property, it being understood and agreed that any such amounts are a direct obligation of the Landlord incurred in connection with its acquisition of the Property.

(ii) an amount equal to one hundred percent (100%) of Gross Income for a year ("**Additional Rent**") in excess of the additional rent breakpoint for that year (the "**Additional Rent Breakpoint**") up to a maximum amount of Additional Rent for that year (the "**Additional Rent Cap**"), each as outlined on Exhibit C. Additional Rent shall be calculated for each Lease Year (prorated for any partial year). Tenant shall pay Additional Rent to Landlord in monthly installments. Such installment payments shall be based on Tenant's good faith estimates taking into consideration the operational characteristics of the Property. Prorated monthly payments of Additional Rent shall be made if the Term of this Lease begins on a date other than the first day of a month or ends on a date other than the last day of a month. Tenant and Landlord shall reconcile Additional Rent within 120 days after the end of each calendar year, or as soon as practicable thereafter. For purposes of this Lease, "**Gross Income**" means all income collected by Tenant from guests, customers and invitees making transient use or occupancy of guestrooms, banquet rooms, conference rooms or other facilities in the normal course of the operation of the Property, rents, license fees and/or assessments and other items arising from the use or operation of the Property, including but not limited to, guestroom and conference facility charges, the sale of food, liquor, soft drinks or other beverages, gift shop revenue, administrative charges, proceeds of rental interruption insurance, parking fees, reimbursement of lender impounds for insurance, real estate taxes and reserves, proceeds from insurance claims, income from coin operated machines and other miscellaneous income, due or to become due; provided, that the definition of Gross Income shall not include any of the following: (A) federal state and municipal excise taxes and sales taxes paid by customers in connection with goods, merchandise or services purchased by them, to the extent such taxes are separately itemized on the customers' bills or checks; (B) gratuities to employees, if separately itemized on the customers' bills or checks; (C) installment payments received in respect of each charge or sale made upon installment or credit that has been treated as a sale for full price; (D) credits, payments or refunds received from shippers or manufacturers resulting from Tenant's claims for loss or damage to merchandise in transit; (E) to the extent previously included in Gross Income for any period and then refunded or credited in such current period, the sales price of merchandise returned by customers; (F) amounts received on account of any sales, liquor or gross receipts tax and paid directly to the taxing authority; and (G) amounts received from sale of U.S. postage stamps or any other such items the full price of which Tenant is required to remit to the supplier thereof..

(iii) an amount equal to fifty percent (50%) of Gross Income for a year ("**Bonus Rent**") that exceeds the bonus rent breakpoint for that year ("**Bonus Rent Breakpoint**"), as outlined on Exhibit C (Base Rent, Additional Rent, Bonus Rent and any other amounts payable by Tenant to Landlord hereunder are collectively referred to as "**Rent**"). Bonus Rent shall only be paid after Base Rent and Additional Rent have been fully paid. Bonus Rent shall be calculated on a calendar year basis (prorated for any partial year) and shall be paid in arrears by Tenant to Landlord within 120 days after the end of each calendar year, or as soon as practicable thereafter.

(iv) Notwithstanding the foregoing, or anything in this Lease to the contrary, Base Rent includes only the amounts specified in Section 3.01(b)(i) and does not, by way of illustration but not limitation, include any balloon payments, acceleration of payments, increased payments arising by reason of an event of default under the Loan Documents. In the event that the payments due to the Lender under the Loan Documents are increased other than as already contemplated in this Section 3.01(b) and Tenant is required to remit such payments out of cash flow from the Property that exceeds the Base Rent contemplated in Section 3.01(b)(i), then to the extent (and only to the extent) of such cash flow in excess of Base Rent, such increased payments remitted to the Landlord by Tenant will be treated as having been paid to Landlord as Additional Rent and Bonus Rent (each as applicable) in satisfaction of Tenant's obligation to pay such amounts to Landlord under this Lease.

(c) Subject to Section 3.01(e), additional financial obligations of Tenant to Landlord consist of the following:

(i) Tenant shall pay (A) all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operation, maintenance, management and security of the Property which, in accordance with generally accepted accounting principles are properly chargeable to the operation, maintenance, management and security of the Property, including the "**Cost of Utilities**" (which for purposes of this Lease shall mean the cost of electricity, gas, oil, steam, water, air conditioning, cable, internet and other fuel and utilities used or consumed in connection with the Property), property management fees, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses (hereinafter collectively, in addition to the items described in Section 7.01, referred to as "**Operating Costs**"), and (B) before any fine, penalty or cost may be added thereto for the nonpayment thereof, subject to Section 3.01(d)(iii) hereof, all taxes, assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other similar charges associated with the Property and the transactions contemplated in this Lease (each, an "**Imposition**" and collectively, "**Impositions**").

(ii) Nothing herein shall obligate Tenant to pay, and the term "Impositions" shall exclude, federal, state or local (A) transfer taxes as the result of a conveyance by (or suffered by)

Landlord, (B) franchise, capital stock or similar taxes if any, of Landlord, (C) income, excess profits or other taxes, if any, of Landlord, determined on the basis of or measured by its net income, or (D) any estate, inheritance, succession, gift, capital levy or similar taxes, unless the taxes referred to in clauses (B) and (C) above are in lieu of or a substitute for any other tax or assessment upon or with respect to any of the Property which, if such other tax or assessment were in effect at the commencement of the Term, would be payable by Tenant. In the event that any assessment against any of the Property may be paid in installments, Tenant shall have the option to pay such assessment in installments; and in such event, Tenant shall be liable only for those installments which become due and payable during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions.

(iii) After prior written notice to Landlord, Tenant shall not be required to pay any Imposition so long as Tenant shall contest, in good faith and at its expense, the amount thereof by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon any property securing, the Imposition. In no event shall Tenant pursue any contest with respect to any Imposition in such manner that exposes Landlord to (A) criminal liability, penalty or sanction, (B) any civil liability, penalty or sanction for which Tenant has not made provisions reasonably acceptable to Landlord and Lender or (C) defeasance of its interest in the Property. Tenant agrees that each such contest shall be promptly and diligently prosecuted to final conclusion, except that Tenant shall have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay and save the Lender and Landlord harmless against any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof.

(d) Provided such monthly escrows are required by the first lienholder of the Property, Tenant shall deposit monthly with Landlord (or Landlord's designee), simultaneously with its payment of Rent, as additional rent, one-twelfth (1/12) of the Impositions and premiums for insurance required under Article 4 hereof, which amounts may be adjusted from time to time depending on such Impositions and insurance premiums from time to time, in amounts sufficient to pay the same when due. This Section 3.01 is subject to the terms and conditions of the Loan Documents.

(e) Any such tax or insurance reserve amounts (and the items that such funds are used to satisfy) shall for all purposes of this Lease be treated not as an obligation of Tenant to Landlord but rather an obligation of Landlord which Landlord was required by Lender to fund and satisfy in connection with Landlord's acquisition of the Property.

(f) Tenant and Landlord hereby agree that, as provided in this Lease, Tenant will pay, on behalf of Landlord, any real estate taxes with respect to the Property, the Insurance Costs (as defined in Section 4.02) and the Cost of Utilities (the "**Uncontrollable Expenses**"). Nevertheless, Landlord and Tenant hereby agree that Tenant is financially responsible solely for the amount of Uncontrollable Expenses set forth as the projected Uncontrollable Expenses in the Financial Forecast attached as Exhibit C to the Confidential Private Placement Memorandum for Driftwood Hotel Income I, DST (the "**Financial Forecast**") (such projected amounts the "**Projected Uncontrollable Expenses**"). If the actual Uncontrollable Expenses for any calendar year exceed the Projected Uncontrollable Expenses for such calendar year, then Tenant shall be entitled to offset the amount of such excess against Additional Rent and/or Bonus Rent falling due hereunder. If the actual Uncontrollable Expenses are less than the Projected Uncontrollable Expenses, then Tenant shall pay such amount to Landlord as additional Rent hereunder (determined and paid in a manner consistent with the determination and payment hereunder of Bonus Rent).

Section 3.02. Landlord shall promptly send to Tenant all bills which it may receive for Impositions and Operating Costs referred to in Section 3.01 above. Tenant shall make payment of all Impositions directly to the appropriate Governmental Authority (as hereinafter defined) and all Operating Costs to the parties to whom such amounts are due and payable. Within fifteen (15) days after receipt thereof, Tenant shall make available to Landlord for its inspection official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord, evidencing the payment of any Imposition payable directly by Tenant to a Governmental Authority as in this Article provided. To the extent available, Tenant shall be entitled to use amounts deposited pursuant to Section 3.01(c) above to fund the payment of Impositions and premiums for insurance.

Section 3.03. Landlord shall inform Tenant in writing, within five (5) business days following receipt of notice thereof, of any audit, threatened audit, or other administrative or judicial proceeding or action by any Governmental Authority which could give rise to an obligation by Tenant to pay, or indemnify Landlord for, Impositions.

Section 3.04. Notwithstanding any other terms of this Article 3, Tenant shall not be required to pay, nor to indemnify or hold harmless Landlord to the extent (and only to the extent) that any Imposition or Operating Cost arises or is increased directly as a result of the breach by Landlord of any of its obligations under this Lease.

Section 3.05. To the extent that any portion of the Operating Costs or Impositions relate to any period not included within the Term, Tenant's obligation to pay the same shall be prorated.

Section 3.06. Upon the execution of this Lease, Landlord will transfer all personal property associated with the operation of the Property to the Tenant, including all furniture, trade fixtures, equipment and other tangible personal property, operating inventories, supplies and consumables located in or on, or used in the operation or maintenance of, the Property and all accessions, additions, replacements and replenishments of any such personalty used in the operating of the Property, and all personal property acquired by Landlord in connection with its acquisition of the Property.

Section 3.07. Upon the execution of this Lease and over the time frame of the offering of ownership interests in Landlord pursuant to the Confidential Private Placement Memorandum for Driftwood Hotel Income I, DST (the "**Offering**"), the Landlord shall pay to Tenant (the "**Master Lease Inducement Payment**") an aggregate amount of $752,167.42, consisting of: (a) $183,167.42, to reimburse Tenant for certain franchise application fees paid to MIF, L.L.C., a Delaware limited liability company (the "**Franchisor**"), pursuant to that certain franchise agreement (the "**Franchise Agreement**") by and between Tenant and Franchisor (the "**Franchise Fee Reimbursement**"); (b) $350,000.00 to capitalize Tenant with respect to certain operating prorations to be funded at the execution of this Lease; and (c) $219,000, to provide Tenant with sufficient initial working capital, tax and insurance reserves.

Section 3.08. On or before the date hereof, Landlord shall make one or more payments to Tenant (such payment or payments, as the case may be, the "**Master Lease PIP Payment**") in the aggregate amount of up to $100,000, which Tenant will use to address certain capital expenditure needs of the Property, including certain repairs and renovations required pursuant to the Franchise Agreement (the "**PIP Work**"). The Master Lease PIP Payment will be paid from the Reserve Account. Master Tenant acknowledges and agrees that it shall be solely responsible for the completion of the PIP Work (including any funding thereof in addition to the Master Lease PIP Payment), provided, however, with respect to any cyclical renovation required under the Franchise Agreement, if there are insufficient funds in the Reserve Account to make the Master Lease PIP Payment in full, the Master Lease PIP Payment may be funded by additional draws under the Loan Agreement and subject to the terms thereof.

Section 3.09. Intentionally Omitted.

Section 3.10. Tenant shall pay the Rent, Operating Costs, Impositions and all other amounts due and payable hereunder without notice, demand, setoff, counterclaim, deduction, defense, abatement, suspension, deferment, diminution or reduction during the Term.

Section 3.11. Landlord and Tenant agree that this Lease is a true lease and does not represent a financing arrangement, partnership, joint venture, management or other arrangement. Each party shall reflect the transactions represented by this Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with "true lease" treatment rather than "financing," "partnership" or "management" treatment.

Section 3.12. For the avoidance of doubt, and subject to the terms and conditions of the Loan Documents, Tenant's obligation to pay rent and any other amounts to Landlord shall be limited to the Rent and Tenant shall be entitled to retain any other revenues generated by the Property after payment of Rent and any other amounts Tenant is expressly required to pay under this Lease.

Section 3.13. While the Loan is outstanding, Tenant shall, as an accommodation to Landlord, provide all financial information and other reporting information required under the Loan Documents to Lender on behalf of Landlord.

Section 3.14. Landlord or Tenant shall prepare an annual budget each year in accordance with the Loan Documents.

ARTICLE 4
Insurance

Section 4.01. Throughout the Term, Landlord may, at Landlord's sole cost and expense, obtain and maintain, or cause to be obtained and maintained, insurance in amounts and against risks consistent with insurance coverages obtained and maintained by owners of improved real property similar to the Property. Landlord shall be a named insured on any such policies.

Section 4.02. Throughout the Term, Tenant shall, at Tenant's sole cost and expense (subject to Section 3.01(e)), obtain and maintain, or cause to be obtained and maintained, insurance, in the amounts and against the risks, described on Exhibit B attached hereto and made a part hereof, or, if different, such insurance, in the amounts and against the risks, as may be required by Lender. Landlord shall be named as an additional insured on all such policies of insurance. To the extent Lender requires a change to the insurance coverages described on Exhibit B, Landlord shall notify Tenant, in writing, not less than thirty (30) days prior to the date upon which any such change in insurance coverage is required to become effective hereunder. Lender shall be named as a mortgagee and loss payee on the property/casualty insurance policy and as an additional insured on the liability policy, as may be required by Lender. All costs incurred by Tenant in maintaining the insurance required by this Section 4.02 are herein collectively referred to as the "**Insurance Costs**."

Section 4.03. Landlord shall be furnished with evidence reasonably satisfactory to Landlord of Tenant's payment of the premiums for the insurance coverage required by this Lease. Tenant shall renew all such insurance and deliver to Landlord certificates evidencing such renewals before any such insurance is set to expire (except to the extent that provision for payment of the premiums therefor is actually made pursuant to Section 3.01(c) of this Lease).

Section 4.04. Landlord shall not be required to incur any expense under any policy of insurance maintained by Tenant or to prosecute any claim against any insurer or to contest any settlement proposed by any insurer. Tenant may, at its cost and expense, prosecute any such claim or contest any such settlement.

ARTICLE 5
Casualty and Restoration

Section 5.01. If during the Term all or any part of the Property shall be damaged or destroyed by fire or other casualty, Tenant shall promptly give notice thereof to Landlord.

Section 5.02.

(a) If during the Term all or any part of the Property shall be damaged or destroyed by any fire or other casualty, this Lease shall continue in full force and effect. Subject in all respects to the terms of the Loan Documents, any insurance proceeds received by Landlord on account of such damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall, provided no default by Tenant or Event of Default (as defined in Section 16.01) shall have occurred and be continuing hereunder, be used by Landlord to cause the repair, restoration or replacement of any portion of the Property so damaged or destroyed as nearly as possible to its value, condition and character immediately prior to such damage or destruction and to pay contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for said repairs, restorations or replacements (collectively, the "**Casualty Restoration**"), and shall be paid out from time to time as the Casualty Restoration progresses upon the written request of Tenant.

(b) If the insurance proceeds received by Landlord are applied to the cost of the Casualty Restoration and the insurance proceeds shall, at any time, be insufficient to pay the cost of the Casualty Restoration, Landlord shall have the right to require Tenant to use the Reserve Account (as defined in Article 7) to make up the deficiency, subject to any required approvals of the first lienholder of the Property. In the event the Reserve Account are insufficient to make up the deficiency, Landlord shall be required to make up any remaining deficiency. If such net insurance proceeds shall exceed the cost of the Casualty Restoration, then, in such event, Landlord, shall retain the excess amount, and such excess amount shall be deemed and treated as Bonus Rent hereunder.

Section 5.03. If Landlord fails to diligently pursue to completion the Casualty Restoration of any portion of the Property damaged or destroyed by fire or other casualty as provided in Section 5.02(a) above, then, in such event, Tenant shall have the right to perform such Casualty Restoration on behalf of Landlord and at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Tenant shall have the right to use the Reserve Account in connection with any such Casualty Restoration performed by Tenant on behalf of Landlord.

Section 5.04. Landlord shall have the right to satisfy its obligations under this Article 5 by requiring the property manager of the Property to perform the Casualty Restoration.

Section 5.05. Notwithstanding the foregoing provisions of this Article 5, but subject to the terms of the Loan Documents, in the event all or a material portion of the Property is damaged or destroyed by fire or other casualty, following which (i) Lender elects not to make the insurance proceeds available to Landlord for restoration, and (ii) Landlord then elects not to reconstruct the Property, then this Lease automatically shall terminate and neither party shall have any further obligations hereunder.

ARTICLE 6
Condemnation

Section 6.01.

(a) If during the Term all or any part of the Property shall be subject to a "**Taking**," which shall mean any taking of the Property or a part thereof, in or by condemnation or other eminent domain proceeding, this Lease shall continue in full force and effect. Tenant hereby assigns to Landlord any award, payment or compensation to which it may be or become entitled during the Term by reason of a Taking whether the same shall be paid or payable in respect of Tenant's leasehold interest hereunder or otherwise. Subject in all respects to the terms of the Loan Documents, and provided no default by Tenant or Event of Default shall have occurred and be continuing hereunder, Landlord shall be obligated to cause the repair, restoration or rebuilding of any part of the Property remaining after such Taking, including payment of all contractors, subcontractors, materialmen, engineers, architects or other persons who render services or furnish materials for said repairs, restorations or rebuilding (collectively, the "**Condemnation Restoration**"). The Condemnation Restoration shall be performed by Landlord so as to restore the Property, as nearly as possible, to its value, condition and character immediately prior to such Taking. Any award, payment or compensation paid or assigned to Landlord on account of said Taking, less the actual costs, fees and expenses, if any, incurred in connection with obtaining the award, shall be used by Landlord to perform the Condemnation Restoration.

(b) If the award, payment or compensation received by Landlord as the result of a Taking are applied to the cost of the Condemnation Restoration and said award, payment or compensation shall, at any time, be insufficient to pay the cost of the Condemnation Restoration, Landlord shall have the right to require Tenant to use the Reserve Account (as defined in Section 7.03) to make up the deficiency, subject to any required approvals of the first lienholder of the Property. Should the award, payment or compensation, together with the Reserve Account, be insufficient to pay the cost of the Condemnation Restoration, then Landlord shall be required to make up any remaining deficiency. If such award, payment or compensation shall exceed the cost of the Condemnation Restoration, then, in such event, Landlord shall retain the excess, and such excess amount shall be deemed and treated as Bonus Rent hereunder.

(c) If Landlord fails to diligently pursue to completion the Condemnation Restoration of any portion of the Property affected by any Taking as provided in Section 6.01(a) hereof, then, in such event, Tenant shall have the right to perform such Condemnation Restoration on behalf of Landlord and at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Tenant shall have the right to use the Reserve Account in connection with any such Condemnation Restoration performed by Tenant on behalf of Landlord.

(d) Landlord shall be entitled to participate in any Taking proceeding at Landlord's cost and expense.

Section 6.02.

(a) If during the Term (i) there is a permanent Taking of all of the Property, or (ii) there is a permanent taking of less than all of the Property but it is impractical to rebuild the Property and/or continue to operate the Property as a hotel, then this Lease automatically shall terminate, and neither party shall have any further obligations hereunder.

(b) If during the Term (i) there is a permanent Taking of less than all of the Property and it is economically feasible to rebuild the Property and/or continue to operate the Property as a hotel, or (ii) the use or occupancy of any part, or all, of the Property shall be temporarily requisitioned by any federal government, or any state or other political subdivision thereof, or any agency, court or body of the federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions (collectively, "**Governmental Authority**"), then this Lease shall continue in full force and effect, however, (A) Landlord shall proceed to perform any necessary repairs, restoration or replacement, and (B) Landlord and Tenant shall adjust the Rent in an equitable fashion to reflect the economic effect of any such Taking or temporary requisition.

Section 6.03. Landlord shall have the right to satisfy its obligations under this Article 6 by requiring the property manager of the Property to perform the Condemnation Restoration.

Section 6.04. This Article 6 is subject to the terms and conditions of the Loan Documents.

ARTICLE 7
Maintenance and Repairs

Section 7.01. Tenant shall be financially responsible for all "**Operating Costs**" as defined in Section 3.01(c)(i). Tenant shall take good care (or cause good care to be taken) of the Property, alleyways and passageways and the sidewalks, curbs and vaults adjoining the Property, and keep the same (or cause the same to be kept) in good order and condition, ordinary wear and tear and obsolescence excepted, and make necessary nonstructural repairs thereto, interior and exterior. Tenant shall perform all personal property replacements and repairs, and all repairs necessary to avoid any structural damage or injury to the Property, whether or not the cost of such replacements or repairs constitute Operating Costs borne by Tenant or Capital Expenses borne by Landlord, it being understood, for the avoidance of doubt, that Tenant's performance obligations as set forth in this Section 7.01 (or in any other section of this Lease) do not alter the relative financial responsibilities of Tenant and Landlord otherwise established in this Lease, and it being further understood, for the avoidance of doubt, that notwithstanding Tenant's performance obligations set forth in this Section 7.01 and in Section 7.02, to the extent a Tenant performance obligation arises with respect to an item for which Landlord is financially responsible, Tenant shall not be obligated to perform such item if funds are not immediately available to Tenant, as reasonably determined by Tenant taking Tenant's rights set forth in Section 7.04 into account, to compensate Tenant for any costs associated with such item.

Section 7.02. Tenant shall be responsible for all "**Capital Expenses**," which shall mean any and all costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which are not Operating Costs and thus would be capitalized under generally accepted accounting principles, including, but not limited to (i) replacement of roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, parking lots, balconies, patios, windows, foundations, exterior walls and all load bearing walls, exterior doors and doorways, interior flooring and carpeting, windows, elevators, fences, gates, pools and the mechanical and structural components thereof, and HVAC and water heating and conditioning systems and components thereof; (ii) exterior painting or other façade maintenance; (iii) any obligations of Landlord under the Loan Documents with respect to environmental matters and capital repairs made at the Property, including any latent defect in the Property, whether identified in the Loan Documents or otherwise; and (iv) the PIP Work and cyclical renovation in accordance with the Franchise Agreement, as well as unanticipated costs. In addition, "Capital Expenses" shall include certain repositioning costs with respect to the Property as reasonably determined by the Tenant, and all obligations of the Landlord with respect to environmental matters and capital repairs made at the Property.

Section 7.03. Landlord shall fund the "**Reserve Account**" with an initial deposit in the amount of $100,000.00, which Landlord shall fund out of the proceeds of the Offering, and which subject to the terms of the Loan Documents shall be held by Tenant. Tenant will make additional contributions to the Reserve Account as described in the Financial Forecast, which shall constitute Rent hereunder. The Reserve

Account shall be available to Tenant for use in accordance with this Lease and as provided in Section 7.04. Upon the expiration or earlier termination of this Lease, any funds remaining in the Reserve Account shall be disbursed to Tenant or its designees.

Section 7.04. Subject to any required approvals of the first lienholder of the Property and, if applicable, to the terms of the Loan Documents, funds in the Reserve Account shall be available to and may be withdrawn by Tenant to pay for (i) Operating Costs and Capital Expenses described in Section 7.02 above, including certain repositioning costs with respect to the Property described in Section 7.02, as determined by Tenant in its sole discretion, (ii) any Restoration, and (iii) any Condemnation Restoration. If the Reserve Account is not available for any reason and additional funds of Tenant are used to pay for expenses for which Landlord is responsible hereunder or under the Loan Documents, such amount shall be treated as a loan from Tenant to Landlord bearing interest at the prime rate (or base rate) reported from time to time in the "Money Rates" column or section of The Wall Street Journal as being the base rate on corporate loans at larger United States money center commercial banks plus five percent (5%), which Tenant may recover by set off against Additional Rent and Bonus Rent (but not, for the avoidance of doubt, against Base Rent) and, if not previously repaid, out of the gross sales proceeds of the Property if such amounts are not repaid prior to the sale or exchange of the Property (or the expiration or earlier termination of this Lease if sooner). Any amounts so reimbursed by Landlord to Tenant out of Additional Rent, Bonus Rent or proceeds from the sale of the Property shall be treated first as having been paid to Tenant (whether as Additional Rent, Bonus Rent or proceeds from the sale of the Property) and then remitted by Landlord to Tenant in satisfaction of Landlord's obligation pursuant to this Section 7.04.

Section 7.05. Tenant shall have the right to satisfy its obligations with respect to the Property under this Article 7 by requiring the property manager to cause the performance of such obligations.

Section 7.06. The necessity for and adequacy of replacements, maintenance and repairs to the Property pursuant to this Article 7 shall be measured by the standard which is appropriate for nationally branded hotels in the area in which the Property is situated.

ARTICLE 8
Alterations and Additions

Section 8.01. Subject to the terms and conditions of the Loan Documents, Tenant may make alterations to (but not additions to, removals of, and substitutions for) the buildings or any portion thereof situated on the Property, provided that (a) no such alterations shall be undertaken without Landlord's prior written consent; (b) the fair market value of the Property shall not be lessened by reason thereof; (c) all such alterations shall be completed in compliance with any and all valid laws, rules, regulations, ordinances, orders, codes, judgments, decrees, injunctions, permits or similar norms or decisions of any Governmental Authority having jurisdiction over the Property or the use, manner of use or occupancy thereof (collectively, "**Law**"); (d) any such additions shall become the property of Landlord when completed. Tenant shall discharge any and all liens filed against the Property arising out of any alteration thereof and, upon the written request of Landlord, shall deliver to Landlord a surety bond or other security satisfactory to Landlord to assure the completion thereof and (e) no such alterations shall be made without Lender's prior written consent to the extent such consent is required under the Loan Agreement.

Section 8.02. Tenant shall not construct or place upon the Property any additional buildings, structures, facilities or other improvements without the prior written consent of Landlord. Notwithstanding anything else in this Lease, or at any time Landlord is a Delaware statutory trust, Landlord shall not have the right, power or ability to make more than minor non-structural modifications to the Property (in accordance with Revenue Ruling 2004-86).

Section 8.03. Tenant shall have the right, from time to time, to purchase personal property to be used for the benefit of the Property. Upon the expiration of the Term, all such personal property shall belong to Landlord.

ARTICLE 9
Compliance with Law; Zoning

Section 9.01. Tenant shall during the Term, at its sole cost and expense, except for noncompliances which may have existed prior to the commencement of the Term, promptly comply (or cause compliance) with all Laws which may be applicable to the Property or to the use, manner of use or occupancy thereof, and shall take all actions reasonably necessary to comply with any and all orders or requirements affecting the Property by any federal, state, county or municipal authority having jurisdiction over the Property. Tenant shall likewise observe and comply (or cause observance and compliance) with the requirements of all policies of public liability, fire and other insurance at any time in force with respect to the Property. In addition, Tenant shall cause all tenants, subtenants or other occupants of the Property to comply with all Laws which may be applicable to the Property or to the use, manner of use or occupancy thereof.

Section 9.02. Tenant shall not cause or maintain any nuisance in or upon the Property. Tenant shall not suffer or permit the Property, or any portion thereof, to be used by the public, as such, in any way as might tend to impair Landlord's title thereto.

Section 9.03. If Tenant fails to timely take (or cause to be taken), or to diligently and expeditiously proceed to complete (or cause completion) in a timely fashion, any such action described in Section 9.01 or 9.02 hereof, Landlord may, in its sole and absolute discretion, upon prior written notice to Tenant, make payments toward the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Landlord (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Tenant.

Section 9.04. Without Landlord's prior written consent, Tenant shall not (a) change, consent or apply for the change of the zoning or any land use regulation affecting the Property or any part thereof, or (b) combine the Property with any other parcel to create an enlarged zoning or tax lot.

ARTICLE 10
Discharge of Liens

In the event that the Property or any part thereof or Tenant's leasehold interest therein shall, at any time during the Term, become subject to any vendor's, mechanic's, laborer's, materialman's or other, encumbrance or charge other than any such lien based upon the furnishing of materials or labor to Landlord and contracted for by Landlord, Tenant shall cause the same, at its sole cost and expense, to be discharged or bonded promptly after notice thereof.

ARTICLE 11
Right of Landlord to Perform Tenant's Covenants

Landlord shall have the right at any time, after ten (10) days' notice to Tenant (or without notice in case of emergency or in case any fine, penalty or cost may otherwise be imposed or incurred), or upon such lesser period of notice as is otherwise herein provided for, to make any payment or perform any act required of Tenant under this Lease, and in exercising such right, to incur necessary and incidental costs and expenses, including, without limitation, reasonable counsel fees and expenses. Nothing herein shall imply any obligation on the part of Landlord to make any payment or perform any act required of Tenant, and the exercise of the right so to do shall not constitute a release of any obligation or a waiver of any default. All payments made by Landlord and all costs and expenses incurred by Landlord in connection with any exercise of such right, shall be payable to Landlord by Tenant within ten (10) days after written demand.

ARTICLE 12
Entry on Property by Landlord

At any time, Landlord, through its agents or employees, at all reasonable times and upon prior notice to Tenant, shall have the right to enter the Property to inspect same.

ARTICLE 13
Assignment and Subletting

Section 13.01. Tenant shall not assign this Lease or its interest under this Lease, directly or indirectly, unless it first obtains the prior written consent of Landlord and Lender, which may be withheld in either's sole discretion, whether reasonable or unreasonable. In addition, Tenant shall not grant easements, licenses, rights-of-way or any other rights or privileges in the nature of easements with respect to the Property without the prior written consent of Landlord in each instance. Landlord shall have an unconditional right to assign this Lease, subject only to obtaining the consent of Lender. For the avoidance of doubt, this Section 13.01 does not apply to any direct or indirect transfers of any ownership interest in Tenant.

Section 13.02. Tenant may not otherwise sell, assign, transfer, mortgage, pledge or otherwise dispose of any interest in, including personal property (other than obsolete or worn out personalty that are contemporaneously replaced by unencumbered items of equal or better function and quality), of the Property without Landlord's prior written consent, which Landlord may grant or withhold in its sole and absolute discretion.

ARTICLE 14
Use of Property; Quiet Enjoyment

Section 14.01. Tenant shall use the Property solely as a hotel and other uses incidental thereto.

Section 14.02. Tenant, upon paying amounts payable under this Lease provided for and observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be observed and performed, shall, subject to the covenants, agreements, terms and conditions of this Lease, lawfully and quietly hold, occupy and enjoy the Property during the Term, without hindrance or molestation by Landlord or by any other party claiming under Landlord.

ARTICLE 15
Indemnification of Landlord; Limitation of Liability

Section 15.01. In addition to Tenant's obligations to indemnify Landlord as set forth in other Sections of this Lease, Tenant will indemnify and save harmless Landlord, its beneficiaries, trustees, partners, members, shareholders, officers, directors and employees (each individually an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by or asserted against such persons (except to the extent the same are caused by the negligence or willful misconduct of Landlord, its agents, employees, licensees, invitees, contractors and/or subcontractors) by reason of any of the following occurring during the Term:

(a) any work or thing done by (or at the direction of) anyone other than Landlord in, on or about the Property or any part thereof;

(b) any use, non-use, possession, occupation, condition, operation, maintenance or management of the Property or any part thereof or any street, alley, sidewalk, curb, passageway or space adjacent thereto;

(c) any negligence of Tenant or any agent, contractor, employee, licensee or invitee of Tenant;

(d) any accident or injury to any person (including death) or damage to property occurring in, on or about the Property or any part thereof or any street, alley, sidewalk, curb, passageway, or space adjacent thereto; and

(e) any failure on the part of Tenant to perform or comply with any of the agreements, terms or conditions contained in this Lease on its part to be performed or complied with.

Section 15.02. In the event that any action or proceeding shall be brought against an Indemnified Party by reason of any matter covered by this Section, Tenant, upon notice from the Indemnified Party, will at Tenant's sole cost and expense resist or defend the same. To the extent of the proceeds received by Landlord under any insurance policy furnished or supplied to Landlord by Tenant, Tenant's obligation to indemnify and save harmless an Indemnified Party against the hazard which is the subject of such insurance shall be deemed to be satisfied. Tenant acknowledges that Landlord may enter into Loan Documents, which may include provisions for personal liability for Landlord on certain "nonrecourse carve-outs." Tenant hereby agrees that to the extent that Landlord is required to make payments on such indemnification as a direct result of (i) Tenant's fraud, willful misconduct or misappropriation, (ii) Tenant's commission of a criminal act, (iii) the misapplication by Tenant of any funds derived from the Property received by Tenant, including any failure to apply such proceeds in accordance with Loan Documents or as directed by Landlord as set forth in Section 3.01, or (iv) damage or destruction to the Property caused by acts of Tenant that are grossly negligent, Tenant will indemnify Landlord for any such liability that was caused by such actions.

Section 15.03. Tenant hereby waives its rights to claim that this Lease creates a de facto guaranty relationship between the parties or entitles Tenant to guarantor protections.

Section 15.04.

(a) Tenant is fully familiar with the physical condition of the Property and takes the same hereunder "as is" and "where is."

(b) TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE REAL ESTATE, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO ITS FITNESS FOR USE OR PURPOSE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, AS TO LANDLORD'S TITLE THERETO, OR AS TO VALUE, COMPLIANCE WITH SPECIFICATIONS, LOCATION, USE, CONDITION, MERCHANTABILITY, QUALITY, DESCRIPTION, DURABILITY

OR OPERATION, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. In the event of any defect or deficiency in the Property of any nature, whether patent or latent, Landlord shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages (including strict liability in tort). The provisions of this Section 15.04 have been negotiated, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Landlord, express or implied, with respect to the Property, arising pursuant to the uniform commercial code or any other Law now or hereafter in effect or otherwise.

(c) Tenant acknowledges and agrees that Tenant has examined the title to the Property prior to the execution and delivery of this Lease and has found such title to be satisfactory for the purposes contemplated by this Lease.

(d) Landlord hereby assigns to Tenant, to the extent assignable and without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any third party in respect of the Property, including, without limitation, any manufacturer, seller, engineer, contractor or builder, including, but not limited to, any rights and remedies existing under contract or pursuant to the uniform commercial code (collectively, the "**Guaranties**") except those which relate to the structural components of the Property. Such assignment shall remain in effect until the expiration or earlier termination of this Lease. Landlord shall also retain the right to enforce any Guaranties assigned in the name of Tenant upon the occurrence of an Event of Default. Landlord hereby agrees to execute and deliver at Tenant's expense such further documents, including powers of attorney, as Tenant may reasonably request in order that Tenant may have the full benefit of the assignment effected or intended to be effected by this Section 15.04(d). Upon the termination of this Lease, the Guaranties shall automatically revert to Landlord. The foregoing provision of reversion shall be self-operative and no further instrument of reassignment shall be required. In confirmation of such reassignment Tenant shall execute and deliver promptly any certificate or other instrument which Landlord may request. Any monies collected by Tenant under any of the Guaranties after the occurrence of and during the continuation of an Event of Default shall be held in trust by Tenant and promptly paid over to Landlord. To the extent any of the Guaranties are not assignable by Landlord, Landlord shall, upon request by Tenant, enforce same for the benefit of Tenant, at Tenant's sole cost and expense.

Section 15.05. Tenant shall indemnify Landlord against all legal costs and charges incurred in obtaining possession of the Property after default by Tenant or after Tenant's default in surrendering possession upon expiration or earlier termination of this Lease or enforcing any covenant or agreement of Tenant herein contained.

Section 15.06. Notwithstanding anything to the contrary provided in this Lease, there shall be absolutely no personal liability on the part of Landlord, its beneficiaries, trustees, members, partners, officers, directors, agents, employees, and/or disclosed or undisclosed principals with respect to any of the terms, covenants and conditions of this Lease, and Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease, such exculpation of personal liability to be absolute and without any exception whatsoever.

Section 15.07. The obligations of Tenant under this Article 15 and under Section 25.02 shall survive the expiration or earlier termination of this Lease, by which is meant that a claim relating to any matter occurring, arising, accruing or otherwise happening during the term of this Lease as to which Tenant has obligations under this Article 15 or under Section 25.02, may be asserted against Tenant after (and notwithstanding) the expiration or earlier termination of this Lease.

ARTICLE 16
Default and Remedies

Section 16.01. During the Term, any one or more of the following acts or events shall constitute an "**Event of Default**".

(a) Failure by Tenant to pay or deposit when due any amount required by any Loan Documents;

(b) Failure to maintain the insurance coverage required by any Loan Documents;

(c) Failure by Landlord to comply with the provisions of Articles 6 and 8 of the Loan Agreement;

(d) If any warranty, representation, certification, or statement of Landlord or guarantor in the Loan Agreement or any of the other Loan Documents is false, inaccurate, or misleading in any material respect when made;

(e) Fraud, gross negligence, willful misconduct, or material misrepresentation or material omission by or on behalf of Tenant, or any of its officers, directors, trustees, partners, members, or managers in connection with:

a. the application for, or creation of, the Loan or this Lease;

b. any financial statement, rent roll, or other report or information provided to Lender during the term of the Loan; or

c. any request for Lender's consent to any proposed action, including a request for disbursement of Reserve/Escrow Account Funds or Collateral Account Funds (as both defined in the Loan Agreement);

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

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

(h) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of the Property or otherwise materially impair the lien created by the Loan Documents or Lender's interest in the Property;

(i) if the control of Tenant is transferred or if a Restricted Ownership Interest (as defined in the Loan Agreement) in Tenant would be transferred due to the termination or revocation of a trust, the termination or revocation of such trust, except as set forth in Section 8.1 of the Loan Agreement;

(j) a termination, amendment, or modification of this Lease not permitted by the Loan Documents;

(k) if any warranty, representation, certification, or statement of Landlord in this Lease is intentionally false, inaccurate or misleading in any material respect when made; or

(l) a default by Tenant which continues beyond any applicable cure period under this Lease.

then, and in any such event, and during the continuance thereof, Landlord may at its option, then or thereafter while any such Event of Default shall continue and notwithstanding the fact that Landlord may have any other remedy hereunder or at law or in equity, and without prejudice to any of the same, pursue one or more of the following remedies: (1) by notice to Tenant, designate a date, not less than ten (10) days after the giving of such notice, on which this Lease shall terminate; and thereupon, on such date the Term of this Lease and the estate hereby granted shall expire and terminate upon the date specified in such notice with the same force and effect as if the date specified in such notice were the date herein fixed for the expiration of the Term of this Lease, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided and/or (2) pursue any other remedies available to Landlord at law or in equity; so long as the foregoing actions are not prohibited by the Loan Documents.

Section 16.02. If this Lease is terminated as provided in Section 16.01, or as permitted by Law, Tenant shall peaceably quit and surrender the Property to Landlord, and Landlord may, without further notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or other legal proceeding, and again have, repossess and enjoy the same as if this Lease had not been made, and in any such event neither Tenant nor any person claiming through or under Tenant by virtue of any Law or an order of any court shall be entitled to possession or to remain in possession of the Property but shall forthwith quit and surrender the Property. After any termination of this Lease, Landlord will be entitled to recover all unpaid rent that has accrued through the date of termination plus the costs of performing any of Tenant's obligations (other than the payment of rent) that should have been but were not satisfied as of the date of such termination.

Section 16.03. Upon the occurrence and during the continuance of an Event of Default, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall have the right to continue this Lease in full force and effect, whether or not Tenant shall have abandoned the Property. If Landlord elects to continue this Lease in full force and effect pursuant to this Section 16.03, then Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. Landlord's election not to terminate this Lease pursuant to this Section 16.03 or pursuant to any other provision of this Lease, at law or in equity, shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

Section 16.04. The exercise, or beginning of the exercise, by Landlord of any one or more of the rights or remedies provided for in this Lease or otherwise existing at law or in equity, or otherwise, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies so provided for or so existing. The obligations of Tenant under this Article 16 shall survive the expiration or any earlier termination of this Lease.

ARTICLE 17
Additional Rights of Landlord

Section 17.01. No right or remedy conferred upon or reserved to Landlord shall be exclusive of any other right or remedy, and any right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity. The failure of Landlord to insist at any time upon the strict performance of any covenant or agreement or to exercise any right, power or remedy contained in this Lease shall not be construed as a waiver or relinquishment thereof for the future. A receipt by Landlord of any installment of Rent (or any component thereof) or any other amount hereunder with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. Landlord shall be entitled, to the extent permitted by Law, to injunctive relief in case of the violation, or attempted or threatened violation, of any covenant, agreement, condition or provision of this Lease or to a decree compelling performance of any covenant, agreement, condition or provision of this Lease, or to any other remedy allowed Landlord by Law. In addition to the foregoing, notwithstanding anything to the contrary contained in this Lease, wherever this Lease requires Landlord's prior consent, no such consent shall be deemed to have been made by Landlord unless expressed in writing and signed by Landlord.

Section 17.02. If an Event of Default occurs and is continuing during the Term, Tenant hereby waives and surrenders for itself and all those claiming under it (a) any right and privilege which it or any of them may have under any Law to redeem the Property or to have a continuance of this Lease for the Term after termination of Tenant's right of occupancy by order or judgment of any court or by any legal process or writ, or under the terms of this Lease, or after the termination of the Term of this Lease as herein provided, and (b) the benefits of any Law which exempts property from liability for debt or for distress for rent.

Section 17.03. If Tenant shall be in default in the observance or performance of any of its obligations under this Lease and an action shall be brought for the enforcement thereof in which it shall be determined that Tenant was in default, Tenant shall pay to Landlord the expenses incurred in connection therewith, including reasonable attorneys' fees.

ARTICLE 18
Estoppel Certificates

Tenant will, from time to time upon not less than ten (10) days' prior written request by Landlord, deliver to Landlord a written statement certifying 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 setting forth such modifications) and the dates to which the Rent and other amounts due hereunder have been paid, and either stating that to the knowledge of Tenant no default exists in the performance of any covenant, agreement or condition contained in this Lease or specifying each default of which Tenant may have knowledge. Tenant will provide any additional certifications to Landlord as may be required by Lender from Landlord in the Loan Agreement. Tenant agrees that if for any reason any such estoppel certificate or other certificate is not timely delivered by Tenant to Landlord, then Landlord, as the agent and the attorney-in-fact of Tenant, shall be entitled to take such actions and execute such certificates, and Tenant hereby irrevocably designates and appoints Landlord as Tenant's agent and attorney-in-fact to execute any such certificates on Tenant's behalf.

ARTICLE 19
No Merger

There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Property or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created, or any interest in this Lease or in such leasehold estate, as well as the fee estate in the Property.

ARTICLE 20
Surrender and Holding Over

Section 20.01. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Property (except as to any portion thereof with respect to which this Lease has previously terminated) to Landlord. Tenant shall remove from the Property on or prior to such expiration or earlier termination the trade fixtures and personal property which are owned by Tenant, and Tenant at its expense shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Trade fixtures and personal property not so removed at the end of the Term or within thirty (30) days after the earlier termination of the Term for any reason whatsoever shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Property. The cost of removing and disposing of such property and repairing any damage to any of the Property caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any property which becomes the property of Landlord as a result of such expiration or earlier termination.

Section 20.02 Any holding over by Tenant of the Property after the expiration or earlier termination of the Term of this Lease or any extensions thereof, with the consent of Landlord, shall operate and be construed as a tenancy from month to month only, at the Rent reserved herein and otherwise upon the same terms and conditions as contained in this Lease. Notwithstanding the foregoing, any holding over without Landlord's consent shall entitle Landlord, in addition to collecting Rent at a rate of one hundred fifty percent (150%) thereof from and after the date of such holding over, to exercise all rights and remedies provided by law or in equity, including the remedies of Section 16.01.

ARTICLE 21
[Intentionally Omitted]

ARTICLE 22
[Intentionally Omitted]

ARTICLE 23
Fee Mortgages; Subordination; Coordination of Obligations to Lender Under the Loan Documents

Section 23.01. Except pursuant to the Loan made by Lender to Landlord as of even date herewith, Tenant shall not mortgage, pledge or otherwise finance its interest in this Lease or the Property. Both Tenant and Landlord agree that, for federal and applicable state tax purposes, Tenant and Landlord shall characterize this Lease in a manner consistent with applicable tax laws as Tenant and Landlord shall determine. Tenant acknowledges that Landlord may have entered into (or may in the future enter into) mortgage financings related to its ownership of the Property (and as part of such financings, Landlord may pledge its interests in this Lease and execute and/or deliver such other documents and instruments Landlord deems necessary and/or appropriate to consummate such transactions). This Lease is and shall be subject and subordinate to any and all fee mortgages now or hereafter in effect entered into by Landlord, it being understood and agreed that Tenant shall have no responsibility whatsoever under such financing arrangements and/or fee mortgages or to the holder of any such fee mortgages, except as may be otherwise agreed by Tenant in writing or pursuant to the Loan Documents. For the avoidance of doubt, Tenant agrees that this Lease shall be subject and subordinate at all times to the lien of the Loan Documents. Tenant acknowledges that, pursuant to the Loan Documents, Lender has the right to terminate this Lease and remove Tenant, including, without limitation, upon the occurrence and during the continuance of an Event of Default described in the Loan Documents. In the event the Lease is not terminated in connection with a foreclosure or deed-in-lieu transaction, then Tenant shall attorn to the purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale under the Loan Documents, in which event Tenant shall automatically be and become the master tenant of such purchaser. Except as provided in Section 3.01(a), Tenant shall not be required to make any payments nor shall Tenant be deemed to be either a borrower or guarantor under any financing transaction entered into by Landlord. Lender shall not have any liability under this Lease until it has record title to the Property or becomes a mortgagee in possession after which the Lender will only have liability for acts or omissions arising after such date.

Section 23.02. Landlord and Tenant hereby represent, covenant and agree to the following:

(a) Tenant hereby represents and warrants to Landlord that the representations and warranties made by Landlord to the Lender under the Loan Documents with respect to Tenant are true and correct to the extent such representations and warranties relate to Tenant.

(b) Tenant will take (or not take) such actions as may from time to time be required, or as Tenant may reasonably be directed in writing by the Landlord to take (or not take), in order for the Landlord to be in compliance with its obligations to the Lender under the Loan Documents, in each case insofar as such obligations relate to the Tenant or the use, management, operation or maintenance of the Property. In addition, Tenant shall promptly comply with any notice received by it (whether issued by Lender or any other Person) pursuant to the Loan Documents and, without limiting the obligations of the Tenant under the preceding sentence, Tenant shall take (or not take) all actions as may be necessary or appropriate in order that the Landlord not be in breach of any obligation of Landlord to the Lender under the Loan Documents, in each case to the extent such obligation is one to not permit the Tenant to take (or not take) such actions.

ARTICLE 24
Property Manager

Subject to the terms of the Loan Documents, Tenant may appoint an affiliate or other third-party manager from time to time as the property manager for the Property. For the avoidance of doubt, notwithstanding anything in any agreement or other arrangement pursuant to which such property manager is appointed, all rights and obligations conveyed by Tenant pursuant to such agreements or arrangements are in all events subject to and limited by the rights and obligations conveyed by Landlord to Tenant pursuant to this Lease.

ARTICLE 25
Hazardous Substances

Section 25.01. Tenant agrees that it will not on, about, or under the Property, make, release, treat or dispose of any "hazardous substances" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act, and the rules and regulations promulgated pursuant thereto, as from time to time amended, 42 U.S.C. § 9601 *et seq.* (the "**Act**"); but the foregoing shall not prevent the use of any hazardous substances in accordance with applicable Laws and regulations. Tenant represents and warrants that it will at all times comply with the Act and any other federal, state or local Laws, rules or regulations governing "Hazardous Materials." "**Hazardous Materials**" as used herein shall mean all chemicals, petroleum, crude oil or any fraction thereof, hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, asbestos-containing materials and/or products, urea formaldehyde, or any substances which are classified as "hazardous" or "toxic" under the Act; hazardous waste as defined under the Solid Waste Disposal Act, as amended 42 U.S.C. § 6901 *et seq.;* air pollutants regulated under the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.;* pollutants as defined under the Clean Water Act, as amended, 33 U.S.C. § 125 1, *et seq.,* any pesticide as defined by Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136, *et seq.,* any hazardous chemical substance or mixture or imminently hazardous substance or mixture regulated by the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et

Seq., any substance listed in the United States Department of Transportation Table at 45 CFR 172.101; any chemicals included in regulations promulgated under the above listed statutes; any explosives, radioactive material, and any chemical or other substance regulated by federal, state or local statutes similar to the federal statutes listed above and regulations promulgated under such federal, state or local statutes.

Section 25.02. To the extent required by the Act and/or any federal, state or local Laws, rules or regulations governing Hazardous Materials, Tenant shall remove any hazardous substances (as defined in the Act) and Hazardous Materials (as defined above) whether now or hereafter existing on the Property and whether or not arising out of or in any manner connected with Tenant's occupancy of the Property during the Term. In addition to, and without limiting Article 15 of this Lease, Tenant shall and hereby does agree to defend, indemnify and hold the Indemnified Parties harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, reasonable attorneys' fees and costs of litigation, arising out of or in any manner connected with (i) the violation of any applicable federal, state or local environmental Law with respect to the Property or Tenant's or any other person's or entity's prior ownership of the Property; (ii) the "release" or "threatened release" of or failure to remove, as required by this Article 25, "hazardous substances" (as defined in the Act) and Hazardous Materials (as defined above) at or from the Property or any portion or portions thereof, including any past or current release and any release or threatened release during the Term whether or not arising out of or in any manner connected with Tenant's occupancy of the Property during the Term. The provisions of this Section 25.02 shall survive the expiration or earlier termination of this Lease as provided in Section 15.07.

Section 25.03. Tenant agrees that it will not install any underground storage tanks at the Property without specific, prior written approval from Landlord. Tenant agrees that it will not store combustible or flammable materials on the Property in violation of the Act or any other federal, state or local laws, rules or regulations governing Hazardous Materials.

ARTICLE 26
Miscellaneous

Section 26.01. Each covenant and agreement contained in this Lease shall be construed to be a separate and independent covenant and agreement, and the breach of any such covenant or agreement by Landlord shall not discharge or relieve Tenant from Tenant's obligation to observe and perform each and every covenant and agreement of this Lease to be observed and performed by Tenant. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each term and provision of this Lease shall be valid and enforceable to the maximum extent permitted by Law.

Section 26.02. This Lease shall be construed and enforced in accordance with the internal laws of the State in which the Property is located without regard to principles of conflicts of laws.

Section 26.03. This Lease has been executed and delivered, for the convenience of Landlord and Tenant, in several counterparts, but it is intended that all counterparts shall constitute only one Lease. Facsimile signature pages shall be effective for purposes of this paragraph.

Section 26.04. This Lease may not be changed, modified or discharged except by a writing signed by the party against whom such change, modification or discharge is being brought.

Section 26.05. All covenants, conditions and obligations contained in this Lease shall be binding upon and inure to the benefit of the respective permitted successors and assigns of Landlord and Tenant to the same extent as if such permitted successor and assign were named as a party to this Lease.

Section 26.06. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease (collectively "**Notice**" or "**Notices**") shall be in writing and shall be deemed to have been given for all purposes (i) three (3) days after having been sent by United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address as stated below, or (ii) one (1) day after having been sent by Federal Express, United Parcel or other nationally recognized air courier service.

To the Addresses stated below:

If to Landlord:

Driftwood Hotel Income I, DST
255 Alhambra Circle, Suite 760
Coral Gables, FL 33134
Attn: Jorge L. Gómez-Möller
Email: jlg@driftwoodcapital.com

If to Tenant:

2000 North Commerce Parkway Owner, LLC
255 Alhambra Circle, Suite 760
Coral Gables, FL 33134
Attn: Jorge L. Gómez-Möller
Email: jlg@driftwoodcapital.com

If Lender shall have advised Tenant by Notice in the manner aforesaid that it is the holder of a mortgage encumbering the Property and states in said Notice its address for the receipt of Notices, then simultaneously with the giving of any Notice by Tenant to Landlord, Tenant shall send a copy of such Notice to Lender in the manner aforesaid. For the avoidance of doubt, Tenant hereby acknowledges that Lender is the holder of a mortgage on the Property and hereby agrees to provide a copy of any such Notice to Lender. For the purposes of this Section 26.06, any party may substitute its address by giving fifteen (15) days' notice to the other party in the manner provided above. Any Notice may be given on behalf of any party by its counsel.

Section 26.07. The leasehold estate created by this Lease runs with the land, and shall be binding upon any future owner of the Property.

Section 26.08. Landlord and Tenant hereby each waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Property, or any claim or injury or damage (to the extent such waiver is enforceable by law in such circumstance).

Section 26.09. Any controversy between the parties hereto arising out of or related to this Lease shall be brought in the State or Federal courts of the Property jurisdiction.

Section 26.10. Time is of the essence of each and every provision of this Lease.

Section 26.11. Notwithstanding anything to the contrary contained in this Lease or in any other agreement between Landlord and Tenant, at all times while any obligation remains outstanding under the Loan: (a) both Tenant and Landlord shall observe and perform their respective covenants set forth in the Loan Agreement made by and between Lender and Landlord with respect to the Loan (the "**Loan Agreement**") and the other Loan Documents; (b) Tenant shall execute such documents, instruments and agreements as Lender may require in connection with the Loan Documents, including as specifically provided for in the Loan Agreement; (c) Tenant shall not take, or fail to take, any action under this Lease which would result in a violation of Landlord's obligations under the Loan Documents; (d) in the event of any inconsistency or contradiction between the terms thereof and the terms of this Lease, the terms of the Loan Documents shall govern and control; and (e) no amendment, termination or other modification to this Lease may be made or shall be effective without the prior written consent of Lender.

Section 26.12. Tenant hereby grants a power of attorney to Landlord, which such power of attorney is hereby assigned to Lender, to permit Landlord (and Lender, on Landlord's behalf) to exercise the attorney in fact rights set forth in the Loan Agreement.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE
TO THE
MASTER LEASE

<u>LANDLORD</u>:

Driftwood Hotel Income I, DST,
a Delaware statutory trust

By: ______________________________
Name: Carlos J. Rodriguez Jr.
Title: Authorized Signatory

<u>TENANT</u>:

2000 North Commerce Parkway Owner, LLC,
a Delaware limited liability company

By: ______________________________
Name: Carlos J. Rodriguez Jr.
Title: Authorized Signatory

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FORT LAUDERDALE, COUNTY OF BROWARD, STATE OF FLORIDA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

A PORTION OF LOT 10, BLOCK 2, PARK OF COMMERCE, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 110, PAGE 15, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 14, BLOCK 2, OF SAID PLAT; THENCE NORTH 08° 10' 01" WEST, A DISTANCE OF 230.00 FEET; THENCE NORTH 56° 20' 00" WEST, A DISTANCE OF 138.00 FEET; THENCE NORTH 01° 35' 00" WEST, A DISTANCE OF 130.00 FEET; THENCE NORTH 84° 47' 25" EAST, A DISTANCE OF 431.71 FEET; THENCE NORTH 58° 40' 00" EAST, RADIAL TO THE NEXT DESCRIBED CURVE TO THE LEFT, A DISTANCE OF 55.00 FEET, THE LAST FIVE (5) HEREIN DESCRIBED COURSES BEING COINCIDENT WITH THE WEST AND NORTH BOUNDARIES OF SAID LOT 14; THENCE SOUTHEASTERLY, EASTERLY, NORTHEASTERLY AND NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 50.00 FEET AND A CENTRAL ANGLE OF 173° 59' 00", A DISTANCE OF 151.83 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE RIGHT, THENCE NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 42° 50' 00", A DISTANCE OF 18.69 FEET TO THE POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1700.00 FEET, A CENTRAL ANGLE OF 11° 31' 00", A DISTANCE OF 341.71 FEET TO THE POINT OF TANGENCY; THENCE NORTH 06° 00' 00" EAST, A DISTANCE OF 300.60 FEET; THENCE NORTH 52° 13' 55" EAST, A DISTANCE OF 50.55 FEET TO A POINT ON AN ARC OF A CURVE CONCAVE TO THE SOUTH, WHOSE RADIUS POINT BEARS SOUTH 08° 27' 50" WEST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1547.00 FEET, A CENTRAL ANGLE OF 04° 59' 16", A DISTANCE OF 134.67 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE SOUTHEASTERLY, EASTERLY AND NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 406.14 FEET AND A CENTRAL ANGLE OF 78° 32' 07", A DISTANCE OF 556.70 FEET TO A POINT OF COMPOUND CURVATURE OF A CIRCULAR CURVE TO THE LEFT; THENCE CONTINUE NORTHWESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1870.00 FEET, A CENTRAL ANGLE OF 01° 11' 31", A DISTANCE OF 38.90 FEET TO THE POINT OF BEGINNING; THE LAST EIGHT (8) COURSES BEING COINCIDENT WITH A PORTION OF THE SOUTH, EAST AND SOUTHEAST BOUNDARY OF THAT CERTAIN PRIVATE ACCESS AND UTILITY EASEMENT AS SHOWN ON SAID PLAT; THENCE CONTINUE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, HAVING A CENTRAL ANGLE OF 10° 05' 04", A DISTANCE OF 329.13 FEET; THENCE SOUTH 76° 12' 24" EAST, NON-RADIAL TO THE LAST DESCRIBED CURVE, A DISTANCE OF 443.40 FEET TO THE SOUTHEASTERLY BOUNDARY OF SAID LOT 10; THENCE SOUTH 10° 47' 07" WEST, A DISTANCE OF 156.17 FEET TO THE POINT OF CURVATURE OF A CIRCULAR CURVE TO THE RIGHT FROM WHICH THE RADIUS POINT OF THE NEXT DESCRIBED CURVE BEARS NORTH 80° 03' 09" WEST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1035.92 FEET, A CENTRAL ANGLE OF 15° 03' 52", A DISTANCE OF 272.37 FEET, THE LAST TWO (2) COURSES BEING ALONG A PORTION OF SAID SOUTHEAST BOUNDARY OF LOT 10; THENCE NORTH 64° 03' 36" WEST, NON RADIAL TO THE LAST DESCRIBED CURVE, A DISTANCE OF 472.73 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH:

PARCEL II:

PRIVATE ACCESS & UTILITY EASEMENTS FOR THE BENEFIT OF PARCEL I AS CREATED BY THE RECORDED PLAT OF PARK OF COMMERCE, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 110, PAGE

15, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, FOR INGRESS AND EGRESS AND UTILITIES OVER, ACROSS AND UNDER ATLANTIC LOOP N/K/A NORTH COMMERCE PARKWAY AND MEDITERRANEAN ROAD AS LOCATED ON SAID PLAT.

PARCEL III:

CROSS ACCESS & CROSS PARKING EASEMENTS FOR THE BENEFIT OF PARCEL I AS CREATED BY CROSS ACCESS & CROSS PARKING AGREEMENT DATED DECEMBER 27, 1999, AND RECORDED JANUARY 6, 2000, IN OFFICIAL RECORDS BOOK 30160, PAGE 1461, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

PARCEL IV:

RIGHTS ESTABLISHED FOR THE BENEFIT OF PARCEL I AS CREATED BY DECLARATION OF RESTRICTIONS DATED DECEMBER 27, 1999, AND RECORDED JANUARY 6, 2000, IN OFFICIAL RECORDS BOOK 30160, PAGE 1454, PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

TOGETHER WITH ANY EASEMENT RIGHTS OVER COMMON AREAS BENEFITING THE ABOVE PROPERTY CONTAINED IN AMENDED AND RESTATED DECLARATION OF TOWN FOUNDATION COVENANTS DATED MAY 13, 1985, AND RECORDED ON MAY 17, 1985, IN OFFICIAL RECORDS BOOK 12546, PAGE 921; AS AMENDED BY AMENDMENT TO AMENDED AND RESTATED DECLARATION OF TOWN FOUNDATION COVENANTS DATED APRIL 10, 1986, AND RECORDED ON APRIL 15, 1986, IN OFFICIAL RECORDS BOOK 13324, PAGE 40, BY SUPPLEMENTAL DECLARATION DATED MARCH 10, 1989, AND RECORDED ON APRIL 5, 1989, IN OFFICIAL RECORDS BOOK 16416, PAGE 143, BY ASSIGNMENT OF DEVELOPMENT RIGHTS DATED DECEMBER 15, 1983, AND RECORDED ON JANUARY 20, 1984, IN OFFICIAL RECORDS BOOK 11422, PAGE 350, BY ASSIGNMENT OF RESERVED RIGHTS RELATING TO REAL PROPERTY DATED SEPTEMBER 10, 1987, AND RECORDED ON SEPTEMBER 14, 1987, IN OFFICIAL RECORDS BOOK 14796, PAGE 666; ALL OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA

TOGETHER WITH ANY EASEMENT RIGHTS OVER COMMON AREAS BENEFITING THE ABOVE PROPERTY CONTAINED IN WESTON PARK OF COMMERCE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS DATED DECEMBER 13, 1989 AND RECORDED ON DECEMBER 14, 1989 IN OFFICIAL RECORDS BOOK 17006, PAGE 12 (NOT INCLUDING, HOWEVER, ANY RIGHT OF FIRST REFUSAL UNDER ARTICLE 17 THEREOF AS THE SAME HAS BEEN VALIDLY RELEASED OF RECORD WITH RESPECT TO THE SUBJECT PROPERTY); AS AMENDED BY FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED NOVEMBER 12, 1990 AND RECORDED ON DECEMBER 11, 1990 IN OFFICIAL RECORDS BOOK 17983, PAGE 463; AS AMENDED BY SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED SEPTEMBER 25, 1990 AND RECORDED ON OCTOBER 3, 1990 IN OFFICIAL RECORDS BOOK 17809, PAGE 704; AS AMENDED BY THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED NOVEMBER 6, 1991 AND RECORDED ON DECEMBER 11, 1991 IN OFFICIAL RECORDS BOOK 18985, PAGE 689; AS AMENDED BY FOURTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED AUGUST 27, 1992 AND RECORDED ON SEPTEMBER 11, 1992 IN OFFICIAL RECORDS BOOK 19857; PAGE 72; FIFTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED DECEMBER 27, 1994 AND RECORDED ON JANUARY 24, 1995 IN OFFICIAL RECORDS BOOK 23070, PAGE 448; AS AMENDED BY SIXTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WESTON PARK OF COMMERCE DATED JUNE 13, 1996 AND RECORDED JULY 17, 1996 IN OFFICIAL RECORDS BOOK 25144, PAGE 749; AS AMENDED BY ASSIGNMENT AND ASSUMPTION OF DECLARANT'S RIGHTS DATED APRIL 1, 1994 AND EFFECTIVE AS OF JANUARY 1, 1993 AND RECORDED ON APRIL 5, 1994 IN OFFICIAL RECORDS BOOK 21964, PAGE 38; AS CONTAINED IN THAT CERTAIN SPECIAL WARRANTY DEED DATED JUNE 4, 1998 AND RECORDED ON JUNE 9, 1998 IN OFFICIAL RECORDS BOOK 28363, PAGE 938 AND AS AMENDED BY CANCELLATION AND WAIVER OF CERTAIN RIGHTS AND A RESTRICTION DATED DECEMBER 8, 1999 AND RECORDED ON DECEMBER 29, 1999 IN OFFICIAL RECORDS BOOK 30139, PAGE 1405, ALL OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

EXHIBIT B

INSURANCE COVERAGES

Tenant shall, at Tenant's expense, maintain, or cause to be maintained, in force and effect on the Property at all times while this Lease continues in effect the following insurance or, if different, such insurance as may be required by Lender, if any, that has made a loan to Landlord secured by the Property:

(1) Insurance against loss or damage to the Property by fire, windstorm, tornado, hail and perils of terrorism insurance for Certified Acts of Terrorism (as such terms are defined in the Terrorism Risk Insurance Program Reauthorization Act of 2015), and against loss and damage by such other, further and additional risks as may be now or hereafter embraced by an "all-risk" form of insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement (insurable) cost of the improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Property and owned by Landlord from time to time, without reduction for depreciation. The determination of the replacement cost amount shall be Landlord's election, by reference to such indices, appraisals or information as Landlord determines in its reasonable discretion. Full replacement cost, as used herein, means, with respect to the improvements, the cost of replacing the improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same, in each case, with inflation guard coverage to reflect the effect of inflation, or annual valuation. Each policy or policies shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Landlord's approval.

(2) Comprehensive Commercial General Liability Insurance for personal injury, bodily injury, death and property damage liability in amounts not less than $1,000,000 per occurrence and $2,000,000 in the aggregate (both inclusive of umbrella coverage) in an amount not less than $15,000,000. During any construction on the Property, Tenant's general contractor for such construction shall also provide the insurance required in this subsection (2). Landlord hereby retains the right to periodically review the amount of said liability insurance being maintained by Tenant and, not more than annually (unless an event occurs or a state of facts exists which, with the giving of notice and/or the passage of time, would constitute an Event of Default (such event or state of facts, a "**Default**") shall exist hereunder, in which case such limitation shall not apply), to require an increase in the amount of said liability insurance should Landlord deem an increase to be reasonably prudent under then existing circumstances.

(3) General boiler and machinery insurance coverage is required if steam boilers or other pressure-fired vessels are in operation at the Property. Minimum liability amount per accident shall be not less than the sum of the full replacement (insurable) cost of the improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Property under section (a) above plus the loss of rents under section (f) below.

(4) If the Property is identified by the Secretary of Housing and Urban Development as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to the lesser of: (i) the minimum amount required, under the terms of coverage, to compensate for any damage or loss on a replacement basis (or the unpaid balance of the indebtedness secured hereby if replacement cost coverage is not available for the type of building insurance); or (ii) the maximum insurance available under the appropriate National Flood Insurance Administration program.

(5) During the period of any construction on the Property or renovation or alteration of the improvements, a so-called "Builder's All-Risk Completed Value" or "Course of Construction" insurance policy in non-reporting form for any improvements under construction, renovation or alteration, and construction operations liability insurance, in amounts approved by Landlord and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration. In the event Tenant employs workers on the Property, Tenant must subscribe to workers' compensation and employer's liability insurance in an amount of no less than $1,000,000 per accident and per disease per employee and $1,000,000 aggregate coverage for disease in respect of any work or operating on or about the Property, or in connection with the Property and its operation.

(6) Loss of rents or loss of business income insurance in amounts sufficient to compensate Tenant for all Rents and profits during a period of not less than twelve (12) months in which the Property may be damaged or destroyed. The amount of coverage shall be adjusted annually to reflect the Rents and profits of income payable during the succeeding twelve (12) month period.

(7) Such other insurance on the Property or on any replacements or substitutions thereof or additions thereto as may from time to time be required by Landlord against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated including, without limitation, Sinkhole, Mine Subsidence, Earthquake and Environmental insurance, due regard being given to the height and type of buildings, its construction, location, use and occupancy.

(8) Motor Vehicle liability coverage for all owned and non-owned vehicles operated by the Tenant, including rented and leased vehicles containing minimum limits reasonably acceptable to Lender.

All such insurance shall (i) be with insurers authorized to do business in the state within which the Property is located and (a) "A- VIII" or better by Best Key Rating Guide or (b) "A-" by S&P (any of such companies being referred to individually herein as a "**Qualified Insurer**"), (ii) contain the complete address of the Property (or a complete legal description), (iii) be for terms of at least one year, (iv) contain deductibles which do not exceed $50,000 with respect to windstorm and hail coverage a deductible not to exceed five percent (5%) of the value of the improvements, unless higher deductibles are approved by Landlord, (v) be subject to the reasonable approval of Landlord as to insurance companies, amounts, content, forms of policies, method by which premiums are paid and expiration dates, and (vi) subject to the approval of Lender as to amount, content, form and expiration date; it being agreed that the approval by Lender of any insurer shall not be construed to be a representation, certification or warranty of its solvency, and no approval by Lender as to the amount, type and/or form of any insurance shall be construed to be a representation, certification or warranty of its sufficiency.

Without limiting the required endorsements to the insurance policies, all such policies shall include a standard, non-contributory clause naming Lender (x) as an additional insured under all liability insurance policies (y) as the loss payee on all loss of rents or loss of business income insurance policies, and (z) as the mortgagee and loss payee on all property insurance policies. Tenant further agrees that all such insurance policies: (1) shall provide for at least thirty (30) days' prior written notice to Landlord and Lender prior to any cancellation or termination thereof and prior to any material modification thereof which affects the interest of Landlord; (2) with respect to the property and casualty coverages shall contain an endorsement or agreement by the insurer that any loss shall be payable to Landlord and Lender in accordance with the terms of such policy notwithstanding any act or negligence of Tenant which might otherwise result in forfeiture of such insurance; (3) with respect to the general liability coverage a severability of interests; (4) shall waive all rights of subrogation against Landlord and Lender; (5) in the event that the real estate or the improvements are "legal non-conforming" use under applicable building, zoning or land use laws or ordinances, shall include an ordinance or law coverage endorsement which will contain Coverage A: "Loss Due to Operation of Law" (with a minimum liability limit equal to replacement cost with agreed value endorsement), Coverage B: “Demolition Cost” and Coverage C: “Increased Cost of Construction” coverages; and (6) may be in the form of a blanket policy provided that, in the event that any such coverage is provided in the form of a blanket policy, Tenant hereby acknowledges and agrees that failure to pay any portion of the premium therefor which is not allocable to the Property or by any other action not relating to the Property which would otherwise permit the issuer thereof to cancel coverage thereof, would require the Property to be insured by a separate, single-property policy. The blanket policy must properly identify and fully protect the Property as if a separate policy were issued for 100% of replacement cost at the time of loss and otherwise meet all of Landlord’s applicable insurance requirements.

EXHIBIT C

RENT

Lease Year	Base Rent	Additional Rent Breakpoint	Additional Rent Cap	Bonus Rent Breakpoint
Lease Year 1	$1,063,595	$7,168,455	$1,714,251	$8,882,706
Lease Year 2	$1,063,595	$7,317,257	$1,714,251	$9,031,509
Lease Year 3	$1,066,509	$7,472,535	$1,714,251	$9,186,604
Lease Year 4	$1,378,685	$7,916,911	$1,714,251	$9,631,162
Lease Year 5	$1,359,271	$8,044,726	$1,714,251	$9,758,977
Lease Year 6	$1,339,857	$8,161,274	$1,714,251	$9,875,525
Lease Year 7	$1,323,188	$8,296,330	$1,714,251	$10,010,582

For the avoidance of doubt, the Tenant shall satisfy its obligations under Section 3.01(c) and 3.01(d) of this Lease as provided therein.

EXHIBIT D

Opinion of Special Tax Counsel

[attached]

NELSON MULLINS

NELSON MULLINS RILEY & SCARBOROUGH LLP
ATTORNEYS AND COUNSELORS AT LAW

390 N. Orange Avenue | Suite 1400
Orlando, FL 32801
T 407.669.4215 F 407.425.4814
nelsonmullins.com

April 15, 2026

Driftwood Hotel Income I, DST
c/o Driftwood Capital, LLC
255 Alhambra Circle, Suite 760
Coral Gables, Florida 33134

Re: Federal Income Tax Treatment of the Acquisition of Interests in Driftwood Hotel Income I, DST

Dear Ladies and Gentlemen,

You have asked for our opinion (this "**Opinion**") as to whether, for federal income tax purposes, the acquisition of beneficial interests in Driftwood Hotel Income I, DST, a Delaware statutory trust (the "**Trust**"), should be treated as the acquisition of a direct interest in the underlying Trust real estate for purposes of Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Code**").[1] Unless otherwise indicated, all capitalized terms used herein and not otherwise defined have the meanings set forth in the Confidential Private Placement Memorandum for Beneficial Interests in Driftwood Hotel Income I, DST of even date of this Opinion (the "**Memorandum**").

I. <u>Background</u>

The Trust is offering (the "**Offering**") to sell to investors (the "**Investors**") beneficial interests (the "**Interests**") in the Trust. The Trust is an affiliate of Driftwood Capital, LLC, a Delaware limited liability company (the "**Sponsor**").

Driftwood HI Contributor I, LLC (the "**Contributor**") currently owns 79.7% of the beneficial interests in the Trust and TIC OCC Motwani, LLC (the "**Initial Investor**") owns 20.3% of the beneficial interests in the Trust as the initial investor in the Trust as further described in the Memorandum. After establishing reserves and paying fees and related expenses, the proceeds of the Offering will be returned to the Contributor to reduce the Contributor's beneficial ownership of the Trust.

The Trust owns a fee-simple interest in the land and improvements located at 2000 N. Commerce Parkway, Weston, FL, 33326 (the "**Property**"), which includes the Courtyard Fort Lauderdale Weston hotel property (the "**Hotel**").

[1] All Section references which follow are to the Code, unless otherwise stated. All references to "Treas. Reg." "Temp. Reg." or "Prop. Reg," are to the final, temporary, and proposed Treasury Regulations promulgated under the Code.

The Trust acquired the Property in 2026 for an aggregate purchase price of $35,500,000. The Trust funded the acquisition of the Property with cash, a portion of which came from a bridge loan provided by First American Bank (the "**Bridge Lender**") to the Contributor (the "**Bridge Loan**"), which contributed the proceeds from the Bridge Loan (the "**Contributor Bridge Capital**") to the Trust, and the equity from the purchase of Interests by the Initial Investor.

In connection with the acquisition and operation of the Property, the following agreements have been entered into:

A. Loan

The Trust obtained a mortgage loan from Fifth Third Bank, National Association (the "**Lender**") for a commitment amount of $19,250,000, of which $17,750,000 has been disbursed as of the date of this Opinion and an additional $1,500,000 of funding is available to finance the future cyclical renovation of the Property required pursuant to the Franchise Agreement and PIP (each as defined below) (the "**Loan**"). The Loan has a term of five years, which may be extended for one two-year period. The interest rate is variable and is calculated as one-month Term SOFR + 225 basis points (2.25%). The interest rate during the extension term will include an interest rate protection agreed to by the Lender. The Loan is the separate obligation of the Trust. For purposes of determining liabilities assumed with respect to the Property in connection with an Investor's Section 1031 Exchange, each Investor will be allocated a pro rata percentage of the Loan (equal to approximately $74,034 per $100,000 Interest). The Loan is evidenced by a loan agreement and a promissory note and is secured by a mortgage on the Property and an assignment of the Master Lease (as hereinafter defined) and the rent thereunder (collectively, with all other documents related to the Loan, the "**Loan Documents**").

B. Master Lease

The Trust has leased the Property to 2000 North Commerce Parkway Owner, LLC, a Delaware limited liability company and affiliate of the Sponsor (the "**Master Tenant**"), pursuant to that certain Master Lease Agreement for Driftwood Hotel Income I, DST (the "**Master Lease**"). The Master Lease provides for an initial term of seven years, which automatically renews for successive one year terms but automatically terminates upon the sale of the Property or in the case of an uncured default.[2] The Master Lease provides for base rent in the amount of $1,063,595 per year and additional rent ("**Additional Rent**") in an amount equal to one hundred percent (100%) of Gross Income (as such term is defined in the Master Lease) for a year in excess of the additional rent breakpoint for that year (the "**Additional Rent Breakpoint**") up to a maximum amount of Additional Rent for that year as set forth in Exhibit C of the Master Lease.[3] The Master Tenant is

[2] Master Lease, §§ 2.01, 2.02.
[3] *Id.*, § 3.01(b), Exhibit C.

also required to pay as bonus rent ("**Bonus Rent**") an amount equal to fifty percent (50%) of Gross Income for a year that exceeds the bonus rent breakpoint for that year ("**Bonus Rent Breakpoint**").[4]

The Master Tenant, per the Master Lease, has the right to manage, operate, repair, and maintain the Property. Section 3.11 of the Master Lease states the intent of the parties to characterize the Master Lease as a true lease and that this should be reflected on the applicable books, records, and reports, including income tax filings.

The Master Lease is a net lease, incorporating all expenses and debt service associated with the operation of the Property.[5] Pursuant to the Master Lease, the Master Tenant is responsible for paying all costs and expenses paid or incurred with respect to the operation, maintenance, management and security of the Property, including the cost of utilities and the operating costs.[6] The Trust is required to fund all capital expenditures, including the property improvement plan work required under the Franchise Agreement (as defined and described below in Section I.F).[7] The Master Tenant retains the difference between any payments due under the Master Lease (i.e., Base Rent, Additional Rent and Bonus Rent) and the operating cash flow of the Property.[8] Likewise, the Master Tenant is responsible for any cash shortfalls between the operating cash flow of the Property and the payments due under the Master Lease.[9] The Master Tenant is solely financially responsible for the real estate taxes with respect to the Property, the Insurance Costs (as defined in Section 4.02 of the Master Lease) and the Cost of Utilities (as defined in Section 3.01 of the Master Lease) (collectively, the "**Uncontrollable Expenses**").[10]

C. Property Management Agreement

In turn, the Master Tenant has entered into that certain Management Agreement by and between Driftwood Hospitality Management II, LLC (the "**Property Manager**") and the Master Tenant (the "**Property Management Agreement**"), for the management and operation of the Property. The Property Manager is an indirect subsidiary of the Sponsor.

D. Trust Agreement

The terms of the Trust are governed by that certain Amended and Restated Trust Agreement of the Trust (the "**Trust Agreement**"). Driftwood HI Signatory I, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Signatory Trustee**"), is the Signatory Trustee under the Trust Agreement and is responsible for the operation of the Trust.

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[4] *Id.*
[5] *Id.*, § 3.01(b)(i).
[6] *Id.*, § 3.01(c).
[7] *Id.*, § 7.02.
[8] *Id.*, § 7.02(b)(iv).
[9] *Id.*, § 3.01(b).
[10] *Id.*, § 3.01(f).

The Trust Agreement provides that the Interests in the Trust are of a single class.[11] Additionally, the Trust must hold the Property for investment purposes and none of the trustees, Investors, nor their agents are to provide (a) non-customary services with respect to the Property within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261; (b) the payment for which would not qualify as "rents from real property" within the meaning of Code Section 512(b)(3)(A)(i) and the Regulations thereunder; or (c) the payment for which would not qualify as "rents from real property" within the meaning of Code Sections 856(c)(2)(C) and 856(c)(3)(A) and the Regulations thereunder.[12]

Additionally, the Trust Agreement states that the purposes of the Trust are to engage in the following activities: (i) to have the Trust own the Real Estate and any related personal property; (ii) to enter into or assume and comply with the terms of the Transaction Documents; (iii) to conserve, protect, lease and dispose of the Real Estate; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing. The Trust Agreement further provides that (a) the Trustees are holding the Trust Property for the benefit of the Investors, subject to the obligations of the Trust under the Transaction Documents and other relevant agreements, (b) the Trust constitutes a "statutory trust" within the meaning of Chapter 38 of Title 12 of the Delaware Code, and that the Trust does not constitute an agency, partnership, corporation, association or business trust for federal income tax purposes; and (c) the Investors shall be treated for federal income tax purposes as owning "an undivided beneficial ownership in the Trust Property" as provided in Section 3805(a) of the Act.[13] The Signatory Trustee must distribute all available cash to the "Investors on a monthly basis, after paying or reimbursing the Trustees for any fees or expenses paid or incurred by the Trustees on behalf of the Trust, paying debt service on the Loan and related expenses and retaining such additional amounts as are necessary to pay anticipated ordinary current and future Trust expenses."[14] Any undistributed cash must be invested in only short-term government obligations and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus.[15] If at any point the Trust has more than one Investor, the Trust Agreement provides that the Trust may not be treated as a business entity but must be classified as an investment trust pursuant to Treasury Regulation Section 301.7701-4(c) and "grantor trust" within the meaning of Subpart E of Part 1, Subchapter J of the Code.[16]

Section 7.03 of the Trust Agreement contains strict prohibitions on the Trustee's powers:

> Notwithstanding any other provision in this Trust Agreement, the Signatory Trustee shall not have the power to take any of the following actions, if the exercise of such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" as defined by Regulation Section 301.7701-4(c)(1): (a) reinvest any monies of the Trust, except in accordance with Section

[11] Trust Agreement, Art. I, definition of Interest.
[12] *Id.*, § 2.03.
[13] *Id.*, § 2.04.
[14] *Id.*, § 4.02.
[15] *Id.*
[16] *Id.*, § 5.01(c).

> 4.02; (b) renegotiate the terms of the Loan, enter into new mortgage financing, renegotiate the Master Lease or enter into new leases except in the case of Master Tenant's bankruptcy or insolvency; (c) make other than minor nonstructural modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or new investors except as provided for in the Private Placement Memorandum; or (e) take any other action that, in the reasoned opinion of tax counsel to the Trust, should be expected to cause the Trust to be treated as a "business entity" for federal income tax purposes.[17]

Moreover, under the terms of the Trust Agreement, the Trust's sole business purpose shall be to own and operate the Property. The Trust (i) shall conduct business only in its own name and under any trade name for the maintenance and repair of the Real Estate, (ii) shall not engage in any business or have any assets unrelated to the Trust Property, (iii) shall not have any indebtedness other than as permitted by this Trust Agreement, (iv) shall have its own separate books, records, and accounts (with no commingling of assets), (v) shall hold itself out as being an entity separate and apart from any other person or entity, (vi) shall observe statutory trust formalities independent of any other entity, and (vii) shall not change its name, identity, or organizational structure, unless the Trust shall have obtained the prior written consent of Lender to such change, and shall have taken all actions necessary or requested by Lender to file or amend any financing statement or continuation statement to assure perfection and continuation of perfection of security interests under the Loan Documents.[18]

Except solely as provided in Article X of the Trust Agreement with respect to the appointment of a successor trustee, the Investors have no right to make decisions for, or to operate or manage, the Trust.[19]

Section 9.02 of the Trust Agreement provides that, notwithstanding Section 9.01, if: (i) the Trust Property is in jeopardy of being foreclosed upon due to a default on the Loan; (ii) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; or (iii) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests, and the Signatory Trustee is prohibited from taking actions to cure or mitigate the event(s) described in clauses (i), (ii) or (iii) by reason of the restrictions set forth in Section 7.03 of the Trust Agreement, or (iv) the Signatory Trustee is required to do so pursuant to the Loan Documents, the Signatory Trustee shall, in compliance with such conditions precedent and other requirements as may be set forth in the Loan Documents (if still in force), terminate the Trust by converting it to a Delaware limited liability company and distribute the Trust Property to the Investors in the manner provided in Section 9.03 of the Trust Agreement.

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[17] *Id.*, § 7.03.
[18] *See id.*, § 2.05.
[19] *See id.*, §5.03.

Section 9.03 of the Trust Agreement provides that, if the circumstances described in Section 9.02 apply to the Trust, and if no obligation evidenced or secured by the Loan Documents remains outstanding and all such obligations have been satisfied in full at the time the Trust is to be terminated pursuant to Section 9.02, or if the Loan Documents do not prohibit a direct distribution of the Trust Property to the Investors, then the Signatory Trustee may in its sole discretion terminate the Trust in accordance with Section 9.02 by either (i) (1) converting it pursuant to Section 3821 of the Act into a Delaware limited liability company (an "**LLC**"), the operating agreement for which will be substantially similar in form to the LLC operating agreement set forth as Exhibit A attached to the Trust Agreement (the "**LLC Agreement**") (or in lieu of such conversion, as determined in the sole discretion of the Signatory Trustee, by transferring or contributing the Trust Property to, or by merging the Trust into, such LLC), which LLC shall acquire, by operation of law, contract, or otherwise, the Trust Property subject to the then-outstanding obligations of the Trust under the Loan Documents and the Master Lease, and which LLC shall assume, by operation of law, contract, or otherwise, the Trust's obligations under the Loan Documents and the Master Lease , which assumption shall be evidenced by documents approved in writing by the Lender; (2) effecting the conversion or exchange of the Investors' ownership interests in the Trust into equivalent membership interests in the LLC; (3) causing the Signatory Trustee to be designated as the Manager (as such term is defined in the LLC Agreement) of the LLC and to execute all necessary documents, including the LLC Agreement on behalf of the members of the LLC; and (4) taking all other actions necessary to complete the termination and winding up of the Trust and the formation of the LLC in accordance with the Act and the Delaware Limited Liability Company Act, or (ii) terminate the Trust by distributing tenant-in-common interests in the Trust Property to the Investors in proportion to their ownership in the Trust, which interests (and the Investors) would be subject to an agency and/or co-ownership arrangement and other agreements that are in form and substance satisfactory to the Signatory Trustee as determined in its discretion and materially consistent with the terms and conditions set forth in Rev. Proc. 2002-22 or such other Internal Revenue Service guidance as may apply to the treatment of tenancy-in-common arrangements as direct interests in the Real Estate for purposes of Section 1031 of the Code.[20] For federal income tax purposes, Section 9.03(c) provides that the conversion "shall be characterized as: (1) a distribution of Trust Property by the Trust to the Investors in complete termination of the Trust, followed by (2) a contribution by the Investors of the Trust Property to the LLC in exchange for membership interests in the LLC."

E. Asset Management Agreement

The Trust has entered into that certain Hotel Asset Management (the "**Asset Management Agreement**") between the Trust and Driftwood Capital Owners, LLC, a Delaware limited liability company and an affiliate of the Sponsor (the "**Asset Manager**"), for the day-to-day management of the Trust. The Asset Management Agreement will terminate on the earlier of (i) the sale or other disposition of all or part of the Property by the Trust (or successor limited liability company) other than to an affiliate, (ii) termination by the Signatory Trustee or the Asset Manager due to an uncured

[20] *Id.*, §§ 9.03(a), (b).

default under the Asset Management Agreement, (iii) termination by the Trust upon proper notice, or (iv) proper resignation by the Asset Manager.[21]

The parties to the Asset Management Agreement state that the Asset Manager is an independent contractor and that the Trust retains title, ownership and exclusive control over the Property (subject to the Master Lease).[22] Further, "the Trust and the Asset Manager are not, and shall not be deemed to be, partners or joint venturers with each other. . ."[23]

The duties of the Asset Manager include providing asset management services to the Trust and advising the Trust as to the management, operation, and maximization of profits from and/or disposal of the Property in accordance with the Trust Agreement, Master Lease, applicable laws and governmental requirements.[24] Specifically, this includes (i) monitoring and measuring the Property Manager's performance, (ii) monitoring and providing monthly financial performance of the Property from both operations and investment perspectives, (iii) reviewing and evaluating the Hotel's marketing plan, (iv) reviewing, evaluating and commenting on the capital budget plan, and (v) providing services related to internal audits and controls.[25] However, the Asset Management Agreement explicitly states that none of the duties contained therein relate to the operation or maintenance of the Property,[26] which are delegated to the Property Manager or Master Tenant.

Upon disposition of the Property, Asset Manager is entitled to a disposition fee of two and a half percent of the gross sales price of the Property (or the assumed fair market value if consideration is not paid in cash), payable from the proceeds remaining after distributions have been made pursuant to the Trust Agreement equal to the Investors unreturned capital (the "**Disposition Fee**").[27] The Disposition Fee constitutes consideration for the Master Tenant's agreement to provide such services to the Trust as the Trust may reasonably request in connection with a disposition of the Property.[28]

F. Franchise Agreement

The Master Tenant has entered into that certain Courtyard by Marriott Franchise Agreement (the "**Franchise Agreement**") between the Master Tenant and MIF, L.L.C (the "**Franchisor**"), pursuant to which a limited, non-exclusive license will be granted to the Master Tenant to operate the Hotel under the name Courtyard by Marriott, a brand of Marriott International, Inc. (the "**Brand**").

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[21] Asset Management Agreement, § 12.
[22] *Id.*, § 3(a).
[23] *Id.*
[24] *Id.*, § 2(a).
[25] *Id.*
[26] *Id.*, § 3(c).
[27] *Id.*, § 7(c).
[28] *Id.*

Based on a review of the property, the Franchisor prepared a property improvement plan ("**PIP**"). The PIP describes the required renovations, which are outlined in Attachment One to Exhibit C of the Franchise Agreement, for the Hotel to operate under the Brand. The renovations within the PIP are due by November 28, 2031. The PIP includes, but is not limited to, improvements such as conversion or replacement of tubs (to showers or cast iron tubs), replacement of hardware to match satin chrome finishes, certain safety and ADA requirements.

II. Representations and Assumptions

In addition to relying on the facts set forth above, in rendering this Opinion, we have reviewed and relied, to the extent material to this Opinion, upon such facts, circumstances and documents as we have deemed necessary to render this Opinion. If any representation is incorrect, in whole or in part, the conclusions reached in this Opinion may be adversely affected.

We have examined such other documents and relied upon such facts as in our discretion we have deemed necessary, appropriate, or relevant as a basis for this Opinion set forth herein. We have not made an independent investigation of the facts or representations set forth in any of the Reliance Documents (as defined below) that we have examined except to the extent that we have deemed necessary in our professional judgment or as you have specifically requested. We have consequently assumed in rendering this Opinion that (i) such Reliance Documents have not been and will not be amended, (ii) other than as specifically disclosed to us, there are no agreements, arrangements, or understandings that supplement or are inconsistent with the Reliance Documents, and (iii) the information presented in such Reliance Documents or otherwise furnished to us accurately and completely describes, in all material respects, all facts and other determinations relevant to the transaction.

In rendering this Opinion, we have reviewed and relied, to the extent material to this Opinion, upon such facts, circumstances, and documents as we have deemed necessary to render this Opinion (collectively, the "**Reliance Documents**"):

1. the Officer's Certificate issued to Nelson Mullins Riley & Scarborough in connection with the Opinion dated as of the date of this Opinion (the **"Officer's Certificate"**);
2. the Trust Agreement;
3. the Master Lease;
4. the Asset Management Agreement;
5. the Property Management Agreement;
6. the Memorandum;
7. the Loan Documents;
8. the Franchise Agreement; and

9. such other materials and documents as we considered relevant.

The Opinion expressed below is based on the relevant provisions of the Code, the legislative history thereof, the Treasury Regulations, judicial decisions, administrative rulings, and such other authorities as we have considered relevant, all as in effect as of the date set forth above and all of which are subject to change (possibly with retroactive effect). There can be no assurance that this Opinion expressed below could not be successfully challenged by the Internal Revenue Service (the "**IRS**"). We express no opinion as to the laws of any jurisdiction other than the federal laws of the United States of America.

III. Tax Analysis

Section 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment."[29] Section 1031 only applies to interests in real property. We have been asked to opine on whether an Investor's acquisition of an Interest in the Trust can be treated as an acquisition of a direct interest in the Property for purposes of Section 1031.[30] In order to do so, we must determine the treatment of the Trust for federal income tax purposes and then the treatment of an Investor's Interests.

A. The Trust should constitute a trust and not a business entity for federal income tax purposes.

For the acquisition of an Interest to qualify for Section 1031 nonrecognition treatment, an Investor must be treated as directly acquiring an interest in the Property. The tax treatment of the acquisition of an Interest in the Trust depends on whether the Trust is treated as a trust or a business entity for federal income tax purposes. If the Trust is treated as a business entity, the acquisition of an Interest cannot qualify for Section 1031 treatment.[31]

Treasury Regulations promulgated under Section 7701 govern the federal tax treatment of

[29] § 1031(a)(1).
[30] This Opinion addresses only one aspect in qualifying under Section 1031, whether an acquisition of an Interest can be treated as a direct acquisition of the Property for purposes of Section 1031. This Opinion is limited in scope and does not opine on all matters necessary for a prospective Investor's acquisition to qualify under Section 1031.
[31] Section 1031 only applies to exchanges of real property. Prior to 2017, personal property could also qualify for Section 1031 treatment, although Section 1031 specifically excluded non-recognition treatment for interests in a partnership, securities, or certificates of trust or beneficial interests. §§ 1031(a)(2)(C), (D), (E) (1984). On December 22, 2017, the Tax Cuts and Jobs Act (the "**TCJA**") was signed into law and significantly modified Section 1031 by limiting it to exchanges of real property not held primarily for sale. For exchanges completed after December 31, 2017, exchanges of personal property and intangible property do not qualify for a Section 1031 Exchange. Although the specific language providing for the exclusion of interests in a partnership, securities, or certificates of trust or beneficial interests has been eliminated from the statute as no longer relevant, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Interests should be treated as owning real property for federal income tax purposes.

state law entities such as partnerships, limited liability companies, and state law trusts, including Delaware statutory trusts ("**DSTs**"). [32] Whether a state law entity is treated as separate from its owners for federal income tax purposes is a matter of federal tax law and is independent from whether the organization is recognized as an entity under local law.[33]

Under the Section 7701 Treasury Regulations, the fundamental analysis is whether the state law entity constitutes a business entity. If the entity is a business entity, it can generally elect how it will be treated for federal income tax purposes (i.e., as a corporation, a disregarded entity or partnership depending on the number of owners).[34] For this reason, these Treasury Regulations are commonly referred to as the check-the-box regulations. A business entity is an entity recognized for federal tax purposes[35] that is not properly classified as a trust under Treasury Regulation Section 301.7701-4 or otherwise subject to special tax treatment under the Code.[36] In short, the question as to the proper tax treatment of the Trust is whether the Trust constitutes a business entity or a trust for tax purposes.

The general principle is that a trust arrangement will be classified as a trust rather than a business entity for federal income tax purposes "if it can be shown that the purpose of the arrangement is to vest in trustees the responsibility for protections and conservation of property for beneficiaries who cannot share in the discharge of this responsibility, and therefore, are not associates in a joint enterprise for the conduct of business for profit."[37] Treasury Regulation Section 301.7701-4 generally classifies a state law trust as a "business trust" or an "investment trust."[38] A "business trust" is a state law trust which is created "as a device to carry on a profit-making business which normally would have been carried on through business organizations that are classified as corporations or partnerships under the Internal Revenue Code."[39] A business trust is treated as a business entity and not a trust for federal income tax purposes. By contrast, an "investment trust" can be classified as a trust for federal income tax purposes in certain circumstances:

> An "investment" trust will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders. 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 under the trust agreement to vary the investment of the certificate holders.** An investment trust with multiple classes of

[32] Treas. Reg. §§ 301.7701-1 through 301.7701-4.
[33] Treas. Reg. §§ 301.7701-1(a)(1), 301.7701-1(a)(3).
[34] Treas. Reg. § 301.7701-3(b)(1)(i).
[35] An entity will generally be respected for federal income tax purposes when participants in a venture form a state-law entity and avail themselves of the benefits of that entity for a valid business purpose. *See Moline Properties, Inc. v. Comm'r*, 319 U.S. 436 (1943).
[36] Treas. Reg. § 301.7701-3(b)(2)(a).
[37] Treas. Reg. § 301.7701-4(a).
[38] Treas. Reg. § 301.7701-4.
[39] Treas. Reg. § 301.7701-4(b).

> ownership interests ordinarily will be classified as a business entity under Section 301.7701-2; however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose.[40]

In other words, a trust with a single class of ownership interests that provides no power to vary the investments of the trust is classified as an investment trust that is treated as a trust for federal income tax purposes.[41] An investment trust that otherwise qualifies as a trust for federal income tax purposes will continue to be classified as such even if it issues multiple classes of ownership interests, provided that the creation of those classes is incidental to facilitating direct investment in the trust's underlying assets.[42]

The primary guidance for determining whether a DST is a business entity or an investment trust is Revenue Ruling 2004-86.[43] Before turning to a discussion of that ruling, though, it is necessary to discuss some of the earlier guidance that provides the foundation for this ruling.

1. Early Guidance

(a) Is a trust a separate entity for federal income tax purposes?

A foundational question in the treatment of a state law entity is whether the state law entity should be treated as a separate entity for federal tax purposes. If a state law entity acts as a mere agent of its owners, it will not be treated as an entity separate from its owners for federal income tax purposes. In *Commissioner v. Bollinger*,[44] the Supreme Court held that a corporation could be regarded as acting merely as an agent for its owners when it served only as the nominal borrower and record title holder of mortgaged property. The shareholders executed an agreement stating that (i) the corporation would hold title to the property solely as the shareholders' nominee and agent for financing purposes, (ii) the shareholders retained exclusive control and responsibility over the mortgaged property, and (iii) the shareholders were the true principals and owners of the property throughout its financing, construction, and operation. Based on these arrangements, the Supreme Court concluded that ownership resided with the shareholders rather than the corporation, as the relationship between the parties was, in both form and substance, an agency with the shareholders acting as principals.

Similarly, in Revenue Ruling 92-105,[45] the IRS determined that an Illinois land trust should not be treated as a separate entity from its beneficial owner for federal income tax purposes. In

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[40] Treas. Reg. § 301.7701-4(c)(1) (emphasis added).
[41] Treas. Reg. § 301.7701-4(c)(1).
[42] *Id.*
[43] 2004-2 C.B. 191.
[44] 485 U.S. 340 (1988).
[45] 1992-2 C.B. 204.

that ruling, a single taxpayer established an Illinois land trust and appointed a domestic corporation as trustee. The taxpayer conveyed legal and equitable title to real property to the trust pursuant to a land trust agreement. Under the terms of the agreement, the taxpayer (i) retained exclusive authority over the management, operation, rental, and disposition of the real property, along with the sole right to all income and proceeds derived therefrom, and (ii) remained responsible for filing tax returns, paying taxes, and satisfying all other liabilities related to the property. Given that the trustee's role was limited to holding and transferring title at the direction of the beneficiary, and that the beneficiary retained the obligations and rights associated with ownership including control, management, and liability, the IRS concluded that the Illinois land trust did not constitute an entity separate from its beneficial owner for federal income tax purposes.

(b) Is a trust an investment trust or a business entity for federal income tax purposes?

Where a state law trust is found to constitute an entity separate from its beneficial owners for federal income tax purposes, the courts and the IRS have then focused on the powers conferred under a trust agreement. If the powers conferred exceed those only necessary to protect and conserve property for the beneficiaries, the trust will have risen to the level of a business and will not constitute an investment trust. The controlling guidance on the issue is generally found in *Commissioner v. Chase National Bank*[46] and *Commissioner v. North American Bond Trust*.[47]

In *Commissioner v. Chase National Bank*, the depositor acquired shares of common stock in several corporations and assembled them into "units," each unit consisting of a specified number of shares of each corporation. These units were then transferred to a trust, and certificates representing beneficial interests in the trust were sold to investors. The trustee held all rights of ownership with respect to the shares, except that the depositor retained control over voting rights and the trust instrument imposed restrictions on the disposition of the shares. Pursuant to the trust instrument, property contributed to the trust was to be retained until disposed of in accordance with the instrument's terms and the trust was required to distribute currently available funds. The trustee was prohibited from making any purchases whether through reinvestment of funds or otherwise. The court held 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.[48] Under this decision, the tax characterization hinges on whether the trust is required to hold its property solely for investment purposes or instead employs that property as capital in the conduct of a business for profit.

In *Commissioner v. North American Bond Trust*, a companion case to *Chase National Bank*, the same court reached a different conclusion regarding the treatment of a trust.[49] Though facially similar to the trust instrument in *Chase National Bank*, the terms of the trust instrument in

[46] 122 F. 2d 540 (2d Cir. 1941).
[47] 122 F.2d 545 (2d Cir. 1941), *cert. denied*, 314 U.S. 701 (1942).
[48] *Id.* at 543.
[49] 122 F. 2d 545 (2d Cir. 1941), *cert. denied*, 314 U.S. 701 (1942).

North American Bond Trust accorded the depositor the power "to take advantage of market variations to improve the investments of even the first investors."[50] This power arose in two ways: (1) by creating new units, the depositor was not confined to the same bonds he had selected for the previous units and (2) the bonds of all units constituted a single pool in which each certificate holder shared according to their proportion of all the certificates issued. As a result, funds contributed by new investors could be used to acquire additional bond issues, which in turn would dilute the existing certificate holders' interests in the earlier bond issues. This dilution allowed depositors to take advantage of market variations to improve the investment of the original investors. Therefore, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will" and accordingly, the trust was taxable as an association, not a fixed investment trust.[51]

2. Revenue Ruling 2004-86

In 2004, the IRS issued Revenue Ruling 2004-86 addressing the treatment of DSTs in the context of Section 1031. The ruling addressed both circumstances under which a DST could qualify as an investment trust, and how the beneficial owners of interests in such a DST should be treated for purposes of Section 1031. In that ruling, the IRS concluded that, in certain limited circumstances, the acquisition of DSTs interests will be treated as a direct acquisition of the real estate held by the DST for purposes of Section 1031.[52] This ruling provides the framework for interests in DSTs to qualify for Section 1031 non-recognition treatment.[53]

Because the holding in Revenue Ruling 2004-86 is so fact specific, it is helpful to set forth the facts in full:

> On January 1, 2005, A, an individual, borrows money from BK, a bank, and signs a 10-year note bearing adequate stated interest, within the meaning of § 483. On January 1, 2005, A uses the proceeds of the loan to purchase Blackacre, rental real property. The note is secured by Blackacre and is nonrecourse to A.
>
> Immediately following A's purchase of Blackacre, A enters into a net lease with Z for a term of 10 years. Under the terms of the lease, Z is to pay all taxes, assessments, fees, or other charges imposed on Blackacre by federal, state, or local authorities. In addition, Z is to pay all insurance, maintenance, ordinary repairs, and utilities relating to Blackacre. Z may sublease Blackacre. Z's rent is a fixed amount that may be adjusted by a formula described in the lease agreement that is based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustments to the rate or index are not within the

[50] *Id.* at 546.
[51] *Id.*
[52] Rev. Rul. 2004-86, 2004-2 C.B. 191.
[53] Assuming all other Section 1031 requirements are satisfied. Whether an Investor satisfies the other requirements of Section 1031 is outside the scope of this Opinion.

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 [DST1],[54] a Delaware statutory trust described in the Delaware Statutory Trust Act, Del. Code Ann. Title 12, §§ 3801 - 3824, to hold property for investment. A contributes Blackacre to [DST1]. Upon contribution, [DST1] 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 [DST1] 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 [DST1] are freely transferable. However, [DST1] interests are not publicly traded on an established securities market. [DST1] 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 [DST1] will be of a single class, representing undivided beneficial interests in the assets of [DST1].

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 [DST1]. 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 [DST1]. 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.

[54] In Revenue Ruling 2004-86, the Delaware statutory trust was called DST. To avoid confusion with this Opinion's use of the abbreviation DST, references to the Delaware statutory trust in Revenue Ruling 2004-86 will be referred to as DST1.

> The trust agreement further provides that the trustee may engage in ministerial activities to the extent required to maintain and operate [DST1] under local law.
>
> On January 3, 2005, B and C exchange Whiteacre and Greenacre, respectively, for all of A's interests in [DST1] through a qualified intermediary, within the meaning of § 1.1031(k)-1(g). A does not engage in a § 1031 exchange. Whiteacre and Greenacre were held for investment and are of like kind to Blackacre, within the meaning of § 1031.
>
> Neither [DST1] nor its trustee enters into a written agreement with A, B, or C, creating an agency relationship. In dealings with third parties, neither [DST1] nor its trustee is represented as an agent of A, B, or C.
>
> BK is not related to A, B, C, [DST1]'s trustee or Z within the meaning of § 267(b) or § 707(b). Z is not related to B, C, or [DST1]'s trustee within the meaning of § 267(b) or § 707(b).

In analyzing how the investors in the DST should be treated, the IRS identified two issues. The first issue was how DST1 should be classified for tax purposes. The second issue was whether a taxpayer could exchange real property for an interest in DST1 without recognition of gain or loss under Section 1031. The IRS analyzed the first issue using the two part analysis described above in Part III.A.1. Specifically, the IRS looked at whether DST1 was a separate entity for tax purposes. Second, if DST1 were a separate entity for tax purposes, the IRS looked at whether DST1 was a trust or a business entity.

(a) Is the DST a separate entity for federal income tax purposes?

In Revenue Ruling 2004-86, the IRS concluded that DST1 was an entity that should be recognized as separate from its owners for federal income tax purposes. The IRS reached this conclusion by looking to the powers, limitations and benefits that Delaware law accords to a DST and its beneficial owners. Under Delaware law, creditors of a beneficial owner of a DST may not assert claims directly against property held by the DST and are limited to seeking satisfaction from the beneficial owner individually. The assets of a DST are subject to attachment and execution for liabilities of the DST in the same manner as those of a corporation and a DST has the capacity to sue and be sued. In addition, beneficial owners of a DST receive the same limitation on personal liability for actions of the DST as is granted to stockholders of a Delaware corporation. Delaware law further authorizes a DST to merge or consolidate with other statutory or business entities and expressly permits a DST to be formed for investment purposes. These corporate-like powers, protections, and organizational features, together with the statutory purpose of a DST, led the IRS to conclude that a DST constitutes an entity separate from its beneficial owners for federal income tax purposes.[55]

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[55] *Id.* (citing to Del. Code Ann. Title 12, Sections 3801-3824).

In reaching this conclusion, the IRS looked at and distinguished DST1 from the entities in *Bollinger* and Revenue Ruling 92-105. The IRS found that there was not an agency situation akin to *Bollinger* as the beneficiaries of DST1 did not enter into an agency agreement with DST1 or its trustee. Furthermore, neither DST1 nor its trustee acted as agent for A, B or C in dealings with third parties. The IRS therefore found neither DST1 nor its trustee was an agent of DST1's beneficial owners. Revenue Ruling 92-105 was also not applicable as DST1 assumed A's obligation on the lease and loan, as compared to the beneficiary in Revenue Ruling 92-105 who retained the direct obligation to pay liabilities and taxes relating to the property. Moreover, unlike A, the beneficiary in Revenue Ruling 92-105 retained the right to manage and control the trust property.

Similarly, the Trust should not be viewed as a mere agent of the Investors because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Investors here have no 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 Trustees, Signatory Trustee or the Property Manager.[56] Further, the Investors have no right or power to (i) contribute additional assets to the Trust (other than the initial contribution of cash in exchange for Interests), (ii) be involved in any manner in the operation or management of the Trust or its assets, (iii) cause the Trust to negotiate or renegotiate leases or loans, or (iv) cause the Trust to sell its assets and reinvest the proceeds of such sale.[57]

Moreover, under the terms of the Trust Agreement, the Trust's sole business purpose shall be to own and operate the Property. The Trust (i) shall not engage in any business or have any assets unrelated to the Property, (ii) shall have its own separate books, records, and accounts (with no commingling of assets), (iii) shall hold itself out as being an entity separate and apart from any other person or entity, and (iv) shall observe statutory trust formalities independent of any other entity.[58]

These requirements and restrictions reflect an intent for the Trust to conduct activities on its own behalf rather than as an agent of the Investors. Moreover, because the Trust is organized as a DST, the Investors may exercise only those limited rights and privileges granted to beneficial owners under Delaware law. As a result, the Trust and the Investors possess substantially the same powers, limitations, and characteristics as the trust that the IRS determined to be an entity separate from its owners in Revenue Ruling 2004-86. ***Accordingly, the Trust should be treated as a separate entity from the Investors for federal income tax purposes.***

(b) Is the DST a trust or a business entity for federal income tax purposes?

Having concluded that DST1 was an entity for federal tax purposes, the IRS next analyzed whether DST1 was a trust or a business entity for federal tax purposes. The IRS looked at whether

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56 *See* Trust Agreement, §3.01, Art. 5 and Art. 7.
57 *Id.*
58 *See id.,* § 2.05.

the trust agreement conferred any power to vary the investment of the trust's beneficial owners. Because the duration of DST1 was identical to the duration of the loan and lease, the financing and leasing terms governing the trust's primary asset (Blackacre) were fixed for the entire life of the trust. In addition, the trustee was authorized to invest only in short-term obligations that matured before the next quarterly distribution date and was required to hold such obligations to maturity.

The trust agreement further required that (i) all cash generated from Blackacre, as well as all interest earned on short-term obligations, be distributed quarterly, (ii) no additional capital contributions could be made by the beneficiaries, (iii) the trust could not incur additional borrowing, and (iv) any disposition of Blackacre would trigger termination of the trust. Based on these constraints, the IRS concluded that the trust instrument eliminated any possibility of reinvestment of amounts received by the trust.

In its analysis, the IRS emphasized that the trustee's powers were limited to the ministerial functions of collecting and distributing income. The trustee lacked authority to exchange Blackacre for other property, purchase assets other than the permitted short-term investments, or accept any additional contributions of assets, including cash. The trustee also could not renegotiate the terms of the debt incurred to acquire Blackacre, nor could it renegotiate the lease with Z or enter into leases with any other tenants, except in the event of Z's bankruptcy or insolvency. The trustee's ability to modify the property was also narrowly circumscribed, limited only to minor non-structural modifications or modifications required by law.

The IRS observed that these limitations deprived the trustee of any powers indicative of an intent to engage in a profit-making business. Accordingly, the IRS determined that the trustee did not have the power to vary the investment of the trust beneficiaries, consistent with the characteristics of an investment trust. Furthermore, because all of the interests in DST1 were of a single class representing undivided interests in the assets of DST1 and DST1's trustee had no power to vary the investment of the certificate holders, DST1 was classified as "trust" under Treasury Regulation Section 301.7701-4(c)(1) and not as a business entity for federal income tax purposes.

While the IRS held that the circumstances in Revenue Ruling 2004-86 allowed for the transfer of interests in a DST to qualify for Section 1031 treatment, the IRS identified certain powers of the trustee that would preclude this treatment from being available. Specifically, a DST would constitute a business entity if the trustee has the power to do any of the following:[59]

(i) dispose of the real property and the acquisition of new property;

(ii) renegotiate the master lease[60] on the property;

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[59] These seven actions are commonly referred to in the DST world as the "Seven Deadly Sins."
[60] Z's lease in Revenue Ruling 2004-86 was a master lease.

(iii) enter into leases other than that with the master tenant (except in the case of the master tenant's bankruptcy or insolvency);

(iv) renegotiate the obligation utilized to acquire the real property;

(v) receive additional capital contributions from the interest holders;[61]

(vi) invest cash received to profit from market fluctuations; or,

(vii) modify the real property other than minor, non-structural modifications required by law.

It is not enough that the trustee refrain from taking any of the aforementioned actions. Rather, the trust agreement must provide that the trustee cannot possess the power to take any of these actions. The list provided for in Revenue Ruling 2004-86 builds upon earlier IRS guidance.

In Revenue Ruling 75-192, the IRS looked at a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates in short term government obligations or in certificates of deposit issued by banks with minimum stated surplus and capital that mature prior to the following distribution date.[62] The IRS found that the power was not a power to vary the trust's investments because the trust agreement restricted the trustee to a fixed return, similar to that earned on a bank account, thereby eliminating any opportunity to benefit from market fluctuations.

In Revenue Ruling 79-77, the IRS ruled that a trust formed to hold real estate was a trust for tax purposes and not a business entity and that the trust was a grantor trust under Section 671 *et seq*. The IRS drew this conclusion because (i) the trustee's duties were limited to (A) holding title to real estate, (B) signing a 20-year triple net lease (with renewal options) for the real estate (with the consent of the beneficiaries), (C) enforcing the lease through legal or equitable actions, (D) signing other agreements, which must be approved by the beneficiaries, (E) approving minor alterations to the real estate, and (F) distributing net income of the trust to the beneficiaries, and, (ii) upon the sale of substantially all of the assets of the trust or unanimous agreement of the beneficiaries, the trust would terminate.[63]

Conversely, in Revenue Ruling 78-371, the heirs to certain real estate established a trust and transferred to the trust real estate subject to a net lease.[64] The trust agreement expressly authorized the trustees to acquire additional real estate, sell assets of the trust, invest such sales proceeds in certain types of financial products, borrow money, mortgage and lease trust property, and build or remove improvements from the trust property without the knowledge or consent of

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[61] While not in the specific list at the end of the ruling, the inability to accept additional capital is a significant factor in the IRS's analysis and is included in the list of Seven Deadly Sins.
[62] 1975-1 C. B. 384.
[63] 1979-1 C. B. 448; *see also* PLR 9352008.
[64] 1978-2 C. B. 344.

the owners of the trust. The IRS concluded that the trustee's power to engage in extensive real estate operations and to invest the sales proceeds in financial products indicated that the trust was not formed only for the purpose of protecting and conserving the trust property. The IRS therefore held that the trust was taxable as a business entity treated as corporation.

It should be noted that the power to sell trust assets does not necessarily entail a power to vary the investments of the trust.[65] To be classified for federal income tax purposes as a trust, a trustee may be empowered to sell trust assets under limited circumstances, like insolvency or bankruptcy of a party,[66] but cannot be empowered to substitute new investments to take advantage of variations in the market.[67]

In Revenue Ruling 75-374, the IRS addressed the level of joint business activity that would cause co-owners of real estate to be viewed as partners for tax purposes. The co-owners of an apartment project hired an unrelated management company to manage the apartment project.[68] The management company negotiated and executed the leases for the apartment units, collected payments from tenants, and paid taxes, assessments and insurance relating to the project. The management company performed (i) all services customarily performed in connection with the maintenance and repair of the apartment project (*e.g.*, providing heat, air conditioning, hot and cold water, unattended parking, normal repairs), and (ii) additional services such as attended parking, gas, electricity and other utilities. Customary tenant services were furnished by the management company to the tenants at no additional charge. The management company paid the costs incurred in providing the additional services and retained the charges paid by the tenants. The IRS concluded that the co-owners were not partners for tax purposes because the furnishing of customary services in connection with maintenance and repair did not render the co-ownership a partnership. The IRS also found that the management company was not an agent of the co-owners because the co-owners did not share any of the profits realized from the rendition of the non-customary additional services by the management company.

Applying this guidance to the Trust, the Trust should be treated as a trust and not as a business entity for federal income tax purposes. The arrangements provided for under the Trust Agreement and the Master Lease are similar to the arrangements described in *Chase National Bank* and Revenue Rulings 2004-86, 79-77, 75-192 and 75-374 and are distinguishable from the arrangements discussed in *North American Bond Trust* and Revenue Ruling 78-371.

First, the Trust Agreement expressly provides that all Interests in the Trust shall be of a single class.[69] Additionally, the Trust Agreement provides in Section 2.03 that the Trust shall hold trust property for investment purposes and that "[n]either the Trustees, the [Contributor], the

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[65] *Id.*
[66] 2004-2 C.B. 191.
[67] *See Comm'r v. N. Am. Bond Trust*, 122 F.2d 545 (2d Cir. 1941), *cert denied* 314 U.S. 701 (1941); *Pennsylvania Co. for Insurances on Lives and Granting Annuities v. U.S.*, 146 F.2d 392 (3d Cir. 1944); *see also* Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 73-460, 1973-2 C.B. 425.
[68] 1975-2 C. B. 261.
[69] Trust Agreement, Art. I, definition of Interest.

Investors, nor their agents shall provide services … that are not "customary services" within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261." It is also represented in the Officer's Certificate, that none of the Trust, Trustees, any employee, agent or independent contractor of the Trust will provide any services to the Master Tenant (or any subtenant).

Second, Section 2.04 of the Trust Agreement provides that (i) the Trustees are holding the Trust Property for the benefit of the Investors, subject to the obligations of the Trust, (ii) it is the intention of the parties to the Trust Agreement that the Trust constitute a "statutory trust" within the meaning of Chapter 38 of Title 12 of the Delaware Code, and that the Trust not constitute an agency, partnership, corporation, association or business trust for federal income tax purposes, and (iii) the Investors shall be treated for federal income tax purposes as owning "an undivided beneficial ownership in the Trust Property." Under Article IV, the Signatory Trustee must distribute all available cash to the "Investors on a monthly basis, after paying or reimbursing the Trustees for any fees or expenses paid or incurred by the Trustees on behalf of the Trust, paying debt service on the Loan and related expenses and retaining such additional amounts as are necessary to pay anticipated ordinary current and future Trust expenses."[70] Any undistributed cash must be invested in only short-term government obligations and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus.[71]

Third, Section 7.03 of the Trust Agreement prohibits the Trustees from taking the following actions if the effect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under Regulation Section 301.7701-4(c)(1):

> (a) reinvest any monies of the Trust, except in accordance with Section 4.02; (b) renegotiate the terms of the Loan, enter into new mortgage financing, renegotiate the Master Lease or enter into new leases except in the case of Master Tenant's bankruptcy or insolvency; (c) make other than minor nonstructural modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or new investors except as provided for in the Private Placement Memorandum; or (e) take any other action that, in the reasoned opinion of tax counsel to the Trust, should be expected to cause the Trust to be treated as a "business entity" for federal income tax purposes.[72]

Based on the foregoing, the terms of the Trust Agreement and Master Lease indicate arrangements similar to those described in *Chase National Bank* and Revenue Rulings 2004-86, 79-77, 75-192, and 75-374.

While the terms of the Trust Agreement and Master Lease are similar to Revenue Ruling 2004-86, there are certain features of the Trust and the Trust Agreement that were not present in

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[70] *Id.*, § 4.02.
[71] *Id.*
[72] *Id.*, § 7.03.

that ruling. It is therefore necessary to consider the impact, if any, that these features have on the classification of the Trust.

Conversion Power. The Signatory Trustee has the power to convert the Trust to a limited liability company in certain specified circumstances.[73] This power should not be viewed as granting the Trustee the power to vary the investment of the Investors, a power which is prohibited under Revenue Ruling 2004-86 for a DST to qualify as an investment trust. If one of those specified circumstances occurred, the Investors would no longer be investors in a trust but instead will be investors in a newly formed limited liability company. However, the corpus of the Trust would not have changed during the continuance of the Trust as a trust for state law purposes. The IRS has ruled that a trust retains its tax status as such notwithstanding arrangements whereby the beneficiaries may re-invest distributions in a newly formed trust, noting that "[t]he plan does not involve re-investment in the original trust."[74] The IRS has issued multiple private letter rulings providing that such arrangements amount to a reinvestment of trust distributions into the original trust only if the subsequent trust in substance is simply a continuation of, and therefore the same trust as, the original trust. As a limited liability company and not a trust, any limited liability company into which the Trust is converted cannot be the same entity as the original Trust.[75]

Affiliate Relationship. The Signatory Trustee, the Master Tenant, the Asset Manager, and the Property Manager are affiliated entities. Accordingly, the operational and managerial activities conducted by the Master Tenant and/or the Property Manager with respect to the Property could, at least arguably, be attributed to the Signatory Trustee and/or the Asset Manager for federal income tax purposes. If such activities were imputed to the trustee or its affiliates, the Trust could be viewed as engaging in business operations rather than merely holding property for investment, thereby creating a risk that the Trust would be classified as a business entity rather than an investment trust.

We do not believe that the relationship between the Signatory Trustee, on the one hand, and the Master Tenant and/or the Property Manager, on the other, leads to the conclusion that the Trust is engaged in the operation of the Property. The Signatory Trustee is a separate legal entity from both the Master Tenant and the Property Manager under applicable state law and for federal income tax purposes. In addition, the Trust Agreement expressly requires the Signatory Trustee to act with the objective of conserving and protecting the Trust property for the benefit of the Investors.[76] The Signatory Trustee is also subject to the implied contractual covenant of good faith

[73] *Id.,* § 9.02. The circumstances are if: (i) the Property is in jeopardy of being foreclosed upon due to a default on the Loan, (ii) the Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Property, (iii) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests, and the Signatory Trustee is prohibited from taking actions to cure or mitigate the event(s) described in clauses (i), (ii) or (iii) by reason of the restrictions set forth in Section 7.03 of the Trust Agreement, or (iv) the Signatory Trustee is required to do so pursuant to the Loan Documents.
[74] Rev. Rul. 81-238, 1981-2 C. B. 248.
[75] *Id*; PLR 199943042 (July 23, 1999); PLR 200007006 (Nov. 15, 1999). While private letter rulings may not be used or cited as precedent, they are nonetheless illustrative and provide general guidance on the position of the IRS.
[76] Trust Agreement, § 6.04.

and fair dealing under Section 3806(c) of the Delaware Statutory Trust Act. Consistent with these obligations, the Signatory Trustee's responsibilities under the Trust Agreement are ministerial in nature. Accordingly, the affiliation among these entities should not, on balance, cause the Trust to be treated as engaging in the operation of the Property or otherwise undermine its characterization as an investment trust.

Likewise, we do not believe that the relationship between the Asset Manager, on the one hand, and the Master Tenant and/or the Property Manager, on the other, warrants treating the Trust as engaged in the active operation of the Property. The Asset Manager is a distinct legal entity from both the Property Manager and the Master Tenant under applicable state law and for federal income tax purposes. The Asset Manager's responsibilities pertain to the administration of the Trust itself rather than to the management or operation of the Property, and the duties imposed under the Asset Management Agreement do not exceed those of the Signatory Trustee. Moreover, the Sponsor has represented that neither the Asset Manager nor the Signatory Trustee will provide services to the Master Tenant or the Property Manager. For these reasons, we conclude that the relationship between the Asset Manager and the Master Tenant and/or the Property Manager should not, on balance, prevent the Trust from qualifying as an investment trust.

Certain Capital Improvements. The Trust has the obligation under the Master Lease to fund certain capital improvements with respect to the Property. Specifically, the Trust is responsible for all "Capital Expenses" which are defined as the costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which are not Operating Costs (as such term is defined in the Master Lease) and would be capitalized under generally accepted accounting principles, including but not limited to (i) replacement of and extraordinary service with respect to roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, parking lots, windows, foundations, exterior walls and all load bearing walls, exterior doors and doorways, windows, elevators, fences, gates and HVAC systems and components thereof, (ii) all costs of any type arising with ongoing environmental testing and related matters and (iii) exterior painting or other façade maintenance. The DST in Revenue Ruling 2004-86 did not have such obligation.

In Revenue Ruling 2004-86, the IRS asserted that a state-law trust may be classified as a business entity for federal income tax purposes if the trustee possesses authority under the trust agreement to make more than minor, non-structural modifications to the leased property that are not required by law. The precise contours of this rule, however, are not clearly defined. Modifications mandated by law should not, in our view, convert a trust into a business entity, as such changes are imposed externally rather than undertaken voluntarily by the trustee. With respect to modifications not required by law, we believe that alterations made or funded by a trust to property it owns and leases to a tenant, regardless of whether such modifications are minor or more than minor, and whether structural or non-structural, should result in business-entity classification only where the modifications fundamentally alter the character of the property. Examples of such fundamental changes would include converting a multifamily building into a hotel, converting a self-storage facility into an office building, or expanding a five-story commercial or residential building into a thirty-story structure of the same general type. Such changes typically reflect an intent to enhance profitability and thereby increase the value of the trust property, conduct more akin to that of a business enterprise. Conversely, voluntary modifications undertaken solely to protect or conserve the trust property, such as replacing a leaky roof or repairing a structurally compromised load-bearing wall, should not be viewed as varying the beneficiaries' investment. Any incidental increase in property value resulting from such protective measures would be ancillary to the trustee's overarching obligation to preserve the trust corpus, not evidence of a profit-motivated business operation.

In Revenue Ruling 2004-86, the IRS relied on *North American Bond Trust* for the principle that a power to vary the investment of certificate holders exists when the trust agreement confers managerial authority that enables the trust to capitalize on market fluctuations to enhance investor returns. In addition to the ability to make property modifications, the IRS identified four examples of such impermissible powers: (i) to dispose of trust property and acquire new property; (ii) to renegotiate an existing lease or enter into new leases; (iii) to renegotiate or refinance trust indebtedness; and (iv) to invest cash, except in narrowly circumscribed situations.[77] Each of these powers alters the investment of the trust beneficiaries either by substituting new property for the existing trust corpus or by enabling the trustee to respond to market conditions (such as securing higher rents, obtaining more favorable interest rates, or investing cash for a return) in a manner consistent with active, profit-seeking business operations. Consequently, the presence of any such power is sufficient to transform the arrangement into a business for federal income tax purposes. By contrast, in Revenue Ruling 79-77, the IRS concluded that a lessor trust's ability to consent to tenant-requested alterations not required by law did not constitute a power to vary the trust's investments, provided the trustee reasonably believed the alterations were necessary to protect and conserve the trust estate. Similarly, in Revenue Ruling 90-63, the IRS held that a trustee's power to consent to a change in the credit support for tax-exempt bonds held by the trust did not amount to a proscribed investment-varying power. The IRS reasoned that the trustee acted with the objective of preserving the value of the trust assets by maintaining the credit rating of the bonds, and any resulting increase in asset value was incidental to that protective purpose rather than reflective of trading to profit from market movements.[78]

Here, as represented in the Officer's Certificate, (i) the capital improvements to the Property funded by the Trust and not required by law will not change the fundamental nature of the Hotel as a hotel or materially change the size of the Hotel, (ii) the obligation of the Trust to fund capital improvements has not been entered into by the Trust to take advantage of variations in the market to improve the investment of the Investors but rather has been entered into by the Trust in order to protect and conserve the Property for the Investors, and (iii) any increase in the value of the Property attributable to such capital improvements will be incidental to that purpose. We do note that the Franchise Agreement does require the Trust to make certain PIP Improvements by 2031. We have reviewed these improvements and, in our judgment, these types of modifications should not cause the Trust to be classified as a business entity for federal income tax purposes.

[77] Rev. Rul. 2004-86.
[78] Rev. Rul. 79-77, Rev. Rul. 90-63.

Therefore, the Trust's obligation to fund capital improvements should not cause the Trust to be classified as a business entity for federal income tax purposes.

Loan Defaults Impact on Trust Corpus. Nothing in the remedial provisions of the Loan Documents constitutes a power under the Trust Agreement to vary the investment of the Investors (or creates a second class of ownership interests in the Trust). However, the corpus of the Trust would change if the Lender were to foreclose on the Property or terminate the Master Lease, or both, in consequence of a Loan Event of Default. As such, either the Trust corpus would then consist of the Property alone (if the Lender elected to terminate the Master Lease but not to foreclose on the Property) or else the Trust corpus would then be essentially nothing (if the Lender elected to foreclose on the Property). Either way, the Trust would have no choice but to liquidate, since either its property would have been taken from it (in the event of foreclosure) or it would retain title to the Property with no ability (absent a Master Tenant bankruptcy or insolvency) to renegotiate the Loan or to re-lease the Property given the constraints imposed under Revenue Ruling 2004-86.

However, the change in the Trust corpus would be the result of a power of the Lender under the Loan Documents, and not a power of the Trustees under the Trust Agreement. The only power the Trustees would have under the Trust Agreement would be to distribute whatever property the Trust has to the Investors in proportion to their percentage interests in the Trust (as tenants in common if the distributed property consisted of the Property) or to convert the Trust to a limited liability company (which in effect would be a distribution to the Investors of undivided interests in the Property and/or percentage interests in any other Trust property including cash coupled with contributions of the distributed property by the Investors to the limited liability company).

Even if a change in the composition of the Trust corpus pending liquidation of the Trust were a result of the existence of a power under the Trust Agreement, the change in corpus should not result in a violation of Treasury Regulation Section 301.7701-4(c). The investment trust provisions of Treasury Regulation Section 301.7701-4(c) is commonly referred to as the "**Sears Regulations**". Setting out the conceptual framework for what later became the Sears Regulations, Judge Learned Hand stated in *North American Bond Trust* that there is no power to vary the investment of trust beneficiaries where the assets of the trust "were 'frozen,' so to speak, for the duration of the trust" such that the trust agreement did not confer "an opportunity to take advantage of variations in the market." The IRS subsequently ruled that "[t]he existence of a power to sell trust assets does not give rise to a power to vary the investment [of the trust beneficiaries]. Instead, it is the ability to substitute new investments, the power to reinvest, that requires an investment trust to be classified as an association [taxable as a corporation or as a partnership]."[79] The Trust here at issue may sell its assets to its Lender (by means of a foreclosure) or to a third party (and

[79] Rev. Rul. 78-149, 1978-1 C. B. 448.

use the proceeds in whole or part to satisfy the Loan), but it does not have authority under the Trust Agreement to reinvest sales proceeds to take advantage of market variations.[80]

For the reasons described above, we do not believe the differences between the structure for the Trust and the structure for DST1 in Revenue Ruling 2004-86 should result in the Trust being classified differently than DST1. The Trust only has a single class of ownership and the Trustee does not have the power to vary the investment of the Investors during the term of the Trust. Under Treasury Regulation Section 301.7701-4(c)(1), the Trust should be classified as an investment trust and thus should be treated as a trust for federal income tax purposes.

Based on the foregoing, it is our opinion that the Trust should be treated as a trust under Treasury Regulation Section 301.7701-4 for federal income tax purposes and not as a business entity.

B. The Investors should be treated as grantors and therefore should be treated as owning direct interests in the Property for federal income tax purposes.

Having concluded that the Trust should be treated as a trust for federal income tax purposes, the next issue is the treatment of the Investors and their Interests. This was the second issue that the IRS addressed in Revenue Ruling 2004-86.

1. The Investors should be treated as grantors of the Trust.

A "grantor" of a trust is any person that either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[81] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[82] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust described in Treasury Regulation Section 301.7701-4(c).[83]

In Revenue Ruling 2004-86, the IRS held that the holders of the DST1 interests became grantors of the trust under Treasury Regulation Section 1.671-2(e)(3) when they acquired their interests in DST1.[84] The Investors will acquire their interests in the Trust from the Trust in exchange for their cash subscriptions. ***Accordingly, the Investors should be treated as grantors of the Trust.***

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[80] *See id. See also* PLR 9212015 (Dec. 19, 1991) (power to sell trust corpus for stock and cash and distribute same to beneficiaries in liquidation of the trust merely facilitates the liquidation of the trust and is not a power to vary the investment of the beneficiaries).
[81] Treas. Reg. § 1.671-2(e)(1).
[82] Treas. Reg. § 1.671-2(e)(2).
[83] Treas. Reg. § 1.671-2(e)(3).
[84] Rev. Rul. 2004-86.

2. The Trust should be treated as a grantor trust.

The grantor of a trust is treated as the owner of a portion of the trust in certain circumstances. When this occurs, the trust is a so-called “grantor trust.” Under Section 677(a), a grantor of a trust is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party[85] 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.

In Revenue Ruling 2004-86, the IRS held that each of the holders of DST1 interests had the right to distributions of all trust income attributable to their undivided fractional interests in DST1. Accordingly, each of the holders of DST1 interests were considered to own the trust assets attributable to that interest for federal income tax purposes.[86] DST1 was thus a grantor trust.

As in Revenue Ruling 2004-86, the Trust meets the conditions necessary for treatment as a grantor trust. Section 2.04 of the Trust Agreement specifies that the Investors intend to be regarded, for federal income tax purposes, as directly owning their proportionate share of the Property and other Trust property and requires them to report their Interests consistently with that treatment. Under Article IV, the Signatory Trustee must distribute all available cash to the Investors in proportion to their Interests after satisfying debt service obligations on the Loan, paying related expenses, and withholding only such amounts as are reasonably necessary to maintain reserves for current and anticipated ordinary Trust expenses. Additionally, Section 5.01(c) provides that, once the Trust has more than one Investor, it may not be treated as a business entity and instead must be classified as an investment trust pursuant to Treasury Regulation Section 301.7701-4(c) and “grantor trust” within the meaning of Subpart E of Part 1, Subchapter J of the Code (*i.e.*, Sections 671 *et seq*.).

Based on the foregoing, the Trust should qualify as grantor trust because its income may be distributed, or retained for future distribution, to the Investors without the involvement or approval of any adverse party.

3. As grantors of a grantor trust, each of the Investors should be treated as owning an undivided fractional interest in the Property.

When a grantor is treated as the owner of any portion of a trust, the grantor must include in computing taxable income all items of income and deduction attributable to that portion of the trust, to the extent those items would be taken into account in computing the taxable income of an individual. Section 671 provides that a grantor includes in their taxable income the items of income and deduction associated with any portion of a trust of which the grantor is treated as the owner.

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[85] For these rules, an “adverse party” is an individual with a substantial beneficial interest in the trust who would be adversely affected by the grantor’s exercise or nonexercise of the relevant power, while a “nonadverse party” is any person who does not satisfy that definition. § 672(a), Treas. Reg. § 1.672(a)-1.
[86] Rev. Rul. 2004-86.

For federal income tax purposes, any item required to be included in the grantor's income under Section 671 is treated as if it had been received, earned, paid, or incurred directly by the grantor.[87]

In Revenue Ruling 2004-86, the IRS determined that an individual treated as the grantor of a grantor trust is regarded, for federal income tax purposes, as owning a proportionate share of the trust's underlying assets. The IRS further stated "[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 (§§ 671 and following), is considered to own the trust assets attributable to that undivided fractional interest of the trust for federal income tax purposes." [88] More simply, where a grantor trust holds real property, the grantor is treated as owning a fractional interest in that real property. As a result, an exchange of real property for an interest in such a grantor trust qualifies as an exchange of real property for real property, and therefore may be completed without the recognition of gain or loss under Section 1031, provided all other statutory and regulatory requirements are satisfied.

Upon the issuance of Interests to the Investors, the Trust will meet the federal tax requirements for classification as both an investment trust and a grantor trust. As a result, the Investors should be treated, for federal income tax purposes, as directly owning undivided interests in the property held by the Trust. ***Based on the foregoing, we are of the opinion that each Investor should be treated as receiving a direct interest in the Property for purposes of Section 1031.***

C. The Master Lease should be respected as a true lease for federal income tax purposes.

While we are of the opinion that each Investor should be treated as acquiring a direct interest in the underlying Property, this Opinion is dependent on the Master Lease being respected as a true lease for federal income tax purposes. If the Master Lease is reclassified as either a financing or a partnership for tax purposes, the asset that the Investors would be treated as acquiring would not be an undivided interest in the Property (i.e., the real property for federal income tax purposes) and thus would not qualify for Section 1031 treatment.

1. The Master Lease should be respected as a true lease and not a financing for federal income tax purposes.

In determining whether the Master Lease will be respected as a true lease rather than being reclassified as a financing for federal income tax purposes, there are no controlling statutory or judicial tests. There is, however, a significant body of authority that distinguishes leveraged lease arrangements from financing transactions.[89] Under these authorities, the IRS and the courts examine

[87] Treas. Reg. §§ 1.671-2(a), (c).
[88] *See* Rev. Rul. 2004-86 (citing to 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* § 1.1001-2(c), Example 5).
[89] *See, e.g., Frank Lyon Co. v. United States*, 435 U.S. 561 (1978); Rev. Proc. 2001-28, 2001 1 C.B. 1156 and lease transactions from conditional sales -*see, e.g., Transamerica Corp. v. United States, 7 Cl.* Ct. 441 (1985); Rev. Proc. 95-38, 1995-2 CB 397; Rev. Rul. 55-540, 1955-2 C.B. 39

the respective benefits and burdens held by the parties to the transaction to determine who is the owner, for federal income tax purposes, of the property that is purported to be leased.

The intent of the parties has been identified as a critical factor in numerous cases.[90] The critical intent is not whether the parties intend that the transaction should be treated as a lease, but whether the parties intend that equity in the subject property be transferred to the person that, under the form of the transaction, is the lessee.

Revenue Ruling 55-540[91] provides that absent compelling factors otherwise, a transaction should be treated as a purchase and sale rather than a lease if one or more of the following conditions are present:

(i) Portions of the periodic payments are made specifically applicable to an equity interest to be acquired by the lessee.

(ii) The lessee will acquire title upon the payment of a stated amount of "rental payments" it is required to make under the contract.

(iii) The total amount that the lessee is required to pay for a relatively short period of use constitutes an inordinately large proportion of the total sum required to be paid to secure the transfer of the title.

(iv) The agreed "rental" payments materially exceed the current fair rental value.

(v) The property may be acquired under a purchase option at a price that is nominal in relation to the value of the property at the time when the option may be exercised, as determined at the time of entering into the original agreement, or that is a relatively small amount when compared with the total payments that are required to be made.

(vi) Some portion of the periodic payments is specifically designated as interest or is otherwise readily recognizable as the equivalent of interest.

Likewise, Revenue Procedure 2001-28,[92] sets forth the requirements that must be met for a lessor in a leveraged lease to obtain a private letter ruling from the IRS that such lessor is the owner of the property for federal income tax purposes. Revenue Procedure 2001-28 requires, among other things, that: (i) the lessor have and maintain equity in the property equal to at least twenty percent of the cost of the property, which equity must be in the form of consideration paid or personal liability incurred by the lessor to purchase the property; (ii) a reasonable estimate of the remaining useful life of the property at the end of the lease term be the longer of one year or twenty percent of the originally

[90] *See, e.g., Oesterreich v. Commissioner,* 226 F.2d 798 (9th Cir. 1955), and *Kansas City Southern Railway v. Commissioner,* 76 T.C. 1067 (1981).
[91] 1955-2 C.B. 39. While the Revenue Ruling involves the sale versus lease of equipment, the factors listed by the IRS drew in part from cases involving real property and are relied upon by the IRS therefore likewise relevant in the sale versus lease analysis of real property. *See, e.g.,* Rev. Proc. 2001-28, 2001-1 C.B. 1156.
[92] 2001-1 C.B. 1156.

estimated useful life of the property; (iii) all renewal rights and purchase options be at fair market value; and (iv) the lessor, over the term of the lease, expects to receive an overall profit and expects to have positive cash flows.

In considering whether a transaction is more properly characterized as a financing arrangement or as an acquisition by the landlord followed by a lease to the lessee, the Tax Court looks to: (i) the existence of useful life of the property in excess of the leaseback term; (ii) the existence of a purchase option at less than fair market value; (iii) renewal rental rates at the end of the leaseback term set at fair market value rent; and (iv) the reasonable possibility that the purported owner of the property can recoup its investment in the property from the income producing potential and residual value of the property.[93]

In addition, in assessing whether an entity possesses sufficient benefits and burdens as a lessor to be considered the owner of a property for federal income tax purposes, the factors set forth in *Grodt & McKay Realty, Inc.*,[94] for determining whether a sale has occurred are instructive.[95] In that case, the Tax Court enumerated eight factors that were relevant in determining whether a sale had occurred so that the purported transferee of property should be regarded as the owner for tax purposes:

(i) whether legal title passed;

(ii) whether the parties treated the transaction as a sale;

(iii) whether the contract of sale created a present obligation on the seller to execute and deliver a deed and a present obligation on the purchaser to make payments;

(iv) whether the alleged purchaser acquired an equity interest in the properties;

(v) whether the purchaser was vested with the right of possession;

(vi) whether the purchaser paid property taxes following this transaction;

(vii) whether the purchaser bore the risk of loss or damage to the properties; and

(viii) whether the purchaser received the profit from the operation and sale of the property.

Although the *Grodt & McKay* factors were developed to distinguish a purported sale from a transaction that failed to transfer tax ownership out of the seller's hands, in our view, these factors are also important in distinguishing a purported lease which would cause a disposition of the subject property for federal income tax purposes.

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[93] *See Torres*, 88 T.C. at 721 *(citing Estate of Thomas v. Commissioner*, 84 T.C. 412, 436 & 438 (1985).

[94] 77 T.C. 1221 (1981).

[95] *See* F.S.A. 199920003 (Jan. 12, 1999) ("synthetic lease" treated as financing transaction for federal income tax purposes, applying the *Grodt & McKay* factors).

The Tax Court has been careful to note that some of the factors enumerated in *Grodt & McKay Realty,* are less relevant where the lease of the property is a net lease. For instance, because net leases are common in commercial settings, it is less relevant that the lessor is not responsible for the payment of property taxes or that the lessor bears less of a risk of loss or damage to the property since the lessee is required to maintain insurance. Similarly, a lessor typically is not vested with the right of possession during the lease term. Therefore, the more relevant consideration is whether the useful life of the property extends beyond the lease term so that the lessor has a meaningful possessory right in the property. Also, in a lease transaction the lessee normally receives profits from the operation of the property while the lessor's receipt of payments depends less upon the operation of the property.[96]

With respect to the factors considered by the Tax Court in *Torres,* the first factor relevant to respecting the validity of a lease is whether the useful life of the property exceeds the lease term. To be a valid lease, the property must return to the lessor at the end of the lease term with a significant residual value.

With respect to the Master Lease, the facts support treating the Master Lease as a true lease for federal income tax purposes. The Master Lease is structured in form as a lease: (i) it grants the Master Tenant the right to possess and use the Property for a stated term of years, and (ii) it provides the Trust, as lessor, with traditional lessor remedies, including the right to repossess the Property in the event of an uncured default. In addition, as represented in the Officer's Certificate, the Trust has made a substantial equity investment in the Property, reasonably anticipates that the improvements will retain a significant remaining economic useful life and residual value at the end of the Master Lease term (assuming exercise of all renewal options), and reasonably expects to realize a substantial economic profit from the Master Lease and from subsequent leasing or disposition of the Property. As also represented in the Officer's Certificate, neither the Master Tenant nor any affiliate holds an option to purchase the Property from the Trust.

Based on the foregoing, it is our opinion that the Master Lease should be respected as a true lease and not be reclassified as a financing for federal income tax purposes.

2. The Master Lease should be respected as a true lease and not deemed a partnership for federal income tax purposes.

The term "partnership" is defined 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.[97] In *Commissioner v. Culbertson,*[98] the U.S. Supreme Court stated that a partnership will exist for federal income tax purposes only when "considering all the facts…the parties in good faith and acting with a business purpose intended to join together in the present conduct of the enterprise." Relevant facts include: the agreement, the conduct of the parties in execution of its

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[96] *See Torres, supra.*
[97] §§ 7701(a)(2) and 761(a).
[98] 337 U.S. 733 (1949).

provisions, their statements, the testimony of disinterested persons, the relationship of the parties, their respective abilities and capital contributions, the actual control of it, and the purposes for which it is used, and any other facts throwing light on their true intent.

An arrangement need not constitute a separate entity under applicable non-tax law to be treated as a business entity for federal income tax purposes. Accordingly, an economic relationship governed by a contract that does not create a legal entity under local law, such as the relationship created by the Master Lease, may constitute an organization that rises to the level of an entity for purposes of the check-the-box regulations. A contractual arrangement will create a separate entity for federal income tax purposes and will constitute a business entity potentially classifiable as a partnership for tax purposes "if the participants carry on a trade, business, financial operation, or venture and divide the profits therefrom."[99]

The following is a discussion of key factors that the courts have focused on when determining whether there is a partnership or a lease for federal income tax purposes.

(a) Form of Agreement and Intent

Key in determining whether an agreement is a partnership or lease is the form of the agreement and the parties' intent.[100] The Master Lease grants to the Master Tenant the right to possession and use of the Property for a term of years, which is the classic indicia of a lease, and the Trust has lessor remedies such as repossession of the Property in the case of an uncured event of default thereunder by the Master Tenant. The Master Lease specifically states that the parties do not intend to form a partnership or joint venture.[101] The Master Lease further states that it is intended to be characterized as a true lease and that the parties shall reflect the Master Lease as such in all applicable books, records and reports, including income tax filings.[102] The intent and form of the Master Lease is clearly for the Master Lease to be treated as a lease for federal income tax purposes.

(b) Contributions

The contribution of capital and/or services together in an enterprise such that the parties are required to deal with each other to realize the economic benefits from the property results in the arrangement generally being characterized as a partnership.[103] The Trust and the Master

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[99] Treas. Reg. §§ 301.7701-1(a)(1), 301.7701-1(a)(2), 301.7701-2(a).
[100] *See Culberston v. Comm'r,* 337 U.S. 733 (1949); *Haley v. Comm'r*, 203 F.2d 815 (5th Cir. 1953), *rev'g and rem'g* 16 T.C. 1509 (1951) (citing *Culbertson* and stating that a transaction will be treated as a partnership rather than a lease "if the agreements and the conduct of the parties . . . plainly show the existence of such [a partnership] relationship, and the intent to enter into it").
[101] *See* Master Lease at § 3.11.
[102] *Id*.
[103] *See Bussing v. Comm'r*, 88 T.C. 449 ("A partnership for federal income tax purposes is formed when the parties to a venture join together capital or services with the intent of conducting a business or enterprise and of sharing the profits and/or losses of the venture").

Tenant do not intend to pool either their capital or services. The Trust will make the Property available to the Master Tenant and will not participate in, or provide services to, the Master Tenant's business (except to the extent necessary to protect its investment in the Property). Similarly, the Master Tenant will not provide capital to enable the Trust to acquire or improve the Property and will not provide services to the Trust (except to the extent necessary to comply with its obligations under the Master Lease).

(c) Sharing of Profits as Co-Owners

A partnership exists "if the participants carry on a trade, business, financial operation, or venture and divide the profits therefrom."[104] A sharing of profits alone, though, is insufficient to create a partnership in a business enterprise if the requisite element of co-ownership is not established.[105] Under the Master Lease, Additional Rent and Bonus Rent payable under the Master Lease are determined by reference to specified percentages of the Master Tenant's gross income above stated thresholds. Sharing in gross income above a threshold may, in some circumstances, approximate sharing in net income. In addition, the Master Tenant may be entitled to a fee equal to a percentage of the Trust's gross proceeds from a sale of the Property, and the amount of this fee varies with certain performance-based metrics under the Master Lease. Under the Treasury Regulations, the sharing of gross rents, without more, should not to create a partnership arrangement.[106] The sharing between the Master Tenant and the Trust is only in the context that the Trust might share in certain gross percentage rent, as a landlord and not as a partner, to the extent such rent exceeds a set base.[107] Finally, the Uncontrollable Expenses contemplated under the Master Lease should not be of sufficient magnitude, individually or together with the foregoing features, to convert the Master Lease from a true lease into a partnership arrangement for federal income tax purposes. Thus, the Trust and the Master Tenant should not be viewed as sharing in the net profits from the Property.

With respect to the Asset Manager's participation in disposition proceeds, the Asset Management Agreement provides that any Disposition Fee payable to the Asset Manager constitutes consideration for the Asset Manager's agreement to provide such services to the Trust as the Trust may reasonably request in connection with a disposition of the Property, such that the fee represents compensation for services performed (or for the Asset Manager's agreement to stand

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[104] Treas. Reg. § § 301.7701-1(a)(1), (2), 301.7701-2(a).

[105] *See, e.g.*, Treas. Reg. § 301.7701-1(a)(2) (if an individual owner of farm property leases it to a farmer for a cash rental or a share of the crops, they do not necessarily create a separate entity for federal tax purposes); *Grandview Mines v. Comm'r*, 282 F.2d 700 (9th Cir. 1960), *aff'g* 32 T.C. 759 (1959) (sharing of lessee's net profits from leased property not recharacacterized as partnership); *Freesen v. Comm'r*, 84 T.C. 920 (1985) ('The fact that the consideration paid for the use of property is a function of net profits, does not require a finding that a joint venture exists").

[106] Treas. Reg. § 1.761-1(a); Treas. Reg. § 301.7701-1(a)(2).

[107] As noted above, we believe that the limited categories of expenses included in Uncontrollable Costs (*i.e.*, real estate taxes and similar impositions, insurance and utilities) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Master Lease should still be properly viewed as a true lease and not a deemed partnership. As such, the Uncontrollable Costs adjustment mechanism in the Master Lease should not be viewed as a sharing of profits or losses and, therefore, is not indicative of a deemed partnership.

ready to perform such services). This fee should not be viewed as a sharing of the residual value of the property. The fee is also calculated as a percentage of the gross sales price of the property, rather than net proceeds, net sales price after repayment of indebtedness and selling costs, or the Trust's taxable gain, and is further reduced by third-party broker costs, subject to a stated limitation.

(d) Sharing of Losses as Co-Owners

While the regulations look to the sharing of profits rather than the sharing of losses when determining whether an arrangement is a partnership, the sharing of losses is often a factor considered by the courts when determining whether an arrangement is a lease or a partnership.[108] The Master Tenant does and will not share in any losses of the Trust and rent is payable to the Trust even if the Master Tenant is operating at a loss.[109]

(e) Control of the Business

An arrangement whereby two or more persons share the profits of a common undertaking does not constitute a joint venture in the absence of the power to control.[110] Typically, a lessor does not jointly manage the leased property with the lessee. The right of a lessor to participate in the management of the property, therefore, is an important factor distinguishing leases from partnerships.[111] Under the terms of the various agreements, the Trust will have limited rights to participate in the management of the Property.[112] The Property Manager and Master Tenant will have the right to manage the day-to-day operation of the Property.[113] While any decision to sell or refinance the Property will be made by the Signatory Trustee, this right is typical for a lessor to possess as the owner of the Property and, therefore, does not support partnership characterization.

The Trust should not be treated as engaged in carrying on a trade or business in partnership with the Master Tenant with a view to dividing the profits therefrom. The Master Lease should be respected as a true lease and not be deemed a partnership for federal income tax purposes.

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[108] *See, e.g.*, *Comm'r v. Tower*, 327 U.S. 280, 287 (1946); *Bussing v. Comm'r*, 88 T.C. 449, 60 1987 WL 49277 (1987), *reconsideration denied by* 89 T.C. 1050, 1987 WL 45773 (1987); *Luna v. Comm'r*, 42 T.C. 1067, 1078; *Bergford v. Comm'r*, 12 F.3d 166 (9th Cir. 1993) (looking both to sharing of profits and losses).
[109] We note that per the Master Lease, the Master Tenant is responsible for any cash shortfalls associated with operating the *property* but the Master Tenant is not responsible for any losses of the Trust. Master Lease, § 3.01(c).
[110] *Joe Balestrieri and Co. v. Comm'r*, 177 F.2d 867 (9th Cir. 1949); *O'Connor v. Comm'r*, T.C. Memo 1960-70 (broker split profits but compensated for losses).
[111] *See, e.g.*, *Grandview Mines*, 282 F.2d 700; *Haley*, 203 F.2d 815.
[112] *See* Master Lease and Property Management Agreement; *see also* Asset Management Agreement, Exhibit A.
[113] Property Management Agreement, §2.02.

IV. Overall Conclusion and Opinion

Based on the foregoing and subject to the assumptions and qualifications set forth herein, and assuming current law is not amended, we are of the opinion that the acquisition of Interests by the Investors should be treated as the direct acquisition of interests in the Property for purposes of Section 1031.

This Opinion does not address whether an Investor will otherwise satisfy the requirements for non-recognition treatment under Section 1031.

V. Effect of Opinion Letter

We do not assume any responsibility for, and make no representation that we have independently verified, the accuracy, completeness, or fairness of the statements contained in the Memorandum.

Our Opinion depends upon the Trust's compliance with the Trust Agreement and other Reliance Documents, which compliance will not be reviewed by us. Our Opinion is subject to and limited by the assumption that the offering and issuance of Interests pursuant to the Memorandum will be made as provided in the Memorandum, including the assumption that all purchasers of the Interests are accredited investors and will meet the suitability standards provided in the Memorandum, will complete and execute the subscription agreement, and will pay the subscription price. We will not review on a continuing basis the Trust's compliance with documents, assumptions or representations.

The foregoing opinions are limited to the U.S. federal income tax matters addressed herein, and no other opinions are rendered with respect to other U.S. federal income tax matters or to any issues arising under the tax laws of any other country, or any state or locality. Such opinions are based on the Code, the Regulations, and existing administrative and judicial interpretations thereof (including private letter rulings issued by the Service), all as they exist as of the date of this Opinion letter. We undertake no obligation to update the opinions expressed herein after the date of this Opinion. This Opinion may not be distributed, quoted in whole or in part or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

Other than as expressly stated above, we express no opinion on any issue relating to the Trust including, without limitation, any investment therein.

With best regards,

Nelson Mullins Riley + Scarborough, LLP

NELSON MULLINS RILEY & SCARBOROUGH, LLP

EXHIBIT E

Financial Forecast

THE FINANCIAL FORECAST CONTAINED HEREIN SHOULD NOT BE CONSTRUED AS A PREDICTION OF THE ACTUAL OPERATING RESULTS OF THE PROPERTY OR THE ACTUAL RESULTS OF INVESTING IN THE INTERESTS. THE FINANCIAL FORECAST IS INTENDED MERELY TO ILLUSTRATE THE POTENTIAL RESULTS THAT THE PROPERTY MIGHT ACHIEVE IF THE ACCOMPANYING ASSUMPTIONS ARE ACHIEVED. WHILE THE SPONSOR BELIEVES THAT THE ASSUMPTIONS ARE REASONABLE, THEY ARE NECESSARILY SPECULATIVE AND SUBJECT TO MANY UNCERTAINTIES AND RISKS. IT IS LIKELY THAT FUTURE EVENTS AND CONDITIONS WILL BE DIFFERENT FROM THOSE ASSUMED AND THAT ACTUAL RESULTS WILL BE DIFFERENT FROM THOSE ILLUSTRATED, AND THOSE DIFFERENCES MAY BE MATERIAL.

THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MEMORANDUM, INCLUDING, WITHOUT LIMITATION, STATEMENTS REGARDING FUTURE EVENTS, ACTIVITIES, OCCURRENCES OR PERFORMANCES, ARE INTENDED MERELY AS ESTIMATES, TARGETS, PREDICTIONS OR BELIEFS REGARDING THESE FUTURE EVENTS, ACTIVITIES, OCCURRENCES OR PERFORMANCES, UNLESS EXPRESSLY STATED OTHERWISE. FOR VARIOUS REASONS, INCLUDING THOSE SET FORTH IN THE "RISK FACTORS" SECTION OF THIS MEMORANDUM, THERE CAN BE NO ASSURANCE THAT THE ACTUAL EVENTS WILL CORRESPOND WITH THESE FORWARD-LOOKING STATEMENTS OR THAT FACTORS BEYOND THE CONTROL OF THE TRUST WILL NOT AFFECT THE ASSUMPTIONS ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED. THEREFORE, THE ILLUSTRATIVE VALUE OF THESE FORWARD-LOOKING STATEMENTS FOUND IN THIS MEMORANDUM SHOULD NOT, UNDER ANY CIRCUMSTANCES, BE CONSIDERED A GUARANTEE THAT SUCH FUTURE EVENTS, ACTIVITIES, OCCURRENCES OR PERFORMANCES WILL TAKE PLACE.

THE FINANCIAL FORECAST WAS COMPILED BY THE SPONSOR AND REPRESENTS THE SPONSOR'S BEST ESTIMATE OF THE EXPECTED PERFORMANCE OF THE PROPERTY. THE FINANCIAL FORECAST WAS NOT EXAMINED OR OTHERWISE PASSED UPON BY THE SPONSOR'S LEGAL COUNSEL.

PROSPECTIVE INVESTORS SHOULD SEEK THE ADVICE OF THEIR OWN INDEPENDENT LEGAL AND TAX ADVISERS WITH RESPECT TO AN INVESTMENT IN THE PROPERTY AND THE PROSPECTIVE RISKS AND REWARDS THEREFROM.

COURTYARD FORT LAUDERDALE WESTON

($ in millions)

DST Forecast Returns		2026	2027	2028	2029	2030	2031	2032
Base Rent (Debt Service)		$1.064	$1.064	$1.067	$1.379	$1.359	$1.340	$1.323
Additional Rent	7.15%	1.714	1.714	1.714	1.714	1.714	1.714	1.714
Bonus Rent	50.00%	0.109	0.165	0.225	0.117	0.183	0.226	0.277
Total to DST Investors		$1.824	$1.880	$1.939	$1.831	$1.898	$1.941	$1.991
Yield to DST Investors		7.61%	7.84%	8.09%	7.64%	7.91%	8.09%	8.30%
Less: Asset Management Fee	1.00%	(0.091)	(0.094)	(0.096)	(0.099)	(0.101)	(0.103)	(0.106)
Less: Third Party Expenses		(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Net to DST Investors		**$1.633**	**$1.686**	**$1.743**	**$1.632**	**$1.696**	**$1.737**	**$1.785**
Net Yield to DST Investors		6.81%	7.03%	7.27%	6.81%	7.08%	7.25%	7.45%
Average 5 Year Yield	**7.00%**							
Average 7 Year Yield	**7.10%**							

5 Year Cashflows to DST Investors

Representative $1M Investment

		Investment	Year 1	Year 2	Year 3	Year 4	Year 5
Contributions		**(1,000,000)**					
Allocation of First Mortgage Debt	42.54%	740,338					
Operating Distributions			76,063	78,393	80,877	76,364	79,148
Liquidating Distributions							1,000,000
Total Distributions			**76,063**	**78,393**	**80,877**	**76,364**	**1,079,148**
Five Year Total		**1,390,845**					

7 Year Cashflows to DST Investors

Representative $1M Investment

		Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Contributions		**(1,000,000)**							
Allocation of First Mortgage Debt	42.54%	740,338							
Operating Distributions			76,063	78,393	80,877	76,364	79,148	80,941	83,034
Liquidating Distributions									1,090,167
Total Distributions			**76,063**	**78,393**	**80,877**	**76,364**	**79,148**	**80,941**	**1,173,202**
Seven Year Total		**1,644,988**							

COURTYARD FORT LAUDERDALE WESTON
Proforma Income Statements

	YEAR 1	%	YEAR 2	%	YEAR 3	%	YEAR 4	%	YEAR 5	%	YEAR 6	%	YEAR 7	%
Rooms Available	64,240		64,240		64,416		64,240		64,240		64,240		64,416	
Rooms Sold	53,962		53,962		54,109		53,962		53,962		53,962		54,109	
Occupancy Rate	*84.0%*		*84.0%*		*84.0%*		*84.0%*		*84.0%*		*84.00%*		*84.00%*	
Average Daily Rate (ADR)	$145.47		$149.83		$153.95		$158.18		$162.53		$165.78		$169.10	
Revenue Per Available Room (RevPAR)	$122.19		$125.86		$129.32		$132.87		$136.53		$139.26		$142.04	
	1.3%		*3.0%*		*2.8%*		*2.8%*		*2.8%*		*2.0%*		*2.0%*	
DEPARTMENTAL REVENUE														
Rooms	$7,849,592	86.2%	$8,085,080	86.4%	$8,330,179	86.4%	$8,535,873	86.5%	$8,770,610	86.6%	$8,946,022	86.6%	$9,149,942	86.6%
Food & Beverage	731,180	8.0%	745,803	8.0%	762,804	7.9%	775,934	7.9%	791,452	7.8%	$807,281	7.8%	$825,683	7.8%
Miscellaneous	520,729	5.7%	531,144	5.7%	543,251	5.6%	552,602	5.6%	563,654	5.6%	$574,927	5.6%	$588,033	5.6%
TOTAL REVENUE	9,101,501	100%	9,362,027	100%	9,636,234	100%	9,864,409	100%	10,125,716	100%	$10,328,231	100%	$10,563,658	100%
DEPARTMENTAL COSTS & EXPENSES														
Rooms	1,456,963	18.6%	1,493,387	18.5%	1,527,428	18.3%	1,553,720	18.2%	1,584,795	18.1%	$1,616,490	18.1%	$1,653,338	18.1%
Food & Beverage	475,267	65.0%	484,772	65.0%	495,822	65.0%	504,357	65.0%	514,444	65.0%	524,733	65.0%	536,694	65.0%
Miscellaneous	62,488	12.0%	63,737	12.0%	65,190	12.0%	66,312	12.0%	67,639	12.0%	$68,991	12.0%	$70,564	12.0%
TOTAL DEPARTMENTAL EXPENSES	1,994,718	21.9%	2,041,897	21.8%	2,088,441	21.7%	2,124,389	21.5%	2,166,877	21.4%	$2,210,215	21.4%	$2,260,595	21.4%
GROSS CONTRIBUTION	7,106,783	78.1%	7,320,130	78.2%	7,547,793	78.3%	7,740,020	78.5%	7,958,839	78.6%	$8,118,016	78.6%	$8,303,062	78.6%
GENERAL EXPENSES														
General & Administration	484,000	5.3%	493,680	5.3%	503,554	5.2%	513,625	5.2%	523,897	5.2%	534,375	5.2%	545,063	5.2%
Credit Card Commissions	254,842	2.8%	262,137	2.8%	269,815	2.8%	276,203	2.8%	283,520	2.8%	$289,190	2.8%	$295,782	2.8%
Information and Telecom Systems	53,680	0.6%	54,754	0.6%	55,849	0.6%	56,966	0.6%	58,105	0.6%	$59,267	0.6%	$60,452	0.6%
Advertising & Promotion	264,000	2.9%	269,280	2.9%	274,666	2.9%	280,159	2.8%	285,762	2.8%	$291,477	2.8%	$297,307	2.8%
Franchise Expense (% Rooms)	981,199	12.5%	1,010,635	12.5%	1,041,272	12.5%	1,066,984	12.5%	1,096,326	12.5%	$1,118,253	12.5%	$1,143,743	12.5%
Repairs & Maintenance	391,600	4.3%	399,432	4.3%	407,421	4.2%	415,569	4.2%	423,880	4.2%	$432,358	4.2%	$441,005	4.2%
Utilities	274,002	3.0%	279,482	3.0%	285,464	3.0%	290,773	2.9%	296,589	2.9%	$302,520	2.9%	$309,416	2.9%
TOTAL GENERAL EXPENSES	2,703,323	29.7%	2,769,399	29.6%	2,838,039	29.5%	2,900,279	29.4%	2,968,080	29.3%	$3,027,441	29.3%	$3,092,769	29.3%
HOUSE PROFIT	4,403,460	48.4%	4,550,731	48.6%	4,709,754	48.9%	4,839,741	49.1%	4,990,760	49.3%	$5,090,575	49.3%	$5,210,294	49.3%
												0		
Management Fee	273,045	3.0%	280,861	3.0%	289,087	3.0%	295,932	3.0%	303,771	3.0%	$309,847	3.0%	$316,910	3.0%
												0		
Asset Management Fee	91,015	1.0%	93,620	1.0%	96,362	1.0%	98,644	1.0%	101,257	1.0%	103,282	1.0%	105,637	1.0%
Property Taxes	540,000	5.9%	567,000	6.1%	578,340	6.0%	589,907	6.0%	601,705	5.9%	$613,739	5.9%	$626,014	5.9%
Insurance	216,214	2.4%	206,254	2.2%	212,442	2.2%	218,815	2.2%	225,380	2.2%	$232,141	2.2%	$239,105	2.3%
Rents / Leases	13,500	0.1%	13,770	0.1%	14,045	0.1%	14,326	0.1%	14,613	0.1%	14,905	0.1%	15,203	0.1%
FF&E Reserve	364,060	4.0%	374,481	4.0%	385,449	4.0%	394,576	4.0%	405,029	4.0%	$413,129	4.0%	$422,546	4.0%
NET OPERATING INCOME	**$2,905,626**	31.9%	**$3,014,744**	32.2%	**$3,134,028**	32.5%	**$3,227,540**	32.7%	**$3,339,005**	33.0%	**$3,403,531**	33.0%	**$3,484,879**	33.0%

COURTYARD FORT LAUDERDALE WESTON
Historical Income Statements

	2019		2020		2021		2022		2023		2024		2025		T-12 Mar 2026	
Rooms Available	63,510		63,684		63,510		63,510		63,510		64,338		64,240		64,240	
Rooms Sold	49,821		23,316		49,191		54,645		46,969		51,408		53,770		54,141	
Occupancy Rate	*78.45%*		*36.61%*		*77.45%*		*86.04%*		*73.96%*		*79.90%*		*83.70%*		*84.28%*	
Average Daily Rate (ADR)	$130.50		$124.23		$110.29		$144.54		$148.31		$139.76		$140.11		$143.13	
Revenue Per Available Room (RevPAR)	$102.37		$45.48		$85.42		$124.36		$109.69		$111.68		$117.27		$120.63	
DEPARTMENTAL REVENUE																
Rooms	$6,501,707	88.5%	$2,896,505	91.1%	$5,425,295	89.1%	$7,898,231	90.4%	$6,966,145	90.6%	$7,184,984	87.9%	$7,533,739	86.2%	$7,749,433	86.2%
Food & Beverage	699,373	9.5%	182,069	5.7%	410,746	6.7%	560,860	6.4%	541,922	7.1%	564,137	6.9%	722,257	8.3%	727,798	8.1%
Miscellaneous	141,377	1.9%	102,166	3.2%	250,083	4.1%	274,356	3.1%	178,442	2.3%	429,139	5.2%	485,261	5.6%	511,534	5.7%
TOTAL REVENUE	7,342,457	100%	3,180,740	100%	6,086,125	100%	8,733,447	100%	7,686,509	100%	8,178,260	100%	8,741,256	100%	8,988,765	100%
DEPARTMENTAL COSTS & EXPENSES																
Rooms	1,105,762	17.0%	580,671	20.0%	1,156,036	21.3%	1,401,786	17.7%	1,352,821	19.4%	1,423,264	19.8%	1,424,420	18.9%	1,458,986	18.8%
Food & Beverage	475,553	68.0%	152,767	83.9%	267,716	65.2%	403,646	72.0%	285,936	52.8%	345,793	61.3%	470,676	65.2%	460,113	63.2%
Miscellaneous	35,101	24.8%	22,816	22.3%	42,222	16.9%	51,899	18.9%	45,112	25.3%	61,973	14.4%	53,953	11.1%	53,632	10.5%
TOTAL DEPARTMENTAL EXPENSES	1,616,416	22.0%	756,254	23.8%	1,465,974	24.1%	1,857,331	21.3%	1,683,868	21.9%	1,831,030	22.4%	1,949,050	22.3%	1,972,731	21.9%
GROSS CONTRIBUTION	5,726,041	78.0%	2,424,486	76.2%	4,620,151	75.9%	6,876,117	78.7%	6,002,641	78.1%	6,347,230	77.6%	6,792,207	77.7%	7,016,034	78.1%
GENERAL EXPENSES		PAR		PAR		PAR		PAR		PAR		PAR		PAR		PAR
General & Administration	415,500	$2,361	312,633	$1,776	424,112	$2,410	567,230	$3,223	523,475	$2,974	533,932	$3,034	545,062	$3,097	511,489	$2,906
Credit Card Commissions	186,596	$1,060	73,212	$416	119,583	$679	215,116	$1,222	194,097	$1,103	205,686	$1,169	225,477	$1,281	232,906	$1,323
Information and Telecom Systems	49,895	$283	41,047	$233	50,694	$288	45,950	$261	42,543	$242	46,015	$261	57,133	$325	88,368	$502
Advertising & Promotion	217,156	$1,234	131,763	$749	147,853	$840	207,886	$1,181	214,689	$1,220	258,760	$1,470	299,457	$1,701	283,652	$1,612
Franchise Expense (% Rooms)	676,907	10.4%	313,480	10.8%	522,134	9.6%	896,439	11.3%	685,724	9.8%	727,465	10.1%	778,643	10.3%	825,288	9.2%
Repairs & Maintenance	285,877	$1,624	205,462	$1,167	420,022	$2,386	409,301	$2,326	339,234	$1,927	368,999	$2,097	408,109	$2,319	394,385	$2,241
Utilities	231,493	$1,315	172,918	$982	226,077	$1,285	269,318	$1,530	263,914	$1,500	266,032	$1,512	267,374	$1,519	326,444	$1,855
TOTAL GENERAL EXPENSES	2,063,425	28.1%	1,250,515	39.3%	1,910,474	31.4%	2,611,240	29.9%	2,263,675	29.4%	2,406,888	29.4%	2,581,254	29.5%	2,662,533	29.6%
HOUSE PROFIT	3,662,617	49.9%	1,173,971	36.9%	2,709,676	44.5%	4,264,877	48.8%	3,738,967	48.6%	3,940,342	48.2%	4,210,953	48.2%	4,353,502	48.4%
Management Fee	220,274	3.0%	95,422	3.0%	182,584	3.0%	262,003	3.0%	230,595	3.0%	245,348	3.0%	262,238	3.0%	269,663	3.0%
Property Taxes	461,508	6.3%	494,724	15.6%	446,658	7.3%	440,558	5.0%	517,140	6.7%	553,661	6.8%	552,910	6.3%	546,944	6.1%
Insurance	132,315	1.8%	176,964	5.6%	51,365	0.8%	131,906	1.5%	151,622	2.0%	153,157	1.9%	136,746	1.6%	133,492	1.5%
Rents / Leases	9,478	0.1%	9,366	0.3%	11,203	0.2%	10,648	0.1%	11,074	0.1%	11,287	0.1%	11,553	0.1%	13,234	0.1%
FF&E Reserve	293,698	4.0%	127,230	4.0%	243,445	4.0%	349,338	4.0%	307,460	4.0%	327,130	4.0%	349,650	4.0%	359,551	4.0%
NET OPERATING INCOME	**$2,545,344**	34.7%	**$270,266**	8.5%	**$1,774,422**	29.2%	**$3,070,423**	35.2%	**$2,521,075**	32.8%	**$2,649,758**	32.4%	**$2,897,856**	33.2%	**$3,030,618**	33.7%

EXHIBIT F

Prior Performance of the Sponsor and its Affiliates

Driftwood Capital Track Record[1] as of 9/30/2025

($ in thousands and in USD)

Strategy	Number of Assets/ Investments	Total Invested Equity Capital	Total Realized Equity Proceeds[2]	Levered Net IRR[3]	Multiple on Invested Equity[4]
Acquisitions	21	$349,870	$683,208	17.2%	2.1x
Mezzanine Loans	11	$269,001	$354,716	15.3%	1.3x
Preferred Equity	11	$25,650	$38,808	14.6%	1.5x
Developments	5	$95,947	$200,151	17.1%	3.1x
Total/Weighted Average	**48**	**$740,467**	**$1,276,884**	**16.4%**	**1.7x**

Footnotes

(1) The above track record includes all realized (i.e., sold, repaid, monetized) investments made by Driftwood Capital and its affiliates and/or subsidiaries from 1/1/2015 through 9/30/2025, including all owned, acquired, developed, sold, and/or financed. The track record excludes all covered land plays (or land acquired for potential development/redevelopment), continuation vehicles and active investments. These exclusions may materially affect the results shown; realized investments may not be representative of overall performance. A complete track record, including all investments and relevant data from 1/1/2015 through 9/30/2025 is available upon request.

(2) Total Realized Equity Proceeds is net of any fees and carried interest.

(3) Levered Net IRR calculated at the deal-level using aggregate contributions and distributions, net of fees (i.e. management and transaction fees) and carried interest, calculated using the weighted average of Total Invested Equity Capital.

(4) Multiple on Invested Equity calculated as Total Realized Equity Proceeds (net of any fees and carried interest), divided by the Total Invested Equity Capital.

IMPORTANT: This summary is presented for informational purposes and is not a recommendation. All economic and performance data is historical and must be considered in conjunction with applicable disclosures. Past performance may not be indicative of future results. There can be no assurance that the results achieved by past investments will be achieved by any future investment. The net performance shown may be different than the net performance that would have been achieved had current fee and expense terms been applied. Additional information regarding the firm's fees and expense terms and the impact of such terms on investor returns is available upon request. No representations or warranties whatsoever are made by Driftwood Capital, its affiliates or subsidiaries or any other person or entity as to the future profitability of any investments, including, but not limited to, any funds managed by Driftwood Capital, its affiliates or subsidiaries, or the results of making an investment. Investments in real estate involve a high degree of risk including substantial losses. Risk factors not presently known or that are currently deemed immaterial may impair and/or impact future results.