



Passco Allure DST | 249 Allure Lane | Chesapeake, VA 23322

THE PROPERTY

- 280-unit apartment community on approximately 11.74 acres, offering, 1-, 2-, and 3-bedroom apartment units. It consists of 7 buildings; three 4-story residential buildings, three 1-story community buildings and one 1-story parking garage.
- Unit amenities include open concept layout, chef-inspired kitchens, kitchen island w/breakfast bar, granite countertops, stainless steel appliance package, faux wood flooring, balconies or patios, generous walk-in closets, pantry, washer/dryer included, smart home locks with keyless entry, pet friendly, full-size luxe bathroom, 9' and 10' ceilings.
- Community amenities include resort style salt water pool, 24-hour fully-equipped fitness center with children's play area, golf simulator, theater room, arcade, EV charging stations, outdoor lounge, grilling areas, leash free pet park, indoor pet spa, yoga room, meditation room, massage room, three resident lounges, outdoor gaming area, splash pad, cyber cafe, meeting/conference room, media room, video game room, craft room, photography room, package room, bike storage, storage spaces.

INVESTMENT OPPORTUNITY

- The Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is home to an estimated population of approximately 1,794,278 residents as of 2024, ranking it as the 37th largest metro in the United States by population (U.S. Census Bureau).
- Economically, the metro generates approximately \$127.459 billion in GDP as of 2023, placing it 41st among U.S. metros by economic output (Bureau of Economic Analysis).
- The region ranks 90th among the top 100 best-performing cities nationally, and stands out as one of the top four metros with the biggest ranking gains among large cities (Milken Institute 2025 Best Performing Cities Rankings).
- Annual rent growth of 4.2% positions Hampton Roads ahead of the national average, even as gains moderate from the double-digit peaks seen in 2021 (CoStar).
- A vacancy rate of 6.2% reflects a market that has successfully absorbed significant new supply without major disruption (CoStar).

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



BUSINESS PLAN

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

Operating & Marketing Strategy

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

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

- Installation of private unit yards
- Installation of dog park sails and benches
- Enhance landscaping by installing river rock and a retention pond
- Clubhouse refresh
- Add pergolas over grill station to protect the equipment and extend its lifespan

Major capital projects planned during the hold period will include:

- Exterior paint project
- Breezeway hallway flooring replacements
- Parking lot seal and restriping

Maximize Performance

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

- Implement Passco's Pricing Model. The Passco Pricing Model is a platform designed to optimize rental pricing, occupancy, and overall financial performance. By leveraging real-time market intelligence and internal performance metrics, this model provides dynamic, accurate, and strategically aligned pricing recommendations. The result is enhanced revenue optimization, improved operational consistency, and a more disciplined approach to both new lease and renewal pricing.
- Implement CORE (Central Operation & Resource Efficiency). CORE is a strategic initiative designed to streamline operations, maximize resources, and improve service quality. By centralizing key administrative and operational tasks previously handled at the site level, CORE enables greater efficiency, uniformity, and support for on-site teams.

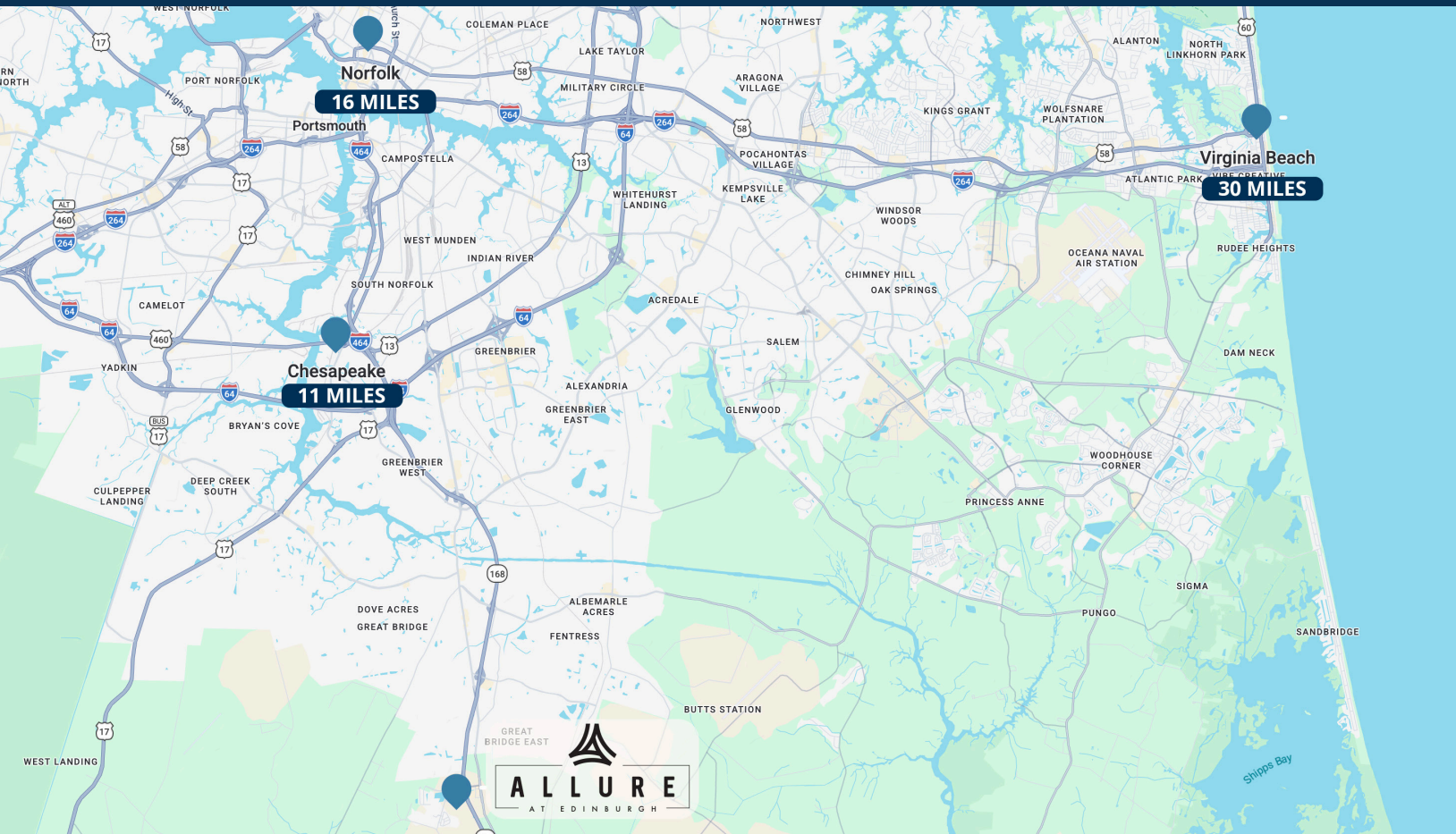
Improve New Lease Closings & Resident Retention

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

Implement Asset Management Programs

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

PASSCO ALLURE DST



THE MARKET

Virginia ranks 16th in the nation on U.S. News & World Report's Best States in America Rankings, and 10th specifically for economy. A category reflecting business environment, labor market, and overall economic growth. The state is also home to a growing tech sector: per a 2025 CompTIA report, Virginia ranks 5th nationally for net tech employment with 375,469 workers and 3rd for tech employment concentration at 8.7%.

The Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is the 37th largest metro in the U.S. by population, with an estimated 1,794,278 residents as of 2024 (U.S. Census Bureau), and the 41st largest by economic output, generating approximately \$127.5 billion in GDP in 2023 (Bureau of Economic Analysis). The metro also ranks 90th among the Milken Institute's 2025 Best Performing Cities and stands out as one of the top four large cities with the biggest ranking gains year-over-year and 33rd for wage growth from 2022 to 2023.

Prior to the pandemic, the metro's unemployment rate was approximately 2.69% as of December 2019, roughly 1.31 percentage points below its five-year trailing average. As of December 2025, unemployment remains above that pre-pandemic baseline, though the region's employment base has added approximately 106,873 jobs since May 2020.

The three largest employment sectors in the metro are Government at 19.9%, Education and Health Services at 15.1%, and Professional and Business Services at 15.0%, according to Moody's. The highest-paying sectors are Information at \$141,896 average annual wage, Wholesale Trade at \$117,002, and Financial Activities at \$112,809.

**VIRGINIA BEACH-CHESAPEAKE-NORFOLK, VA-NC MSA
TOP 10 EMPLOYERS**

Rank	Employer	Employees
1	Naval Station Norfolk	>80,000
2	Sentara Healthcare	>2,000
3	Walmart Inc.	>2,000
4	Huntington Ingalls Industries	>1,000
5	Riverside Regional Medical Center	>1,000
6	Ferguson Enterprises Inc.	>1,000
7	Old Dominion University	>1,000
8	Children's Hospital of The King's Daughters	>1,000
9	Eastern Virginia Medical School	>1,000
10	ADP Inc.	>1,000

Source: Moody's Analytics, August 2025



The Property is 28 miles from Naval Station Norfolk, the largest naval complex in the world (navy.gov), generating an annual economic impact of \$15.4 billion in 2020 (Navy Region Mid-Atlantic Public Affairs Office). The Naval Station Norfolk is the largest employer in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA with over 80,000 personnel (Moody's). The Property is 25 miles from Sentara Norfolk General Hospital, a 525-bed tertiary care facility whose broader health system spans Virginia, North Carolina, and Florida and generates an estimated \$17.4 billion economic impact as of 2023. Sentara Healthcare is the 2nd largest employer in the MSA with over 2,000 personnel (Moody's). The Property is 19 miles from Old Dominion University, a four-year public university enrolling 23,469 students that generates a \$3.8 billion annual economic impact in Virginia and ranks as the 7th largest employer

Passco engaged Arlington to compile a due diligence report that included a lease audit of the Property. Per Arlington, the median annual household income is approximately \$115,080, with residents earning approximately 4.61x their monthly rent. Arlington's demographic report identifies the top three resident industries as Military at 20.18% of residents (68 individuals), Healthcare at 17.81% (60 individuals), and Government at 12.76% (43 individuals).



DEMOGRAPHICS

	Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	1-Mile Radius	3-Mile Radius	5-Mile Radius
2020 to 2026 Population Growth	0.89%	20.21%	7.93%	2.13%
2025 to 2031 Population Growth	0.66%	10.63%	4.65%	1.37%
2026 Estimated Population	1,795,848	3,254	15,602	54,842
Average Age	39.90	36.85	39.27	39.81
% of Age 25+ (Bachelor's Degree & Higher)	35.96%	56.69%	51.12%	42.83%
Prime Rental Age 18-34	23.75%	18.93%	19.45%	20.59%
Median Household Income	\$88,239	\$169,769	\$166,305	\$148,418
% of Households > \$100K Income	44.25%	82.40%	77.23%	70.52%
Median Home Value	\$404,794	\$652,391	\$599,248	\$535,769

Source: Claritas Analytics

UNIT MIX

Unit Type	% / Units	Units	Total SF	SF / Unit*
Charm – 1BR/1BA	13.93%	39	24,570 SF	630 SF
Bliss – 1BR/1BA	18.57%	52	36,452 SF	701 SF
Glam – 1BR/1BA	4.28%	12	9,264 SF	771 SF
Intrigue – 2BR/2BA	31.43%	88	93,104 SF	1,058 SF
Enchant – 2BR/2BA	11.43%	32	34,848 SF	1,089 SF
Captivate – 2BR/2BA	3.21%	9	11,268 SF	1,252 SF
Charisma – 3BR/2BA	17.14%	48	62,832 SF	1,309 SF
Total/Average	100%	280	272,338	973 SF

AMENITIES

Unit Amenities

- Open concept layout
- Chef-inspired kitchens
- Kitchen island w/breakfast bar
- Granite countertops
- Stainless steel appliance package
- Faux wood flooring
- Balconies or patios
- Generous walk-in closets
- Pantry
- Washer/dryer included
- Smart home locks with keyless entry
- Pet friendly
- Full-size luxe bathroom
- 9' and 10' ceilings*

*Select units

FLOOR PLAN SAMPLES

*Total square footage divided by total number of units.



Bliss
One Bedroom | One Bath



Captivate
Two Bedroom | Two Bath



Charisma
Three Bedroom | Two Bath

PASSCO ALLURE DST



Property Website: allurechesapeake.com

RISKS

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

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

MARKETING CONTACTS

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Registered Marketing
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Investment Plan

- 280-unit apartment community on approximately 11.74 acres, offering 1-, 2-, and 3-bedroom apartment units. It consists of 7 buildings; three 4-story residential buildings, three 1-story community buildings and one 1-story parking garage.
- Maximize revenue and occupancy over the holding period.
- Distribute monthly cash flow.
- Sell in approximately 10 years, or when the market dictates.

Acquisition Details

- Acquisition Cost\$102,903,429
- Reserves\$4,021,571
- Total Price\$106,925,000
- Occupancy (Rent Roll as of 04/27/2026) ..98.57%
- Year Completed 2024/2025

Loan Amount and Terms

- Loan Amount.....\$48,350,000
- Fannie Mae loan; 10-year loan term; 7 years interest only with an interest rate of 4.98%
- Leverage.....45.22%

DST/Master Lessee

- Offering Size\$58,575,000
- Minimum Purchase - Cash.....\$25,000
1st year cash flow for cash investors may be up to 100% tax sheltered by depreciation.
- Minimum Purchase - 1031\$100,000
- Suitability.....Accredited Only

Cash Flow

See Exhibit E of the Private Placement Memorandum for information on the operations for the project.

Risks

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



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CLASS A BENEFICIAL INTERESTS IN PASSCO ALLURE DST

11,715 Class A Beneficial Interests at \$5,000 per Interest
Minimum Purchase (Cash Purchaser): 5 Interests (\$25,000 of equity)
Minimum Purchase (Code Section 1031 Exchange Purchaser): 20 Interests (\$100,000 of equity)
Maximum Offering Amount: \$58,575,000 (of equity)

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Maximum Offering Amount: \$58,575,000 (of equity)

Passco Allure DST (the “Trust”) is a Delaware statutory trust that was formed by Passco Allure Depositor, LLC (the “Depositor”) on March 17, 2026. The Trust is offering for sale up to 11,715 Class A Beneficial Interests (the “Interests”) in the Trust pursuant to this Class A Beneficial Interests in Passco Allure DST Confidential Private Placement Memorandum, including the Exhibits, as may be amended or supplemented (this “Memorandum”), each representing 0.0085360% of the beneficial interests in the Trust. The Trust is offering the Interests to purchasers (each, a “Holder” and collectively, the “Holders”) as set forth in this Memorandum (the “Offering”). The Trust will offer the Interests until the earliest of (i) the sale of \$58,575,000 of Interests, (ii) the first anniversary of the effective date of the Conversion Notice (as defined in the Trust Agreement), which may be extended for an additional 12 months in the sole discretion of the Trust or (iii) a determination by the Trust to terminate the Offering (the “Offering Termination Date”). **This Memorandum should be read in its entirety before making an investment decision.**

On April 30, 2026, the Trust acquired the multifamily apartment complex known as Allure at Edinburgh located at 249 Allure Lane, Chesapeake, Virginia 23322 (the “Project”) from Allure Chesapeake LLC, a Virginia limited liability company and an unaffiliated seller (the “Seller”), pursuant to an agreement of purchase and sale (the “Acquisition Agreement”) for a purchase price of \$94,095,000, grossed up from the net purchase price of \$91,800,000 in order to account for the Seller’s obligation within the Acquisition Agreement to pay an advisory fee of \$2,295,000 to Passco Management Services, LP (the “Property Manager”), an Affiliate of the Depositor. Passco Allure Manager, LLC is the Trust manager (the “Trust Manager”). The Trust obtained a loan to acquire the Project in the principal amount of \$48,350,000 (the “Loan”) from KeyBank, National Association (the “Lender”), under the Fannie Mae DUS Loan Program.

The Project is subject to a master lease (the “Master Lease”) with Passco Allure MT, LLC (the “Master Tenant”), an Affiliate of the Depositor and the Trust Manager. The Master Tenant entered into a management agreement with the Property Manager to manage the Project. The Property Manager entered into a sub-management agreement with Arlington Properties, LLC, an unaffiliated third party, for the day-to-day management of the Project. The Depositor deposited into the Trust (i) \$46,223,031 for the acquisition of the Project, (ii) \$281,634 for operating reserves (the “Operating Reserves”) and (iii) a \$3,279,229 promissory note to fund Trust capital improvements and Master Tenant improvement allowances (the “Reserve Note,” and together with the Operating Reserves and reserves established as a requirement under the Loan of \$160,709, the “Trust Reserves”) in exchange for all of the Class B beneficial interests in the Trust. The Project and the Trust Reserves are the only assets of the Trust. The Trust Manager is the administrative manager of the Trust. Sorensen Entity Services LLC (the “Delaware Trustee”) is the Delaware trustee of the Trust.

The purchase price for 1 Interest is \$5,000 in cash. Each cash purchaser must purchase at least 5 Interests (a \$25,000 equity investment) and each Code Section 1031 exchange purchaser must purchase at least 20 Interests (a \$100,000 equity investment), unless a smaller investment is allowed in the sole discretion of the Trust. As part of the acquisition of an Interest, a Holder will be required to enter into the Amended and Restated Trust Agreement (the “Trust Agreement”) with the Depositor, the Trust Manager, the Delaware Trustee and the other Holders. The principal objectives of the Trust are to (i) distribute to the Holders rent, after payment of debt service and expenses, at levels beginning at 4.35% and continuing at varying levels up to 4.70% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project, (iii) preserve the capital of the Holders and (iv) prepare the Project to be sold in approximately 10 years. **There can be no assurance that any of these objectives will be achieved.**

Beginning 2 years after the Offering Termination Date, in order to provide potential tax-efficient options for the disposition of the Project, the Trust Manager has the right, but not the obligation, to acquire the Interests (the “FMV Option”) for either (i) cash or (ii) units in an entity organized or identified by the Trust Manager or an Affiliate (an “Exchange Entity”). Holders will receive cash unless such Holder elects to receive units in the Exchange Entity (“Units”) (and such Holder meets the investor suitability requirements for the Exchange Entity).

An investment in an Interest is speculative and involves substantial risks including, but not limited to, risks associated with no public market exists for the Interests; investments in real estate; the Trust, the Trust Manager and the Master Tenant are newly formed with no operating history and have limited capital and limited sources of income; lack of liquidity; environmental liability; no environmental representations and warranties provided by the Seller; competition; the inflexibility of a Delaware statutory trust as a vehicle to own real estate; the potential need to transfer the Trust Estate (as defined in the Trust Agreement) (or convert the Trust) to a Springing LLC (as defined below); the potential exercise of the FMV Option; the impact of inflation; potential Lender cash sweep; the need to transfer the Project to the Springing LLC upon a Master Lease Termination Event (as defined below); conflicts of interest among the Trust Manager, the Depositor and the Master Tenant and their Affiliates; the Master Lease is not a triple net lease; the Trust is responsible for paying the Landlord Capital Expenditures and certain operating expenses including taxes and insurance; the necessity of the Trust to use reserves in order to meet anticipated return levels; the Loan is interest only until June 1, 2033 (the “Interest Only End Date”); in the event that Trust expenses increase, returns to the Holders will decrease; the Trust may not have sufficient funds to pay its expenses; the Project is recently constructed and may be subject to construction defects that have not yet revealed themselves; the need to sell the Project before the maturity date of the Loan; owning and financing the Project; using leverage to acquire real estate; no diversity of investment; reliance on the Master Tenant, the Property Manager and the Trust Manager to operate and manage the Project and the Trust; the Project being subject to the Master Lease; limited reserves held by the Trust; implementation of new tax laws and tax risks. See “Risk Factors” and “Conflicts of Interest.”

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

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

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

	Price to Holders	Selling Commissions and Expenses ⁽¹⁾	Proceeds to the Depositor ⁽²⁾
Per Interest ⁽³⁾	\$5,000.00	\$382.50	\$4,617.50
Maximum Offering Amount	\$58,575,000	\$4,480,988	\$54,094,013

This Memorandum is dated May 1, 2026.

- (1) Offers and sales of the Interests will be made on a “best efforts” basis by broker-dealers (the “Selling Group Members”) who are members of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Passco Capital, Inc. (the “Managing Broker-Dealer”), a member of FINRA and an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive selling commissions (the “Selling Commissions”) in an amount equal to 5.0% of the purchase price of the Interests sold by the Selling Group Members (combined with all other sales of Interests, the “Total Sales”), which it will reallow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. As a result, certain Holders may acquire Interests net of some or all of the Selling Commissions. The Managing Broker-Dealer will also receive a nonaccountable marketing allowance in an amount equal to 1.0% of the Total Sales, which it will reallow, in whole or in part, to the Selling Group Members (the “Marketing Allowance”). The Managing Broker-Dealer will also receive a nonaccountable due diligence allowance in an amount equal to 0.5% of the Total Sales, some of which it may reallow to Selling Group Members on an accountable basis. The Managing Broker-Dealer will also receive a placement fee in an amount equal to 1.15% of the Total Sales, a portion of which it will reallow to certain wholesalers that are internal to Passco Companies, LLC (“Passco Companies”) and may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. The total aggregate amount of Selling Commissions, allowances, expense reimbursements and placement fees (the “Selling Commissions and Expenses”) will not exceed 7.65% of the Total Sales. Certain Selling Group Members may, at their request and as set forth in the applicable Soliciting Dealer Agreement, allocate the Selling Commissions and the Marketing Allowance such that the Selling Commissions are decreased and the Marketing Allowance is increased, provided that the total amount paid to the Selling Group Member will not exceed 6.0%. The Depositor will be responsible for paying all of the Selling Commissions and Expenses. For purposes of calculating the Total Sales, each Interest will be deemed to have a sales price of \$5,000, and any discount provided to a Holder will be disregarded.
- (2) The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$58,575,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$49,783,893). The Depositor is responsible for paying certain costs and expenses including: (i) Selling Commissions and Expenses of approximately \$4,480,988, (ii) organization and offering costs of approximately \$286,000, (iii) closing costs of approximately \$125,000, (iv) due diligence costs and expenses of approximately \$225,000, (v) carrying costs of approximately \$1,923,212 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$1,450,907 (including an interest rate buydown of \$967,000). The estimates of these costs and expenses are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount. The Depositor estimates that the amount retained by it from the proceeds of the Offering (the “Offering Proceeds”) after paying the costs and expenses described above will be approximately \$300,000. Of the amount retained, \$300,000 will be distributed to Passco Companies through its ownership interest in the Depositor, and an Affiliate will use such funds to (i) immediately contribute \$50,000 in cash to the Master Tenant and (ii) pay a \$250,000 promissory note held by the Master Tenant as funds are received. The \$250,000 promissory note was contributed by Passco Management Services, LP to the Master Tenant. Any funds not used by the Master Tenant will be retained by the Master Tenant. The net amount retained by the Depositor from Offering Proceeds after funding the Master Tenant and payment of the costs and expenses described above will be approximately \$0. The Depositor and its Affiliates will receive additional compensation from other sources, including an advisory fee of \$2,295,000 which was paid pursuant to the Acquisition Agreement with the Seller. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates” and “Estimated Use of Proceeds.”
- (3) The minimum purchase for cash purchasers is 5 Interests (\$25,000 of equity) (the purchase of 5 Interests also includes an allocation of 0.0426800% of the Loan (\$20,635.78)) and the minimum purchase for Code Section 1031 exchange purchasers is 20 Interests (\$100,000 of equity) (the purchase of 20 Interests also includes an allocation of 0.1707200% of the Loan (\$82,543.12)), except that the Trust may permit a smaller investment in its sole discretion.

The purchase of an Interest involves significant risks. This Memorandum should be read in its entirety and the discussion set forth under “Risk Factors” should be carefully considered. This Memorandum contains forward-looking statements that involve risks and uncertainties. This Memorandum contains Projections of Operations for the Project which are attached as Exhibit E (the “Projections”). The Project’s and the Trust’s anticipated performance, as described in this Memorandum, is based on the assumptions contained in the Projections. These assumptions may not be accurate. In addition, there can be no assurance that the Projections will be accurate. The Project’s and the Trust’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under “Risk Factors.” Risks of an investment in an Interest include, among others, the following:

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

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

3. No public market exists for the Interests, and it is highly unlikely that any such market will develop. The Interests are not freely transferable as a result of substantial restrictions on the transfer of the Interests under federal and state securities laws. Interests must be considered solely as long-term investments. In addition, the Lender imposed certain conditions on the transfer of the Interests if a prospective Holder will hold 25% or more of the Interests in the Trust after such transfer. In some cases, the prior written consent of the Lender will be required before a prospective Holder can acquire or sell their Interests. See “Restrictions on Transferability.”

4. The United States has experienced significant inflation. Inflation may cause, among other things, increased costs of operation of the Trust and the Project and the implementation of governmental policies to counteract the effects of inflation, such as the increase in interest rates, which could adversely affect the financial condition and operating results of the Trust. See “Risk Factors – Real Estate Risks – Inflation.”

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

6. Tenant-favorable laws, such as rent control and limits on landlord rights, currently exist and have been proposed by various state and local governments. Any such laws could reduce the ability of the Master Tenant to receive market rents and operate the Project effectively. Lower rent could adversely affect the results of operations of the Project and the financial condition of both the Master Tenant and the Trust. See “Risk Factors – Real Estate Risks – Tenant-Favorable Legislation.”

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

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

9. The Internal Revenue Service (the “IRS”) issued Revenue Ruling 2004–86 (the “Revenue Ruling”) which sets forth certain factual assumptions regarding the organizational and ownership structure of a Delaware statutory trust. The utilization of a Delaware statutory trust to acquire and hold property for purposes of a Code Section 1031 exchange is a recent development under the tax laws. This ownership structure is based primarily upon the Revenue Ruling, which addresses whether a trust will be treated as an investment trust that is classified as a trust for federal income tax purposes. If the Trust is treated as having the power to vary the investment of the Holders, then the Trust would be viewed as a partnership and not as an investment trust and the Interests would not qualify as like-kind property for purposes of Code Section 1031. Pursuant to the Master Lease, the Trust and the Master Tenant are each prohibited from taking any action that would violate the provisions of the Revenue Ruling. There is no direct authority other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust that will be classified as a trust. It is possible that the IRS could determine that the Trust does not comply with the requirements of the Revenue Ruling. A determination that the Trust is not taxable as an investment trust that will be classified as a trust would likely have a significant adverse impact on any Holder who has purchased Interests as part of a Code Section 1031 exchange. See “Risk Factors – Tax Risks – Limited Authority.”

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

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

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

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

14. The documents entered into in connection with the Loan (the “Loan Documents”) provide that, upon a Master Lease Termination Event which includes an Event of Default under the Loan Documents, the Master Lease will automatically terminate, the Trust will transfer the Project (or convert) to the Springing LLC and the Lender will

have the right to access the funds from the Project and apply such funds to the Loan. It is unclear whether the Lender will have the right to retain amounts in excess of the Master Tenant's obligations under the Master Lease. If a loss sharing arrangement has been created between the Master Tenant and the Trust, the IRS could take the position that a partnership exists between the Trust and the Master Tenant. See "Risk Factors – Tax Risks – Partnership Classification - Lender Sweep Rights" and "Material Federal Income Tax Considerations."

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

16. Pursuant to the Loan Documents, the Trust established, in the Trust's name, a clearing account (the "Clearing Account") in which all rental and other income received from the Project will be deposited during the term of the Loan. Following an Event of Default under the Loan Documents, the Lender will institute a sweep of the funds in the Clearing Account and the Lender will have the right to collect all rental and other income and will only permit the payment of operating expenses and any capital or other expenses that are approved by the Lender in its sole discretion. As a result, the Trust may not have funds to pay for any expenses not approved by the Lender which may include any Trust Obligations. The Trust is not able to accept any additional capital contributions to pay for these items. The Master Lease will automatically terminate upon a Master Lease Termination Event (which includes the occurrence of an Event of Default under the Loan Documents). If the Lender imposes a cash sweep of the Clearing Account, distributions to the Holders will be reduced to zero and the Trust will be required to transfer the Project (or convert the Trust) to the Springing LLC. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Clearing Account in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan Documents include certain provisions that should provide limitations on the Lender's right to take the Master Tenant's assets in excess of the Master Tenant's obligations under the Master Lease. It is unclear whether these provisions will limit the Lender's right to access funds held in the Clearing Account. See "Risk Factors – Financing Risks – Cash Sweep."

17. Counsel to the Trust has rendered a tax opinion to the Trust. This opinion is based, in part, on a certificate received from the Trust Manager, Passco Companies, the Trust and the Master Tenant (the "Certificate") containing certain representations and certifications regarding certain factual matters related to the Trust, the Master Lease and the Project. If these representations and certifications are not true, the conclusions set forth in counsel's opinion may not be applicable. See "Risk Factors – Tax Risks – Tax Opinion Relies on Certificate."

18. The Trust Manager is an Affiliate of the Master Tenant. Therefore, there will be a conflict of interest with respect to the Trust Manager's management of the Master Tenant on behalf of the Trust and the Master Tenant's management of the Project. See "Risk Factors – Risks Relating to the Trust Structure – Conflict of Interest Regarding Affiliated Trust Manager and Master Tenant."

19. Passco Companies obtained an independent appraisal (the "Appraisal") from Partner Valuation Advisors, LLC dated April 8, 2026, which may be relied upon by the Trust. According to the Appraisal, the appraised "as-is" market value of the Project as of March 17, 2026, was \$92,900,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$103,203,429 (\$106,925,000, less the Trust Reserves in the amount of \$3,721,571). The Trust may not be able to sell the Project at a price equal to or greater than the purchase price paid by the Holders for the Interests. See "Risk Factors – Real Estate Risks – Appraised Value" and "Risk Factors – Real Estate Risks – Limited Liability for Third-Party Reports."

20. According to the rent roll for the Project dated April 27, 2026 (the "April 27, 2026 Rent Roll"), the Project was 98.57% occupied. There can be no assurance that the Project will maintain this occupancy rate. The Trust Manager has assumed an occupancy rate of 96.03% in year 1. There can be no assurance that the Project will achieve or maintain the occupancy rates assumed by the Trust Manager. See "Risk Factors – Real Estate Risks – Occupancy; Difficulty Attracting and Retaining Tenants."

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

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

23. The Depositor contributed the Reserve Note to the Trust in lieu of contributing cash for a portion of the reserves. The Reserve Note is an installment note that requires the Depositor to make fixed payments over a period of 6 months beginning when the Trust entered into the Loan. The Reserve Note represents the majority of the reserves required to be held by the Trust as set forth in the Projections prepared by the Trust Manager. In the event that the Depositor fails to make a payment required under the Reserve Note, the Trust may not have sufficient funds to pay its anticipated expenses and obligations. A failure by the Depositor to fund the Reserve Note will likely result in the Trust’s default under the Master Lease, which could lead to a default under the Loan Documents. In addition, the Trust would not be able to pay for the anticipated Landlord Capital Expenditures which would likely reduce the overall value of the Project at the time of sale and could impact operations. See “Risk Factors – Risks Relating to the Trust Structure – Reserve Note.”

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

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

26. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. See “Risk Factors – Tax Risks – Taxable Boot.”

27. The Project is leveraged with a loan-to-purchase price ratio of approximately 46.85% ($\$48,350,000 \div \$103,203,429$ ($\$106,925,000$ gross price minus the Trust Reserves in the amount of $\$3,721,571$)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 45.22% if the Trust Reserves are included in the Holder purchase price ($\$48,350,000 \div \$106,925,000$). The loan-to-cost ratio is approximately 51.38% ($\$48,350,000 \div \$94,095,000$) based on the purchase price of the Project pursuant to the Acquisition Agreement. Because reserves in the amount of $\$160,709$ were established as a requirement of the Loan, not all of the Loan proceeds were used to acquire the Project. See “Risk Factors – Financing Risks – Leverage.”

28. The Loan matures on May 1, 2036 (the “Loan Maturity Date”) and requires a balloon payment at maturity. The Trust is not permitted to refinance the Loan. Thus, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC if alternative financing is necessary. It is currently anticipated that the Trust will own and operate the Project for approximately 10 years. The Trust will terminate on July 31, 2036 (the “Trust Termination Date”). If the Project is not sold or if the Project is transferred (or the Trust is converted) to the Springing LLC and is unable to be refinanced, the continued ownership of the Project by the Trust may be jeopardized. See “Risk Factors – Financing Risks – No Ability to Refinance Loan.”

29. The Loan is interest only until the Interest Only End Date. Thus, no principal will be repaid during this interest only period. See “Risk Factors – Financing Risks – Interest Only Loan.”

30. The Trust bought down the interest rate on the Loan. Thus, a portion of the projected returns to the Holders will be generated through the lower interest rate. See “Risk Factors – Financing Risks – Interest Rate Buydown.”

31. The Loan includes certain Events of Default related to the actions or inactions of Passco Companies, LLC, as a designated key principal under the Loan (the “Key Principal”). As a result, the Trust must rely on the Key Principal to comply with the terms of the Loan Documents in order to avoid an Event of Default under the Loan. See “Risk Factors – Financing Risks – Events of Default Under the Loan” and “Financing Terms – Events of Default.”

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

33. The military actions taking place in Ukraine and the Middle East have significantly elevated geopolitical and military tensions worldwide. Such geopolitical and military tensions could seriously and adversely affect the Trust’s results of operations, financial condition, cash flow and the return to Holders. See “Risk Factors – Real Estate Risks – Global Conflicts.”

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

35. The Project is located in an area where there are several competing properties located in the Project’s market area. According to the Appraisal, there are 4 competing properties in the market area, all of which are within approximately 9 miles of the Project, with 1 of the 4 competing properties located less than 1 mile of the Project. The proximity of competing properties in the area surrounding the Project could negatively impact the Project. See “Risk Factors – Real Estate Risks – Competition.”

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

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

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

39. The Trust acquired the Project “as is,” “where is,” “with all faults,” with limited representations and warranties from the Seller in regards to the Seller entity, and no representations from Seller with respect to environmental matters and the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project. The Seller’s representations and warranties contained in the Acquisition Agreement will survive for a period of 6 months following the purchase of the Project. Seller’s maximum liability for a breach of any warranty or representation is limited to \$940,950 in the aggregate. The Trust will sell Interests to the Holders “as is” with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust. See “Risk Factors – Real Estate Risks – Environmental Liability” and “Risk Factors – Real Estate Risks – Limited Representations and Warranties.”

40. There is no assurance that all of the Interests will be sold. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate. The Depositor or its Affiliates may have an incentive to sell the Project prior to the end of the projected holding period which will result in a potential conflict of interest for the Trust Manager. See “Risk Factors – Risks Relating to the Offering and Lack of Liquidity – Interests Retained by an Entity Controlled by the Depositor or an Affiliate.”

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

42. Recent legislative changes included significant provisions that changed the tax treatment of owning and operating real estate. See “Risk Factors – Tax Risks – Changes in Federal Income Tax Law” and “Material Federal Income Tax Considerations.”

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

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

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

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

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

5. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized. In addition, this Memorandum constitutes an offer only if the name of an offeree in the Trust's or the Selling Group Member's records matches the copy number that appears in the appropriate space on the first page of this cover page and is an offer only to such offeree.

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

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

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

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

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

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

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

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

The securities offered hereby have not been registered under the Securities Act or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and such laws. The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom. In addition, certain disclosure requirements which would have been applicable if the

Interests were registered are not required to be met and neither the Securities and Exchange Commission nor any other federal or state agency has passed upon the merits of or given their approval to the securities, the terms of the Offering or the accuracy or completeness of any offering materials. The Interests are being sold only to persons who are Accredited Investors as defined under Regulation D under the Securities Act.

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

The Securities Act and the securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to rescind their purchase of such securities and to receive back their consideration paid. The Trust believes that the Offering described in this Memorandum is not required to be registered or qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually 1 year from discovery of facts constituting such violation. Should any Holder institute such an action on the theory that the Offering conducted as described herein was required to be registered or qualified, the Trust will contend that the contents of this Memorandum constituted notice of the facts constituting such violation.

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

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

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

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

NOTICE TO FLORIDA RESIDENTS

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. UNDER FLORIDA LAW, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, SUCH INVESTORS WILL HAVE A THREE-DAY RIGHT OF

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

NOTICE TO PENNSYLVANIA RESIDENTS

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

TABLE OF CONTENTS
(continued)

	Page
WHO MAY INVEST	16
Purchaser Suitability Requirements.....	16
Discretion of the Trust.....	19
SUMMARY OF THE OFFERING	20
RISK FACTORS	28
Risks Relating to the Trust Structure.....	28
Risks Relating to the Master Lease.....	31
Real Estate Risks	32
Financing Risks	38
Risks Relating to the Operation of the Trust	39
Risks Relating to the Offering and Lack of Liquidity	40
Tax Risks	43
ESTIMATED USE OF PROCEEDS.....	48
DESCRIPTION OF THE MARKET.....	50
DESCRIPTION OF THE PROJECT.....	68
Overview	68
Project Location.....	70
Project Improvements.....	71
Community Amenities.....	74
Property Website	74
Environmental Conditions	74
Competition	74
Toxic Mold	75
Wind Zone.....	75
Seismic Zone	75
Floodplain.....	75
Exterior Façade Thermographic	75
Compliance with the Americans with Disabilities Act.....	76
Appraised Value	76
Description of Form of Apartment Lease	76
BASIC UNDERWRITING ASSUMPTIONS.....	77
DESCRIPTION OF THE MASTER LEASE	78
General	78
Term	78
Rent	78
Debt Service	79
Landlord Costs.....	79
Taxes	81
Hazardous Substances	81
Insurance.....	81
Utilities	81
Casualty and Condemnation Restoration.....	81
Operating Expenses	81
Capital Improvements.....	81
Subleases	82
Defaults and Remedies	82
Mandatory Termination	82
Stay Bonus Payment.....	82

TABLE OF CONTENTS
(continued)

	Page
Indemnification.....	83
Master Tenant Capitalization.....	83
ACQUISITION TERMS	84
Acquisition of the Project	84
Acquisition of the Beneficial Interests.....	84
FINANCING TERMS	85
Leverage	85
Interest Rate.....	85
Loan Term	85
Cash Sweep	85
Master Lease Termination Event.....	85
Events of Default	86
Restrictions on Transfer.....	86
Reserves.....	87
Nonrecourse Loan.....	87
BUSINESS PLAN.....	88
Maximize Performance.....	89
Improve New Lease Closing and Resident Retention	89
Implement Asset Management Programs	89
PLAN OF DISTRIBUTION	90
Rule 506(b).....	90
General Description.....	90
Qualifications of Prospective Holders	90
Sale of Interests	90
The Offering and Ownership of the Trust	90
Marketing of Interests.....	91
Sales Materials.....	92
Limitation of Offering	92
THE DEPOSITOR, THE TRUST MANAGER AND THEIR AFFILIATES.....	93
Passco Capital, Inc.....	97
PRIOR PERFORMANCE SUMMARY	98
Experience and Background of Passco Real Estate Enterprises, Inc.	98
Experience and Background of Passco Companies, LLC.....	98
Prior Program Asset Classes.....	99
Discussion of Completed Prior Programs with Positive Returns.....	99
Discussion of Completed Programs with Adverse Results.....	104
Discussion of Currently Operating Programs	105
Experience and Background of Passco Companies Development, LLC	106
Experience and Background of Passco Insite, LLC.....	107
DUTIES OF THE TRUST MANAGER, THE MASTER TENANT, THE DEPOSITOR AND THE HOLDERS	114
CONFLICTS OF INTEREST.....	115
The Trust Manager and the Master Tenant Are Affiliates	115
Potential Continued Ownership of Interests	115
Obligations to Other Entities	115
Interests in Other Activities.....	115
Acquisition of Other Properties in Market Area.....	115

TABLE OF CONTENTS
(continued)

	Page
Receipt of Compensation by the Depositor, the Trust Manager and Their Affiliates.....	116
Receipt of Fee from the Seller	116
Legal Representation	116
Resolution of Conflicts of Interest.....	116
The Managing Broker-Dealer	116
FMV Option	116
COMPENSATION TO THE DEPOSITOR, THE TRUST MANAGER, THE MASTER TENANT AND THEIR AFFILIATES.....	117
RESTRICTIONS ON TRANSFERABILITY	121
SUMMARY OF THE PURCHASE AGREEMENT.....	122
“As-Is” Purchase.....	122
Limitation on Purchase of Interests	122
No Tax Advice	122
Termination of the Purchase Agreement	122
SUMMARY OF THE TRUST AGREEMENT.....	123
General	123
The Trust	123
The Trust Estate.....	123
Ownership.....	123
Redemption of Class B Beneficial Interests	123
Term	123
The Delaware Trustee.....	124
The Trust Manager	124
Rights of Holders.....	125
Right to Transfer.....	125
FMV Option	125
Termination and Conversion	126
Trust Limitations	127
Distributions of Cash From Operations	127
Distributions Upon Dissolution	127
Property Rights.....	127
Reports to Holders.....	128
Amendments.....	128
Fees and Expenses.....	128
SUMMARY OF THE SPRINGING LLC LIMITED LIABILITY COMPANY AGREEMENT	129
In General	129
Authority and Responsibilities of the Trust Manager	129
Indemnification of the Trust Manager	130
Rights and Obligations of Members	130
Distributions and Tax Matters	130
Transfer of Units.....	131
FMV Option	131
Meetings of the Members	132
Termination and Winding Up	132
MATERIAL FEDERAL INCOME TAX CONSIDERATIONS	134
Nature of Interests	135
Tax Consequences Related to the FMV Option.	145
Other Section 1031 Exchange Issues.....	146

TABLE OF CONTENTS
(continued)

	Page
Opinion.....	146
Certain Tax Consequences Regarding Ownership of an Interest.....	146
Investments by Tax-Exempt Entities - Unrelated Business Taxable Income	150
Alternative Minimum Tax	150
Accuracy-Related Penalties and Interest	151
3.8% Net Investment Income Tax	152
State and Local Taxes.....	152
REPORTS.....	152
LITIGATION	153
LEGAL OPINION.....	153
ADDITIONAL INFORMATION.....	153
EXHIBITS:	
A Purchaser Questionnaire	
B Purchase Agreement	
C Trust Agreement	
D Master Lease Agreement	
E Projections of Operations for the Project	
F Tax Opinion	
G Unaudited Results of Operations for the Project	
H CD with Third-Party Reports	

WHO MAY INVEST

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

Purchaser Suitability Requirements

The purchase of an Interest involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. This investment will be sold only to prospective Holders who (i) purchase a minimum of (a) for cash purchasers, 5 Interests in the Trust (representing an approximate 0.0426800% interest in the Project) for a purchase price of \$25,000 (the purchase of 5 Interests also includes an allocation of 0.0426800% of the Loan (\$20,635.78)) or (b) for Code Section 1031 exchange purchasers, 20 Interests in the Trust (representing an approximate 0.1707200% interest in the Project) for a purchase price of \$100,000 (the purchase of 20 Interests also includes an allocation of 0.1707200% of the Loan (\$82,543.12)), except that the Trust may permit, in its sole discretion, certain Holders to make a smaller investment and (ii) represent in writing that they meet the Purchaser Suitability Requirements (as defined below) established by the Trust and as may be required under federal or state law. Holders should be able to afford the loss of their entire investment.

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

- (a) You have received, read and fully understand this Memorandum. You are basing your decision to invest only on this Memorandum. You have not relied upon any representations made elsewhere or by any other person;
- (b) You understand that an investment in an Interest is speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to a purchase of an Interest, including, but not limited to, those risks set forth under “Risk Factors” in this Memorandum;
- (c) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in an Interest will not cause such overall commitment to become excessive;
- (d) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;
- (e) You can bear and are willing to accept the economic risk of losing your entire investment in an Interest;
- (f) You are acquiring an Interest for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Interest;
- (g) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in an Interest and have the ability to protect your own interests in connection with such investment; and
- (h) You are an Accredited Investor. An “Accredited Investor” is:

If a natural person (including most revocable grantor trusts), a person that:

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

(ii) had an individual income in excess of \$200,000, or joint income with his or her spouse or spousal equivalent in excess of \$300,000, in each of the 2 most recent years and has a reasonable expectation of reaching the same income level in the current year; or

(iii) holds, in good standing, 1 or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying.

If other than a natural person, 1 of the following:

- (i) a corporation, an organization described in Code Section 501(c)(3), a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of \$5,000,000;
- (ii) a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring an Interest and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that such person 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;
- (iv) an investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") or a business development company as defined in section 2(a)(48) of the Investment Company Act;
- (v) an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") or registered pursuant to the laws of a state;
- (vi) an investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act;
- (vii) an insurance company as defined in section 2(a)(13) of the Securities Act;
- (viii) a Small Business Investment Company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
- (ix) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act;
- (x) 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;
- (xi) a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act;
- (xii) an entity that is not listed in Rule 501(a)(1), (2), (3), (7) or (8) of the Securities Act not formed for the specific purpose of acquiring an Interest, owning Investments (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of \$5,000,000;
- (xiii) a "family office" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of \$5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who

has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;

- (xiv) a “family client” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements under “family office” above and whose prospective investment in the issuer is directed by such family office as required pursuant to clause (c) in such definition;
- (xv) an entity in which all of the equity owners are Accredited Investors; or
- (xvi) a grantor revocable trust where the grantors meet the qualifications under “If a natural person” above.

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

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

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

A “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

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

In addition, you must represent in writing that you:

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

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

Additional representations of each Holder are set forth in the Trust Agreement.

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

Discretion of the Trust

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

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

SUMMARY OF THE OFFERING

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

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

Securities Offered:

The Trust is offering up to 11,715 Class A Beneficial Interests (the "Interests") in the Trust. The Interests will not be evidenced by certificates. The purchase price for an Interest in the Trust is \$5,000 in cash. Each prospective Holder must purchase at least 5 Interests in the Trust (a \$25,000 equity investment) if the prospective Holder is a cash purchaser or at least 20 Interests in the Trust (a \$100,000 equity investment) if the prospective Holder is a Code Section 1031 exchange purchaser, unless a smaller investment is allowed in the sole discretion of the Trust. The purchase of 5 Interests in the Trust also includes an allocation of 0.0426800% of the Loan (\$20,635.78). The purchase of 20 Interests in the Trust also includes an allocation of 0.1707200% of the Loan (\$82,543.12).

The Trust – Objectives:

The principal objectives of the Trust are to (i) distribute to the Holders rent, after payment of debt service and expenses, at levels beginning at 4.35% and continuing at varying levels up to 4.70% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project, (iii) preserve the capital of the Holders and (iv) prepare the Project to be sold in approximately 10 years. **There can be no assurance that any of these objectives will be achieved.** See "Risk Factors."

Use of Proceeds:

The Offering of 11,715 Interests as set forth in this Memorandum is being made to redeem the Depositor's beneficial interest in the Trust.

The Trust – Formation and Ownership:

The Trust is a newly formed Delaware statutory trust formed pursuant to a trust agreement dated March 17, 2026 by and among the Depositor, the Trust Manager and the Delaware Trustee. The Trust has no prior operating history. The Depositor, the Trust Manager and the Delaware Trustee entered into the Amended and Restated Trust Agreement (the "Trust Agreement") on April 30, 2026. The Depositor deposited into the Trust (i) \$46,223,031 for the acquisition of the Project, (ii) \$281,634 in Operating Reserves and (iii) the \$3,279,229 Reserve Note to fund Trust capital improvements and Master Tenant improvement allowances in exchange for all of the Class B beneficial interests in the Trust. Proceeds from the Offering will be used to redeem, on a one-for-one basis, the Class B beneficial interests in the Trust held by the Depositor. If the Maximum Offering Amount is sold, the Trust will be owned 100% by the Holders. If the Maximum Offering Amount is not raised on or before the Offering Termination Date, the Depositor will convert any Class B beneficial interests held at the time of the Offering Termination Date to Interests and transfer such interests to a separate taxpayer that is managed by the Trust Manager or an Affiliate. Pursuant to the Trust Agreement, there can be no more than 1,980 Holders.

Description of the Project:

On April 30, 2026, the Trust acquired a 280-unit multifamily residential apartment complex known as Allure at Edinburgh (the "Project"), located on approximately 11.74 acres of land in Chesapeake, Virginia. The Project was constructed in 2024/2025. The Project consists of a mix of 1-, 2-, and 3-bedroom

units, with an average unit size of 973 square feet. According to the ALTA/NSPS Land Title Survey dated March 31, 2026 (“Survey”) prepared by American Engineering Associates – Southeast, P.A. Inc., the Project has a total of 562 parking spaces, which includes 540 standard surface spaces, 12 handicap spaces, and 10 garage spaces. According to the April 27, 2026 Rent Roll, the Project was approximately 98.57% occupied. See “Description of the Project.”

Escrow Arrangements:

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

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

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

Voting Rights of the Holders:

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

The Trust – Delaware Trustee:

Sorensen Entity Services LLC, a Delaware corporation, an unaffiliated third party, is the Delaware Trustee pursuant to the Trust Agreement. The Delaware Trustee will receive an annual fee of \$900 for its services as Delaware Trustee. These fees will be paid by the Trust. See “Summary of the Trust Agreement.”

The Trust – Trust Manager:

Passco Allure Manager, LLC, a Delaware limited liability company, is the Trust Manager. The Trust Manager is an Affiliate of the Depositor and the Master Tenant. The Trust Manager is obligated to manage the Trust in the manner provided in the Trust Agreement. The Trust Manager will receive an administration fee, which includes internal legal, accounting and other related out-of-pocket costs, of \$25,000 each fiscal year, payable in equal monthly installments. See “Summary of the Trust Agreement” and “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

The Trust – No Control Over Sale:

Subject to the terms of the Trust Agreement and the Loan Documents, the Trust may only sell the Project beginning 3 years following the Conversion Date, but

not earlier than 2 years after the Offering Termination Date if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project earlier if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. In the event that any purchaser of the Project is affiliated with the Trust Manager, the Trust must obtain an independent third-party appraisal of the Project and the purchase price of the Project must equal or exceed the appraised value of the Project.

FMV Option:

Beginning 2 years after the Offering Termination Date, in order to provide potential tax-efficient options for the disposition of the Project, the Trust Manager has the right, but not the obligation, to acquire the Interests (the “FMV Option”) for either (i) cash or (ii) units (“Units”) in an entity organized or identified by the Trust Manager (an “Exchange Entity”). Holders will receive cash unless such Holder elects to receive Units in the Exchange Entity (and such Holder meets the investor suitability requirements for the Exchange Entity).

The consideration to be paid to the Holders will be determined by multiplying the percentage interest in the Project represented by the Holder’s Interest by the value of the Project (the “Interest FMV”) at the time the FMV Option is exercised. The value of the Project will be determined by (a) reducing the gross fair market value of the Project (determined without regard to the Master Lease) by (i) any and all secured or unsecured liabilities and accounts payable and (ii) any fee or other amount that would be payable to the Trust Manager or its Affiliates, including any property management and related fees and disposition fees (which fees will be paid by the Trust at the time that the Interests are transferred) and (b) increasing the value by (i) reserves, (ii) cash and (iii) accounts receivable. The gross fair market value of the Project will be determined without regard to the Master Lease and will be the greater of 2 fair market values of the Project, each determined by a separate independent appraisal firm selected by the Trust Manager in its sole discretion. In the event the higher appraisal is 20% greater than the lower appraisal (the 20% to be based on the lower appraisal), then the Trust Manager will select a third independent appraisal firm in its sole discretion to determine the fair market value of the Project. Under such circumstances, the Trust Manager will average the 2 highest of the 3 appraised values determined by the 3 independent appraisal firms and use such averaged amount for purposes of determining the fair market value of the Project.

**Dissolution of the Trust –
Conversion:**

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement, on the first to occur of (i) July 31, 2036 (the “Trust Termination Date”), (ii) a Transfer Distribution (as defined below) or (iii) the sale of the Project. A “Transfer Distribution” will occur if (a) the Trust Manager makes a determination, in writing, that dissolution of the Trust is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iv) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is

necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value or (b) upon a Master Lease Termination Event (which includes the occurrence of an Event of Default under the Loan Documents). In the event that the Trust Manager determines that dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to a newly formed Delaware limited liability company (the “Springing LLC”), which will be owned by the owners of Class A Beneficial Interests in the Trust at the time of conversion and will be managed by the Trust Manager.

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

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

Conversion – Business and Purpose of the Springing LLC:

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

Acquisition Terms:

The Trust acquired the Project from the Seller on April 30, 2026. The Depositor deposited into the Trust (i) \$46,223,031 for the acquisition of the Project, (ii) \$281,634 in Operating Reserves and (iii) the \$3,279,229 Reserve Note to fund Trust capital improvements and Master Tenant improvement allowances in exchange for all of the Class B beneficial interests in the Trust. The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$58,575,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$49,783,893). The Depositor is responsible for paying certain costs and expenses including: (i) Selling

Commissions and Expenses of approximately \$4,480,988, (ii) organization and offering costs of approximately \$286,000, (iii) closing costs of approximately \$125,000, (iv) due diligence costs and expenses of approximately \$225,000, (v) carrying costs of approximately \$1,923,212 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$1,450,907 (including an interest rate buydown of \$967,000). The estimates of these costs and expenses are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount. The Depositor estimates that the amount retained by it from the Offering Proceeds after paying the costs and expenses described above will be approximately \$300,000. Of the amount retained, \$300,000 will be distributed to Passco Companies through its ownership interest in the Depositor, and an Affiliate will use such funds to (i) immediately contribute \$50,000 in cash to the Master Tenant and (ii) pay a \$250,000 promissory note held by the Master Tenant as funds are received. The \$250,000 promissory note was contributed by Passco Management Services, LP to the Master Tenant. Any funds not used by the Master Tenant will be retained by the Master Tenant. The net amount retained by the Depositor from Offering Proceeds after funding the Master Tenant and payment of the costs and expenses described above will be approximately \$0. The Depositor and its Affiliates will receive additional compensation from other sources, including an advisory fee of \$2,295,000 which was paid pursuant to the Acquisition Agreement with the Seller. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates” and “Estimated Use of Proceeds.”

Project - Financing:

The Trust obtained a loan to acquire the Project in the original principal amount of \$48,350,000 (the “Loan”) from KeyBank, National Association (the “Lender”) under the Fannie Mae DUS loan program. The Loan bears interest at a fixed rate equal to 4.98% after it was bought down by 25 basis points for \$967,000. The Loan is interest only until June 1, 2033 (the “Interest Only End Date”), and then will begin to be amortized assuming a 30-year period. The Loan will mature on the Loan Maturity Date. The Loan may be repaid but is subject to a yield maintenance payment during the first 9.5 years of the Loan term. For the 3-month period following the 9.5-year period described above, the Loan may be repaid upon payment of a 1% fee. During the last 3 months of the Loan term, the Loan may be repaid without payment of a prepayment penalty or yield maintenance payment. The Loan may be assumed by a purchaser of the Project so long as such purchaser is approved by the Lender in its sole discretion and a fee equal to 1% of the outstanding principal amount of the Loan is paid at the time of the assumption, a \$3,000 review fee and the Lender’s out of pocket costs. The Lender required an initial replacement reserve of \$0 and requires ongoing monthly deposits throughout the term of the Loan in the amount of \$4,667. The Lender also required a Lender controlled reserve in an amount equal to \$112,000 and an insurance impound equal to \$48,709. The Loan is nonrecourse to the Trust. If a prospective Holder will hold 25% or more of the Trust as a result of a transfer of Interests, the Lender has the right to perform due diligence and request information from the Holder related to prior business sanctions, credit risk, prior relationship with Fannie Mae or Lender, and confirmation that holder is not listed on the United States Department of Housing and Urban Development’s “Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List,” or on the General Services Administration’s “System for Award Management (SAM)” exclusion list. See “Financing Terms.”

State Tax:	Each Holder that is not currently filing a state income tax return in Virginia may now be required to file an income tax return in Virginia with respect to such Holder's income from the Trust. Generally, each Holder's income attributable to the Trust will be equal to their pro rata portion of rent paid under the Master Lease and any income from the disposition of the Project. In addition, the Holders and their principals may also be subject to taxes in the state in which the Holders and their principals reside. There is no assurance that state law will be consistent with the federal rules with respect to deferred tax treatment, the treatment of the Trust as an investment trust, or other items. Each Holder should consult their own tax advisor with respect to the tax treatment of an acquisition of an Interest in the state in which such Holder resides and where the Project is located.
Project - Operation and Management:	It is anticipated that the Trust will own and lease the Project for approximately 10 years. The Trust leased the entire Project to Passco Allure MT, LLC (the "Master Tenant"), an Affiliate of the Depositor and the Trust Manager, pursuant to the Master Lease Agreement (the "Master Lease"). The Master Tenant entered into a property management agreement with Passco Management Services, LP (the "Property Manager") to provide asset management services and to manage the day-to-day operations of the Project. The Property Manager entered into a sub-management agreement with Arlington Properties, LLC, an unaffiliated third party, for the day-to-day management of the Project.
Transferability of Interests:	The Holders will be able to sell their Interests, subject to applicable securities laws and any required consents or other requirements of the Lender (if Lender approval is required). In addition, the number of Holders is limited to 1,980. However, any Holder that proposes to sell their Interests to Maxus will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests. No transfer will be effective until the assignee executes a counterpart to the Trust Agreement and the Trust updates its ownership records to reflect the assignment.
Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates:	The Depositor and its Affiliates, including the Trust Manager and the Master Tenant, will receive substantial fees and compensation related to the acquisition of the Project, the operation and management of the Project and the sale of the Project. See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates."
Purchaser Suitability Requirements:	The Offering is strictly limited to persons who meet the Purchaser Suitability Requirements including the minimum financial requirements as to income and net worth, among other requirements set forth under "Who May Invest."
Amended and Restated Trust Agreement:	Each Holder will be required to enter into the Trust Agreement in the form attached hereto as Exhibit C. The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Holders will not have the right or power to direct in any manner the actions of the Trust, the Depositor or the Trust Manager in connection with the management or operation of the Trust. The Holders have no voting rights, including as to whether or not the Project is sold. In addition, neither the Trust nor the Holders will have any right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales. The Holders have no right to possession of the Project. Each Holder waives any right to seek a judicial dissolution of the Trust, to terminate the Trust or to partition the Trust Estate. The Trust will expire on the Trust Termination Date, and may dissolve

earlier pursuant to the terms of the Trust Agreement. See “Summary of the Trust Agreement.”

Master Lease:

The rights and obligations regarding the lease of the Project by the Trust to the Master Tenant are governed by the Master Lease, which is attached as Exhibit D. Subject to certain payment obligations of the Trust for the Landlord Costs, the Master Tenant has the sole and exclusive right to manage, lease and maintain the Project.

The Master Tenant will pay to the Trust base rent (“Base Rent”) as set forth below. The Master Tenant will also pay percentage rent (the “Percentage Rent”) equal to 80% of the gross revenue of the Project over a baseline amount (the “Baseline Amount”) as set forth below.

The following table sets forth the monthly Base Rent and the annual Baseline Amounts for the anticipated 10-year holding period.

Lease Period	Months	Monthly Base Rent	Annual Baseline Amount
1	Months 1 through 12*	\$467,346.17	\$6,493,896
2	Months 13 through 24	\$467,346.17	\$6,575,069
3	Months 25 through 36	\$467,346.17	\$6,657,258
4	Months 37 through 48	\$467,346.17	\$6,740,473
5	Months 49 through 60	\$467,346.17	\$6,824,729
6	Months 61 through 72	\$467,346.17	\$6,910,038
7	Months 73 through 84	\$467,346.17	\$6,996,414
8	Months 85 through 96	\$495,871.57	\$7,230,154
9	Months 97 through 108	\$495,871.57	\$7,320,531
10	Months 109 through 120*	\$495,871.57	\$7,412,038

The rent in the first lease period is prorated and begins on April 30, 2026 and ends on April 30, 2027. All other lease periods have a term beginning on May 1 and ending on April 30.

If the Trust’s income and expenses are equal to those assumed in the Projections prepared by the Trust Manager, the total rental payment by the Master Tenant to the Trust, after payment of Trust expenses, will result in an approximate 4.35% annualized return on equity to the Holders in lease period 1, with increases up to 4.70% through lease period 10.

Except for the Landlord Capital Expenditures described under “Description of the Master Lease – Landlord Costs – Landlord Capital Expenditures,” the Master Tenant is responsible for all remaining capital expenditures for the Project. The Master Tenant is responsible for completing the restoration of the Project after a casualty or condemnation; provided, however, to the extent available, the Trust is required to provide any insurance proceeds or condemnation proceeds resulting from such casualty or condemnation to the Master Tenant for the

purpose of restoring the Project. In the event of a casualty, to the extent the insurance proceeds are not sufficient to complete the restoration, the Master Tenant will pay the excess except for funds attributable to Landlord Costs. In the event of a condemnation, to the extent the insurance proceeds are not sufficient to complete the restoration, the Master Tenant can terminate the Master Lease provided that the Trust may pay the excess if there are at least 12 months remaining in the term. Notwithstanding the above, the Master Tenant is prohibited from taking any action that would violate the requirements of the Revenue Ruling, including making any modifications to the Project other than minor nonstructural modifications or as required by law.

The Master Lease has a term that ends on July 31, 2036. The Master Lease will terminate upon the sale of the Project by the Trust. The Projections prepared by the Trust Manager end on April 30, 2036. The Master Tenant will sublease the Project to residents of the Project, provided, that the Master Tenant will remain liable to the Trust for its obligations. See “Description of the Master Lease.”

Landlord Costs:

The Trust must pay for the Landlord Costs as provided in the Master Lease (the “Landlord Costs”). The Landlord Costs are set forth in “Description of the Master Lease – Landlord Costs.”

Master Lease Termination Event:

The Master Lease will automatically terminate and the Trust will be required to transfer the Project (or the Trust will be converted) to the Springing LLC in the event of a Master Lease Termination Event. A “Master Lease Termination Event” is any event in which (i) a Master Lease Event of Default (as defined below) has occurred and is continuing, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise, (iv) upon the occurrence of an Event of Default Springing Event or (v) the Trust springs, or the Project is transferred, to the Springing LLC. A “Master Lease Event of Default” means (i) a default by the Master Tenant with respect to any of the Operating Covenants (as defined in the Master Lease) that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Master Tenant under the Master Lease. An “Event of Default Springing Event” means any Event of Default (as defined in the Loan Documents) has occurred. Thus, certain actions by the Master Tenant could require the Trust to convert to a limited liability company.

Risk Factors and Conflicts of Interest:

Prospective Holders should carefully review the matters discussed under “Risk Factors” and “Conflicts of Interest.”

Defined Terms:

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

RISK FACTORS

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

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

Risks Relating to the Trust Structure

Trust Obligations. The Master Lease is not a triple net lease. The Master Lease requires the Trust to pay for the Landlord Costs. If the Master Lease were a typical triple net lease, the Master Tenant would be responsible for some or all of these items. As a result, the Trust has increased obligations to fund items related to the Project compared to what it would have if the Master Lease were a triple net lease. The Trust is also responsible for debt service under the Loan and certain Trust operating expenses. Some of the Trust Obligations are variable expenses and could be higher than anticipated. If the amount of the Trust Obligations increase, the amount distributed to the Holders will decrease and the return to the Holders could be significantly lower than projected. In addition, the Trust may not have sufficient funds to pay the Trust Obligations. The Trust is not able to accept any additional capital contributions or obtain additional financing secured by the Project. Thus, if the Trust does not have sufficient funds to pay for these items, the Project would be required to be transferred (or the Trust converted) to the Springing LLC and the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

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

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

Inflexibility of the Trust as a Vehicle to Own Real Property; Inability to Take Business Actions. The Trust Manager has attempted to structure the Trust so that it is the passive owner of the Project. The Trust is an

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

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

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

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

Conflict of Interest Regarding Affiliated Trust Manager and Master Tenant. The Trust Manager is an Affiliate of the Master Tenant. Therefore, there will be a conflict of interest with respect to the Trust Manager’s management of the Master Tenant on behalf of the Trust and the Master Tenant’s management of the Project and its rights under the Master Lease. If the Master Tenant defaults under the Master Lease, the Trust Manager will have a conflict of interest regarding whether to pursue any remedies available to the Trust against the Master Tenant given their common ownership. In addition, there will be a conflict of interest in the event that the Master Lease is renegotiated. The Holders do not have the authority to act on behalf of the Trust and only the Delaware Trustee has the power to replace the Trust Manager and may do so only in the case of the fraud, gross negligence or willful misconduct of the Trust Manager. There is no mechanism to resolve the conflict of interest between the Trust and the Master Tenant.

Potential Continued Ownership of Beneficial Interests by the Depositor. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate. The continued ownership of the Interests by an Affiliate of the Trust Manager could create a conflict of interest with respect to the Trust Manager's management of the Trust and the management of such Affiliate. There is no method established for resolving any conflict arising from the ownership of such Interests and the duties of the Trust Manager.

No Representation of Holders. Each Holder will be required to acknowledge and agree in the Purchase Agreement that counsel representing the Trust and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Holders.

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

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

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

Capital Expenditure Reserves. The Trust makes monthly payments of \$4,667 to the Lender for a capital expenditure reserve, and it is anticipated the Lender will make disbursements of such reserve to the Trust after the Trust makes capital improvements at the Project. The operating cash flow in the Projections assumes that the lender makes such disbursements. There can be no guaranty the Lender will make disbursements from such reserve. Further, the Trust will need to include proceeds from the release of lender impounds (including on sale) to make all anticipated capital expenditures. In addition, the Trust is obligated to pay an Unidentified Tenant Improvement Allowance to the Master Tenant of up to \$300,000 for capital replacements at the request of the Master Tenant. No reserve has been established by the Trust for the Unidentified Tenant Improvement Allowance. Any payment to the Master Tenant for (i) unreserved improvements or (ii) the Unidentified Tenant Improvement Allowance will reduce distributions from the Trust.

Reserve Note. The Depositor contributed the Reserve Note to the Trust in lieu of contributing cash for a portion of the reserves. The Reserve Note is an installment note that requires the Depositor to make fixed payments over a period of 6 months beginning when the Trust entered into the Loan. The Reserve Note represents the majority of the reserves to be held by the Trust. In the event that the Depositor fails to make a payment required under the Reserve Note, the Trust may not have sufficient funds to pay its anticipated expenses and obligations. The Trust will not be able to accept any additional capital to fund the reserves from an alternative source. Thus, the Trust must rely on the Depositor to make the required payments under the Reserve Note in order to meet its monetary obligations under the Master Lease. There is no assurance that the Depositor will make all of the required payments under the Reserve Note. It is anticipated that the Depositor will use Offering Proceeds to fund the payments under the Reserve Note. There is no assurance that sales will occur at a rate that will provide sufficient funds to make such payments. Passco Companies, LLC guaranteed the Depositor's obligations under the Reserve Note. A failure by the Depositor and Passco Companies, LLC to fund the Reserve Note will likely result in the Trust's default under the Master Lease, which could lead to a default under the Loan Documents. In addition, the Trust would not be able to pay for the anticipated Landlord Capital Expenditures which would likely reduce the overall value of the Project at the time of sale and could impact operations.

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

FMV Option. The Interests are subject to the FMV Option. If the FMV Option is exercised, the purchase price of the Interests will be equal to the fair market value of the Project (multiplied by the pro rata portion of the Trust owned by the applicable Holder) at the time the FMV Option is exercised. There can be no assurance that the fair market value of the Project at such time will exceed the purchase price of the Interests paid by the Holders. The Holders will not have the right to approve the exercise of the FMV Option or cause the FMV Option to be exercised. Although the purchase price paid upon exercise of the FMV Option will be based on 2 or 3 third-party appraisals, the Trust Manager has the right, without approval or input from the Holders, to select the appraisers.

Risks Relating to the Master Lease

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

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

Limited Capital of Master Tenant. The Master Tenant is newly formed and has limited capital. In addition, a significant portion of the capital of the Master Tenant is in the form of a \$500,000 demand promissory note from Passco Management Services, LP which is guaranteed by Passco Companies. In addition, a portion of the Master Tenant's capital was funded with \$50,000 in cash and a short-term note in the amount of \$250,000 which is required to be funded within 6 months of the effective date of the Master Lease. The limited amount of cash or any failure of Passco Management Services, LP to fund the short-term note could result in the Master Tenant's default under the Master Lease. Thus, the Master Tenant only had a limited amount of cash when the Trust acquired the Project and the Master Tenant entered into the Master Lease with the Trust. Passco Management Services, LP and Passco Companies each have limited capital and limited net worth. Passco Companies has issued \$49,000,000 in preferred equity as of the date hereof that requires the payment of a 7% return on a monthly basis. In addition, Passco Companies has guaranteed a significant number of demand notes with respect to other entities and other transactions. Any bankruptcy by the Master Tenant will affect the economic success of the Project and the ability of the Master Tenant to pay rent due to the Trust. Passco Management Services, LP may, but will have no obligation to, fund payments due under the Master Lease from other operating sources. Holders should not have any expectation that Passco Management Services, LP will use other funds to make payments under the Master Lease on behalf of the Master Tenant. If the Master Tenant does not have sufficient funds to pay its obligations, the Trust may be required to terminate the Master Lease and may be required to transfer the Project (or convert the Trust) to the Springing LLC.

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

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

Mandatory Termination. The Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC in the event of a Master Lease Termination Event. A “Master Lease Termination Event” is any event in which (i) a Master Lease Event of Default (as defined below) has occurred and is continuing, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise, (iv) upon the occurrence of an Event of Default Springing Event or (v) the Trust springs, or the Project is transferred, to the Springing LLC. A “Master Lease Event of Default” means (i) a default by the Master Tenant with respect to any of the Operating Covenants (as defined in the Master Lease) that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Master Tenant under the Master Lease. An “Event of Default Springing Event” means any Event of Default (as defined in the Loan Documents) has occurred. Thus, certain actions by the Master Tenant could require the Trust to convert to a limited liability company which would cause the Holders to lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Real Estate Risks

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

Inflation. The United States has experienced significant inflation. Inflation may cause, among other things, increased costs of operation of the Project and the implementation of governmental policies to counteract the effects of inflation, such as the increase in interest rates, which could adversely affect the financial condition and operating results of the Trust.

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

Tenant-Favorable Legislation. Tenant-favorable laws, such as rent control and limits on landlord rights, currently exist and have been proposed by various state and local governments. Any such laws could reduce the ability of the Master Tenant to receive market rents and operate the Project effectively. Lower rents could adversely affect the results of operations of the Project and the financial condition of both the Master Tenant and the Trust.

Environmental Liability. Federal, state and local laws impose liability on a landowner for the release or the otherwise improper presence on the premises of hazardous materials or hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such materials or substances, subject to certain defenses. A landowner may be held liable for hazardous materials or substances brought onto the property before it acquired

title and for hazardous materials or substances that are not discovered until after it sells the property. In addition, a landowner may be held liable for hazardous materials or substances that migrate from the property onto or beneath adjacent sites, as well as hazardous materials or substances from unknown or unidentified sources that may migrate from adjacent sites onto or beneath the property. Similar liability may occur under applicable state and local law. The Seller made no representations and warranties regarding the Project's compliance with such laws. If any hazardous materials or substances are found within the Project in violation of law at any time, the Trust may be liable for cleanup costs, fines, penalties and other costs and it may have little or no recourse against the Seller. In addition, the Depositor has not made any representations or warranties to the Trust with respect to compliance with environmental laws. Thus, the Trust will have little or no recourse against the Depositor. This potential liability may continue after the Trust sells the Project and may apply to hazardous materials or hazardous substances present within the Project before the Trust acquired the Project. An innocent landowner defense or bona fide prospective purchaser defense to environmental liability under the Comprehensive Environmental Response, Compensation and Liability Act may be available where a landowner has conducted an appropriate inquiry with respect to potential hazardous materials or substances at the subject property in accordance with good commercial and customary practices. Such a defense is generally predicated on obtaining an environmental site assessment effective within 180 days prior to the landowner's acquisition of the subject property that has been prepared in substantial compliance with the ASTM Practice Designation E1527-21 – Standard Practice for Environmental Site Assessments. GRS Group, an NV5 Company ("GRS"), prepared a Phase I Environmental Site Assessment for the Project dated March 30, 2026 (the "Site Assessment"), which, subject to certain limitations, may be relied upon by the Trust, according to which GRS did not identify any evidence of recognized environmental conditions, controlled recognized environmental conditions, historical recognized environmental conditions, de minimis environmental conditions or business environmental risks at the Project. GRS did not recommend any additional action or assessment of the Project. There can be no assurance that the innocent landowner or bona fide prospective purchaser defense will be available to the Trust in the event that hazardous materials or substances are found at the Project. Further, a similar defense may not be available under state or local law. If losses arise from hazardous substance contamination that cannot be recovered from the responsible parties, the financial viability of the Project may be substantially affected. The Master Tenant has agreed to indemnify the Trust for losses from hazardous substance contamination arising from the gross negligence of the Master Tenant.

Toxic Mold. Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions and respiratory problems. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, food and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all molds and mold spores in the indoor environment. According to the Limited Mold & Moisture Survey dated March 30, 2026 (the "Mold Report"), prepared by Partner Engineering and Science, Inc. ("Partner"), which, subject to certain limitations, may be relied upon by the Trust, Partner identified moisture conditions in a limited number of units at the Project. Specifically, an active water leak was noted on the bathroom ceiling above the bathtub in Tenant Unit 3103, and a thermal anomaly was noted on the laundry closet ceiling of Tenant Unit 1317, which appeared to be the result of an active plumbing leak from the laundry connections in the tenant unit above. Partner recommended verification of repair of the identified conditions prior to closing, proper routine maintenance of the HVAC units throughout the Project, and on-going inspections of the building envelope, with particular attention to windows and HVAC units, ensuring that condensation pan drains are clear of debris. Prior to the acquisition of the Project, the Seller addressed the identified affected units at the Project and made repairs. While the Trust has no reason to believe that the Project suffers from toxic mold, other than as described in the Mold Report, there can be no assurance that toxic mold does not or will not exist at the Project despite the efforts to repair the damage. The difficulty in discovering indoor toxic mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the Project. As a result of attempts to exclude investigations, abatement and damage costs caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

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

Limited Representations and Warranties. The Trust acquired the Project "as is," "where is," "with all faults," with limited representations and warranties from the Seller in regards to the Seller entity, and no

representations from Seller with respect to environmental matters and the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project. The Seller's representations and warranties contained in the Acquisition Agreement will survive for a period of 6 months following the purchase of the Project. Seller's maximum liability for a breach of any warranty or representation is limited to \$940,950 in the aggregate. The Trust will sell Interests to the Holders "as is" with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials or other matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

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

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

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

Potential Effect of Pandemics. Pandemics may create considerable instability and disruption in the United States and world economies. The extent to which the Trust's results of operations or its overall value will be affected by a pandemic will largely depend on future developments, which are highly uncertain and cannot be accurately predicted. As a result of shutdowns, quarantines or actual viral health issues, tenants at the Project may experience reduced income for a prolonged period of time and may be unable to make their rent payments. The occurrence of any of the foregoing events or any other related matters could materially and adversely affect the financial performance and the overall value of the Project, and Holders could lose all or a substantial portion of their investment in the Trust.

Global Conflicts. The military actions taking place in Ukraine and the Middle East have significantly elevated geopolitical and military tensions worldwide. With respect to the conflict in Ukraine, the United States, European Union member states and other countries have imposed economic sanctions on the Russian Federation as well as various related parties and the Russian Federation has imposed retaliatory sanctions. The conflicts in the Middle East are further destabilizing the global economy and geopolitical landscape. As further geopolitical conflicts and economic sanctions continue to evolve, it is increasingly difficult to predict the impact and longevity of these events. Depending on direction and timing, these conflicts may significantly impact the Trust and result in adverse changes to, among other things: (i) general economic and market conditions, (ii) supply chain constraints and (iii)

interest rates. The foregoing could seriously and adversely affect the Trust's business, results of operations, financial condition, cash flow and the return to Holders.

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

No Guaranteed Cash Flow. There can be no assurance that cash flow or profits will be generated by the Project. If the Master Lease is terminated for any reason, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC.

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

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

Natural Disasters. The Project's location may experience earthquakes, hurricanes, high winds, tornadoes, wildfires and floods. An earthquake, hurricane, high winds, tornado, wildfire or flood could cause structural damage to or destroy the Project. The Trust will not obtain earthquake, wind, wildfire or flood insurance for the Project unless required by the Lender. It is possible that any such insurance, if obtained, will not be sufficient to pay for damage to the Project.

Wind Zone and Hurricanes. According to the Facility Condition Report prepared by Partner dated March 30, 2026, which may be relied upon by the Trust (the "Needs Assessment"), the Project is located in Wind Zone 2. According to the Federal Emergency Management Agency ("FEMA"), Wind Zone 2 is an area with maximum wind speeds up to 160 miles per hour. According to Partner, the Project appears to be located in a hurricane-susceptible zone. If high winds cause a loss that is partially or completely uninsured, the Holders may lose all or part of their investment. Because the Trust has limited capital and reserves and cannot accept additional capital contributions, the Trust may not be able to rebuild all or a portion of the Project in the event of a casualty at the Project. Neither the Trust nor the Master Tenant obtained separate wind insurance for the Project, but wind damage is included in the property insurance policy obtained for the Project.

Floodplain. According to the Needs Assessment citing to the Flood Insurance Rate Map, Community Panel Number 5100340079D, dated December 16, 2014, the Project is located in Flood Zone X (unshaded), which is an area outside the 1-percent and .2-percent-annual-chance floodplains, with reduced flood risk due to levee. If there is damage to the Project due to flooding and the Master Tenant does not repair the Project, the Trust could lose its investment in the Project. If flooding causes a loss that is partially or completely uninsured, the Holders may lose all or part of their investment. The Trust has not established a significant amount of reserves and may not have sufficient capital in the event of a casualty caused by flooding at the Project.

Competition. The Project is located in an area where there are competing properties located in the Project's market area. According to the Appraisal, the closest competing properties in the market area are (i) Red Knot at Edinburgh, which is located approximately 0.2 miles from the Project, (ii) Tattersall Chesapeake, which is located

approximately 6.0 miles from the Project, (iii) MAA Adalay Bay, which is located approximately 6.2 miles from the Project and (iv) Vista Summit Pointe, which is located approximately 8.2 miles from the Project. According to the Appraisal, the stabilized comparable rental properties surveyed reported occupancy rates between 95.1% to 98.8%. The proximity of the competing properties could adversely affect the occupancy at the Project and, thus, the ability of the Master Tenant to pay rent due under the Master Lease. Competition may also make it difficult to attract new tenants to the Project, which may increase costs and reduce returns at the Project.

Occupancy; Difficulty Attracting and Retaining Tenants. According to the April 27, 2026 Rent Roll, the Project was 98.57% occupied. There can be no assurance that the Project can maintain the current occupancy level. If tenants (i) do not renew or extend their leases, (ii) default under their leases or (iii) terminate their leases, the operating results and financial viability of the Project could be substantially affected. The Projections assume a minimum occupancy rate and certain rental rates for the Project, but there can be no assurances that the Project will be substantially occupied at the projected rents. The Appraisal assumes a 95.5% occupancy rate for the Project. The Projections assume that the Project will maintain an average occupancy rate of approximately 95.30% over a 10-year period. There can be no assurance that the Project will maintain the minimum occupancy levels at projected levels or that rental concessions will not be required. Minimum occupancy rates may be achievable only at rental rates less than those assumed in the Projections. The residential leases for units at the Project generally have a term of approximately 1 year or less. The Project is leased to the Master Tenant pursuant to the Master Lease. In the event that the Master Lease is terminated or occupancy levels at the Project decline, the financial viability of the Project may be substantially affected, which may affect the ability of the Master Tenant to pay rent due under the Master Lease.

Easements, Restrictions, Encroachments and Agreements. The Project is subject to utility easements granted to Virginia Electric and Power Company. The Project is also subject to various private drainage easements and both private and public access easements as shown on a subdivision plat. In addition, the Project is subject to and benefits from the Declaration of Easements, Covenants, Restrictions and Agreements for Edinburgh Farms dated August 18, 2022, and recorded in Deed Book 10596 at Page 1284, as amended (the “CCRs”). The CCRs establish cross access and drainage easements between the owner of the Project and the owners of adjacent parcels within the Edinburgh Farms development. The Project’s stormwater system is connected to retention ponds located on adjacent parcels. Disputes could arise between the Trust and the owners of the adjacent properties regarding maintenance obligations and costs and access rights, each of which would add to the costs of the Project. According to the Survey, there were no visible encroachments noted at the time of the Survey. Any or all of the easements, restrictions, encroachments or agreements on title to the Project could limit operations and development at the Project.

Zoning. All improved real estate projects must be built in accordance with applicable zoning regulations, absent an approved variance issued by the applicable governmental authority. Any unknown or future violations on the Project could limit operations and development at the Project.

Necessary Improvements and Repairs. The Needs Assessment was prepared by Partner based on a visual walkthrough of the Project on March 16-17, 2026. The Needs Assessment characterizes the Project as being in overall good condition. According to the Needs Assessment, the Project has an expected useful life of no less than 35 years. According to the Needs Assessment, Partner identified no immediate repairs needed at the Project. The Needs Assessment recommends repairs and replacements over the following 12 years with respect to site improvements, mechanical and electrical systems, and interior elements. The Needs Assessment indicated that the estimated requirements for modified capital reserve expenditures are \$258 per unit per year (uninflated) or \$299 per unit per year (inflated). Based on this, Partner recommended the establishment of a modified capital reserve of \$866,008 (uninflated) or \$1,003,568 (inflated) for a 12-year hold period. If reserves are insufficient and the Master Tenant does not pay for the required repairs and replacements at the Project that are the obligations of the Master Tenant, new financing to pay for these and other repairs and replacements that become necessary over time may be required. The Trust is not permitted to obtain additional capital or financing. If such actions are necessary, the Project must be transferred (or the Trust converted) to the Springing LLC. If the Project is transferred (or if the Trust converts) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Construction Defects. The Project was recently constructed. Newly constructed projects are sometimes subject to construction defects that only reveal themselves over time. If the Project should become subject to any

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

Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the “ADA”), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated, and the path of travel accessing the renovated area, must comply with the ADA. The ADA requirements could require removal of access barriers at significant cost and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys’ fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving and could evolve to place a greater cost or burden on the Trust. According to the Needs Assessment, the Project is a “public accommodation.” According to the Needs Assessment, based on a limited visual survey of accessible areas for general compliance with ADA requirements, Partner observed the Project appeared to be generally accessible without accessibility deficiencies. There can be no assurance that the Project does or will in the future conform to ADA requirements. If violations of the ADA do exist, there can be no assurance that there will be funds to pay for any necessary repairs and compliance will reduce the Trust’s net income and the amount of funds available for distributions to the Holders.

Compliance with the Fair Housing Act and the Fair Housing Amendment Act. The Fair Housing Act of 1988 (Public Law 100-430) (the “FHA”), which was amended by the Fair Housing Amendment Act (the “FHAA”), enacted prohibitions against discrimination in housing on the basis of race, color, religion, sex, handicap, familial status or national origin. In addition, the FHA and FHAA require reasonable modification of dwellings and reasonable accommodation for the disabled in design and first construction of certain new multifamily dwellings built for first occupancy after March 13, 1991 to comply with design and construction requirements related to access and use by disabled persons. There can be no assurance that the Project does or will in the future conform to the FHA and FHAA requirements. Any unknown or future FHA or FHAA violations on the Project could limit operations and development at the Project.

Appraised Value. According to the Appraisal, the “as-is” appraised market value of the Project as of March 17, 2026, was \$92,900,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$103,203,429 (\$106,925,000, less the Trust Reserves in the amount of \$3,721,571). Thus, the Project will need to be sold for a net sales price (after fees and costs) of at least \$103,203,429 (less any amounts used to repay principal on the Loan) net of the payment of the disposition fee in order for Holders to receive a return of their capital from such sales proceeds. The Trust may not be able to sell the Project at a price equal to or greater than the purchase price paid by the Holders for the Interests.

Limited Liability for Third-Party Reports. While the Trust is permitted to rely on the third-party reports referenced herein, Partner has an aggregate limitation on its liability of \$1,000,000 for all of the reports it provided for the Project, which are the Needs Assessment, Appraisal and Mold Report. The Holders of the Trust may be required to rely on the Trust to pursue such party, and any recovery will be subject to the limitation described above.

Amenities as Potential Liabilities. In addition to the residential buildings, the Project is improved with certain amenities including a saltwater pool with sundeck and splash pad, a clubhouse with entertainment space, catering kitchen, and cyber cafe, as well as a golf simulator, pet spa, 24-hour fitness center, grilling areas, and EV charging stations. Certain claims could arise in the event that a personal injury, death or injury to property should occur in, on, or around any of the Project’s improvements. There can be no assurance that particular risks pertaining to these improvements that currently may be insured will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. The Trust may be liable for any uninsured or underinsured personal injury, death or property damage claims.

Market Performance. Moody’s projects that the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA will underperform the South Region from 2026 to 2030 and that employment growth, personal income growth and gross

metropolitan product growth in the MSA will trail national averages during such period. Market underperformance could have an adverse impact on the Trust.

Financing Risks

Leverage. The Project is leveraged with a loan-to-purchase price ratio of approximately 46.85% ($\$48,350,000 \div \$103,203,429$ (\$106,925,000 gross price minus the Trust Reserves in the amount of \$3,721,571)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 45.22% if the reserves are included in the Holder purchase price ($\$48,350,000 \div \$106,925,000$). The loan-to-cost ratio is approximately 51.38% ($\$48,350,000 \div \$94,095,000$) based on the purchase price of the Project pursuant to the Acquisition Agreement. Because reserves in the amount of \$160,709 were established as a requirement of the Loan, not all of the Loan proceeds were used to acquire the Project. A decrease in rental revenue of the Project may materially and adversely affect the Project's cash flow, which may affect the ability of the Master Tenant to pay rent due under the Master Lease. If the rent from the Project is insufficient to provide the Master Tenant with sufficient cash to pay Base Rent, it is possible that debt service payments could not be made and the Project could be foreclosed and the Holders could lose their entire investment.

Cash Sweep. Pursuant to the Loan Documents, the Trust established the Clearing Account in which all rental and other income received from the Project will be deposited during the term of the Loan. The Clearing Account will be under the sole control of the Lender during the term of the Loan. Until an Event of Default under the Loan Documents has occurred, all funds in the Clearing Account will be distributed on each business day to the Master Tenant. Following an Event of Default under the Loan Documents, the Lender will institute a sweep of all funds in the Clearing Account into a cash management account established by and under the sole control of the Lender. During the continuation of the Event of Default under the Loan Documents, the Lender will have the right to collect all rental and other income and will only permit the payment of operating expenses and any capital or other expenses that are approved by the Lender in its sole discretion. As a result, the Trust may not have funds to pay for any expenses not approved by the Lender which may include any Trust Obligations. The Trust is not able to accept any additional capital contributions to pay for these items. The Master Lease will automatically terminate upon a Master Lease Termination Event (which includes the occurrence of an Event of Default under the Loan Documents). If the Lender imposes a cash sweep of the Clearing Account, distributions to the Holders will be reduced to zero and the Trust will be required to transfer the Project (or convert the Trust) to the Springing LLC or sell the Project.

Restrictions on Transfers. If a prospective Holder will hold 25% or more of the Trust as a result of a transfer of Interests, the Lender has the right to require certain background searches on the Holder. The Lender restricts the ability of the Trust to transfer ownership of the Project and it is unknown whether the Lender will permit a potential buyer of the Project to assume the Loan from the Trust. If there is a violation of the restrictions on transfer or encumbrance in the Loan Documents, the Lender will have the right to declare the entire amount of the Loan, including principal, interest, prepayment premiums and other charges, to be immediately due and payable. If the Lender declares the Loan to be immediately due and payable, the Trust will have the obligation to immediately pay the Loan in full, including any applicable prepayment charges. If the Trust is unable to obtain replacement financing or otherwise fails to immediately pay the Loan in full, the Lender may invoke its other remedies under the Loan, which may include proceeding with a foreclosure that would cause the Trust to lose its entire interest in the Project. Each prospective Holder should review all of the Loan Documents. In addition to the above, the Trust Agreement provides that any Holder that proposes to sell their Interests to Maxus, will be required to provide the Trust Manager and the other Holders with a right of first refusal with respect to such Interests.

Events of Default Under the Loan. The Loan Documents include certain events of default. These events of default include violations of the restrictions on transfer of the Project or an interest therein, environmental matters, nonpayment of all amounts due under the Loan Documents, failure to pay taxes and insurance, any misrepresentation made in connection with the making of the Loan and other items. Should the Lender declare a default under the Loan, the Lender could foreclose on the Project, resulting in the loss of all or a substantial portion of the investment made by the Holders. In addition, the Master Lease will automatically terminate and the Trust will transfer the Project (or convert) to the Springing LLC upon a Master Lease Termination Event which includes an Event of Default under the Loan Documents. See "Financing Terms – Events of Default" for a description of the Events of Default under the Loan Documents.

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

No Ability to Refinance Loan. The Loan matures on the Loan Maturity Date, and requires a balloon payment on such date. The Trust is not permitted to refinance the Loan unless the Master Tenant becomes bankrupt or insolvent. Thus, the Project will have to be sold or transferred (or the Trust converted) to the Springing LLC if alternative financing is necessary. It is currently anticipated that the Trust will own the Project for approximately 10 years. The Trust will terminate on the Trust Termination Date. If the Project is not sold or if the Project is transferred (or the Trust is converted) to the Springing LLC and is unable to be refinanced, the continued ownership of the Project by the Holders may be jeopardized because the Lender may foreclose on the Project.

Interest Only Loan. The Loan is interest only until the Interest Only End Date. Thus, no principal will be repaid during this interest only period.

Interest Rate Buydown. The Trust paid for an interest rate buydown with respect to the Loan. Thus, a portion of the returns to the Holders will be generated through a lower interest rate acquired pursuant to the interest rate buydown. The return to the Holders would be lower if the interest rate on the Loan was made at market rates at the time the Loan was made.

Risks Relating to the Operation of the Trust

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

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

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

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

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

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

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

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

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

Indemnification; Limitation of Liability of the Master Tenant. The Trust will not be indemnified by the Master Tenant in connection with the Master Tenant's occupancy and operation of the Project for events that are a result of the negligence or willful misconduct of the Trust or its agents, contractors, employees, officers or directors. In the event indemnification is not available to the Trust for adverse events, it will negatively affect the Trust. See "Description of the Master Lease."

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

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

Risks Relating to the Offering and Lack of Liquidity

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

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

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

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

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

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

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

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

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

Independent Financial Group, LLC. Independent Financial Group, LLC (“IFG”), may become a Selling Group Member for the sale of the Interests. Cynthia Couyoumjian (CRD #1456630) (“Couyoumjian”), associated with IFG, is subject to a final order dated November 30, 2006 from the Illinois Secretary of State Securities Department (the “IL Department”). The IL Department issued a Summary Order of Denial with respect to Couyoumjian’s application for registration as a salesperson in the State of Illinois (the “Couyoumjian IL Order”). The Couyoumjian IL Order was based on findings made by the National Association of Securities Dealers (“NASD,” the predecessor to FINRA) and a subsequent Letter of Acceptance, Waiver and Consent (the “Couyoumjian AWC”) that was entered on

January 4, 2006. The findings in the Couyoumjian AWC indicated that Couyoumjian violated NASD Conduct Rules related to the dissemination of advertising and sales literature, and that such advertising and sales literature omitted material information, and that such communications also contained exaggerated, unwarranted or misleading statements or claims. The IL Department denied Couyoumjian's application for registration as a salesperson in the State of Illinois pursuant to Section 8.E(1)(j) of the Illinois Securities Act which provides that registration may be denied if the Secretary of State finds that such salesperson has been suspended by certain organizations, including NASD, and pursuant to the Couyoumjian AWC, Couyoumjian was suspended from associating with any NASD member firm for a period of 31 calendar days. Pursuant to the Couyoumjian IL Order, Couyoumjian is not permitted to sell securities in the State of Illinois.

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

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

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

No Representation of Holders. Each of the Holders acknowledges and agrees that counsel representing the Trust, the Trust Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Holders in any respect.

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

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

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

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

Interests Retained by an Entity Controlled by the Depositor or an Affiliate. There is no assurance that all of the Interests will be sold. If the Maximum Offering Amount is not raised in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate. Such entity may have an incentive to sell the Project prior to the projected holding period which will result in a potential conflict of interest for the Trust Manager.

Tax Risks

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

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

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

The Trust obtained an opinion from counsel that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes, (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031 and (iii) the “step transaction” doctrine should not be applicable to the FMV Option.

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

contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. See “Material Federal Income Tax Considerations.”

Partnership Classification – Lender Sweep Rights. The Loan Documents provide that, upon a Master Lease Termination Event, the Lender will have the right to access the funds from the Project and apply such funds to the Loan. It is unclear whether the Lender will have the right to retain amounts in excess of the Master Tenant’s obligations under the Master Lease. If the Master Tenant’s assets are used to pay obligations of the Trust, a loss sharing arrangement may be created. If a loss sharing arrangement has been created between the Master Tenant and the Trust, the IRS could take the position that a partnership exists between the Trust and the Master Tenant. If the Trust were considered a partnership, the Interests would not qualify as real estate for purposes of Code Section 1031. Further, if a Master Lease Termination Event occurs and the Trust converts into the Springing LLC, the Holders will not be able to participate in a Section 1031 exchange on the sale of the Project by the Springing LLC. See “Material Federal Income Tax Considerations.”

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

Tax Opinion Relies on Certificate. The tax opinion issued to the Trust is based, in part, on the Certificate containing certain representations and certifications made in the Certificate regarding certain factual matters related to the Trust, the Master Lease and the Project. If these representations and certifications are no longer true, the conclusion set forth in counsel’s opinion may not be applicable.

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

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

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

Limited Authority. The utilization of a Delaware statutory trust to acquire and hold property for purposes of a Code Section 1031 exchange is based primarily on the Revenue Ruling, which addresses whether a trust will be

treated as an “entity” taxable as a partnership or an investment trust that is classified as a trust for tax purposes. There is no direct authority other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust. It is possible that the IRS could determine that the Trust does not comply with the requirements of the Revenue Ruling. A determination that the Trust is not taxable as an investment trust that is classified as a trust would likely have a significant adverse impact on the Holders.

Mandatory Sale. The Trust is required to sell the Project if the Trust Manager determines that the sale is appropriate (after an initial 2-year holding period following the Offering Termination Date). Although the Trust Manager may poll the Holders regarding any potential sale, any sale will occur without regard to the tax position, preferences or desires of any of the Holders, and the Holders have no right to approve (or disapprove) the sale of the Project. A Holder may or may not be able to defer the recognition of gain for federal, state or local income tax purposes when this sale occurs. Under current federal income tax law, Interests in the Trust should constitute interests in real estate and, therefore, a sale of the Project should qualify for deferral of gain under Code Section 1031 if all other requirements of Code Section 1031 are met (and assuming that the Project has not been transferred (or the Trust converted) to the Springing LLC). The Trust expects to sell the Project in a manner that will qualify for deferral of gain under Code Section 1031, but there can be no assurances that any such sale will so qualify.

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

A Transfer Distribution will occur under the circumstances set forth in the Trust Agreement without regard to the tax consequences that arise as a result of the transaction. Under current law, a Transfer Distribution should not be subject to federal income tax pursuant to Code Section 721. A Transfer Distribution could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that a Transfer Distribution will not be taxable under the federal income or other tax laws in effect at the time the Transfer Distribution occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Holders in the event that a Transfer Distribution does occur.

Taxable “Boot.” Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately \$317.68 per Interest. Of the total amount of reserves, \$303.96 is attributable to reserves funded by the Depositor and will be “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. Of the total amount of reserves, \$160,709 will be funded as a requirement of the Loan, comprising of lender controlled reserves of \$112,000, and lender insurance impound of \$48,709. It is possible that such amounts, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder’s prior investment, may not be treated as “boot.” The Trust also paid \$1,450,907 in loan and lender expenses, comprising of \$483,907 (\$41.31 per Interest) for lender loan/legal costs and fees and \$967,000 (\$82.54 per Interest) to buy down the interest rate on the Loan. These amounts will be treated as “boot” which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. In the event some or all of the \$160,709 in reserves were funded from Loan proceeds, then the debt allocable to Holders for their Code Section 1031 exchange will be reduced by such amounts funded from Loan proceeds. The use of Loan proceeds to fund cash reserves decreases the amount of Loan proceeds used to purchase the Project and, therefore, may result in an increase in boot for purposes of Code Section 1031. The amount of reserves held by the Trust will fluctuate over time. As a result, the reserves held by the Trust when a prospective Holder acquires an Interest may vary from the amounts set forth herein. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by

the Holders (which includes Loan fees and costs), over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder’s debt on the property exchanged, such difference will constitute “boot” and may be taxable depending on the Holder’s basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as “boot,” to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. The Trust Manager has certified that the value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project. In the event the Project consists of personal property that exceeds 15% of the value of the real property, an investment in the Trust could fail to qualify as replacement property in a Code Section 1031 exchange. In the event any item is determined to be “boot,” the taxpayer will have current income for any such “boot” up to the amount of gain on the exchange of the real property. See “Material Federal Income Tax Considerations – Taxable Boot.”

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

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

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

Limitations on Losses and Credits from Passive Activities. Deductions in excess of income, i.e., losses from passive trade or business activities, generally may not be used to offset “portfolio income,” i.e., interest, dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include trade or business activities in which the taxpayer does not materially participate and rental activities. A Holder will not materially participate in the Project. Thus, the Holder’s income and loss from the Project will constitute income and loss from passive activities. See “Material Federal Income Tax Considerations - Certain Tax Consequences Regarding Ownership of an Interest - Limitations on Losses and Credits from Passive Activities.”

Taxable Income in Excess of Cash Receipts. It is possible that a Holder’s taxable income resulting from its Interest will exceed the cash flow attributable thereto. This may occur because funds received by the Trust may be taxable income to the Holder while the Trust may use such funds for nondeductible operating or capital expenses of the Project, such funds may be held in reserves or during a cash sweep event under the Loan (as described herein). Beginning after the Interest Only End Date, the Loan will begin to require principal payments. Thus, there may be

years in which a Holder's tax liability exceeds its share of cash distributions from the Trust. The same tax consequences may result from a sale or transfer of an Interest, whether voluntary or involuntary, and may produce ordinary income or capital gain or loss. See "Material Federal Income Tax Considerations - Certain Tax Consequences Regarding Ownership of an Interest."

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

Alternative Minimum Tax. The alternative minimum tax applies to designated items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. See "Material Federal Income Tax Considerations – General Considerations – Alternative Minimum Tax."

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

State Taxes. Each Holder will be subject to state and local taxes in the state where the Project is located and where the Holder resides. Certain states do not follow the federal rules with respect to tax-deferred exchanges and it is not clear whether all states will treat the Trust as an investment trust. Further, certain state taxing agencies are aggressively auditing tax-deferred exchange transactions. In addition, other states have not yet approved of beneficial interests in Delaware statutory trusts as like-kind property with respect to deferred exchanges. This Memorandum does not analyze or discuss state or local tax consequences. Each prospective Holder should consult their own tax advisors regarding the tax consequences of the purchase of an Interest in the state where they reside and where the Project is located. Itemized deductions of individuals for state and local taxes are limited to \$40,000 of income taxes, sales taxes and property taxes. The \$40,000 limit is subject to reduction based on income. This limitation does not apply to property taxes that are incurred in carrying on a trade or business or an activity for the production of income. It is anticipated that state and local income taxes incurred by the Holders as a result of the acquisition of an Interest will be subject to the new limitation. See "Material Federal Income Tax Considerations – State and Local Taxes."

Changes in Federal Income Tax Law. Congress has enacted several major tax bills that substantially affect the tax treatment of real estate investments. Congress could make substantial changes in the future to the income tax consequences with respect to an investment in an Interest. Congress could make changes in the future to eliminate Code Section 1031 in its entirety or with respect to Interests in the Trust. Substantial changes to the Code may take place in the future, which may have substantial negative effect with respect to an investment in the Trust. The extent and effect of such changes, if any, are uncertain.

The discussion of tax aspects contained in this Memorandum is based on law presently in effect. Nonetheless, prospective Holders should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of an investment in an Interest. Any such change may or may not be retroactive with respect to the transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in an Interest.

For a further discussion on the tax aspects of an investment in an Interest, see "Material Federal Income Tax Considerations."

ESTIMATED USE OF PROCEEDS

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

Purchase Price For 1 Interest

\$5,000 of equity (\$4,127.16 in allocation of debt) per 1 Interest

Use

\$5,000 to redeem 1 Class B beneficial interest held by the Depositor^(*)

* The Depositor will acquire all of the Class B beneficial interests, and the Trust will redeem all of the Class B beneficial interests held by the Depositor for \$58,575,000 from the proceeds of the Offering. This amount is greater than the amount contributed by the Depositor (\$49,783,893) for the Class B beneficial interests. The following describes how the Depositor and the Trust will use the funds raised in the Offering⁽¹⁾:

<u>Use</u>	<u>Amount from Offering Proceeds (Equity)</u>	<u>Amount from Loan Proceeds</u>	<u>Percentage of Maximum Offering Amount (Equity)</u>	<u>Percentage of Overall Expenditures⁽²⁾</u>
Acquisition of Real Estate (\$94,412,322) ⁽³⁾⁽⁴⁾				
Proceeds from Equity	\$46,223,031		78.91%	43.23%
Proceeds from Debt		\$48,189,291		45.07%
Reserves ⁽⁵⁾	\$3,560,862	\$ 160,709	6.08%	3.48%
Closing Costs	\$125,000		0.21%	0.12%
Carry Costs ⁽⁶⁾	\$1,923,212		3.28%	1.80%
Selling Commissions ⁽⁷⁾	\$2,928,750		5.00%	2.74%
Broker-Dealer Due Diligence Allowance ⁽⁸⁾	\$292,875		0.50%	0.27%
Lead Placement Agent Fees ⁽⁹⁾	\$673,613		1.15%	0.63%
Broker-Dealer Marketing Allowance ⁽¹⁰⁾	\$585,750		1.00%	0.55%
Due Diligence Expenses	\$225,000		0.39%	0.21%
Loan and Lender Expenses ⁽¹¹⁾	\$1,450,907		2.48%	1.35%
Organization and Offering Expenses	\$286,000		0.49%	0.27%
Total Amount Retained by Depositor ⁽¹²⁾	\$300,000		0.51%	0.28%
Total Uses from Offering Proceeds (Equity)	\$58,575,000			
Total Uses from Loan Proceeds		\$48,350,000		
Total Uses of Proceeds			100%	100%

- (1) This table has been included for purposes of informing prospective Holders about the compensation and expenses that have been, or will be, received or incurred in connection with the Offering. The total proceeds exceed the amount contributed by the Depositor for its Class B beneficial interests. This table does not address the allocation for federal income tax purposes of the amount paid by a Holder for its Interest. Prospective Holders should discuss with their own tax advisors the tax treatment of the purchase of an Interest.
- (2) This percentage was calculated by dividing (i) the expenditures by (ii) the Maximum Offering Amount (\$58,575,000) and the total amount of the Loan (\$48,350,000) which was used to acquire the Project.
- (3) The purchase price was increased by the advisory fee paid to an Affiliate of the Trust Manager (\$2,295,000).
- (4) Includes \$3,672 of state grantor tax, \$78,412 in town transfer tax and \$235,238 in state transfer tax.

- (5) A portion (\$3,279,229) of the reserves were initially deposited in the form of the Reserve Note from the Depositor to the Trust. The Depositor will be required to make fixed payments on the Reserve Note over a period of 6 months beginning when the Trust entered into the Loan.
- (6) A portion of the carry costs, approximately \$1,426,380, will be paid to Affiliates of the Trust Manager.
- (7) The Managing Broker-Dealer will receive Selling Commissions in an amount equal to 5.0% of the Total Sales, which it will reallow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate.
- (8) The Managing Broker-Dealer will receive a nonaccountable due diligence allowance in an amount equal to 0.5% of the Total Sales, some of which it may reallow to the Selling Group Members on an accountable basis.
- (9) The Managing Broker-Dealer will receive a placement fee in an amount equal to 1.15% of the Total Sales, a portion of which it will reallow to certain wholesalers that are internal to Passco Companies and may sell Interests as a Selling Group Member, thereby becoming entitled to the Selling Commissions.
- (10) The Managing Broker-Dealer will receive a nonaccountable Marketing Allowance in an amount equal to 1.0% of the Total Sales, which it will reallow, in whole or in part, to the Selling Group Members.
- (11) Comprises of \$483,907 for lender loan/legal costs and fees and \$967,000 to buy down the interest rate on the Loan.
- (12) Of the amount retained, \$300,000 will be distributed to Passco Companies through its ownership interest in the Depositor, and an Affiliate will use such funds to (i) immediately contribute \$50,000 in cash to the Master Tenant and (ii) pay a \$250,000 promissory note held by the Master Tenant as funds are received. The \$250,000 promissory note was contributed by Passco Management Services, LP to the Master Tenant. Any funds not used by the Master Tenant will be retained by the Master Tenant.

DESCRIPTION OF THE MARKET

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

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA – Virginia State

*Unemployment Data
Bureau of Labor and
Statistics*

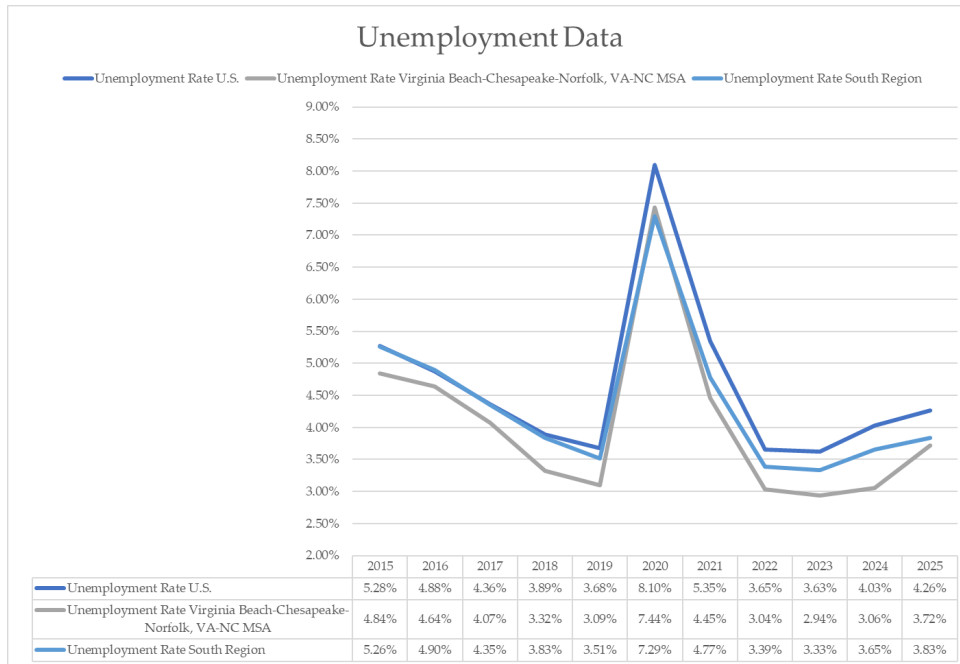


Virginia Beach-Chesapeake-Norfolk, VA-NC MSA					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Annual Labor Force Δ (%)
2015	844,581	803,660	40,921	4.84%	
2016	834,883	796,140	38,743	4.64%	-1.15%
2017	851,180	816,557	34,623	4.07%	1.95%
2018	854,264	825,918	28,346	3.32%	0.36%
2019	859,733	833,132	26,601	3.09%	0.64%
2020	849,141	786,038	63,103	7.44%	-1.23%
2021	841,826	804,311	37,515	4.45%	-0.86%
2022	856,860	830,837	26,023	3.04%	1.79%
2023	879,683	853,805	25,878	2.94%	2.66%
2024	883,768	856,716	27,052	3.06%	0.46%
2025	870,561	838,206	32,356	3.72%	-1.49%

South Region					
Year	Labor Force	Employment	Unemployment	Unemployment Rate	Annual Labor Force Δ (%)
2015	57,146,325	54,139,090	3,007,234	5.26%	
2016	57,984,021	55,145,270	2,838,751	4.90%	1.47%
2017	58,863,316	56,304,546	2,558,770	4.35%	1.52%
2018	59,474,718	57,195,643	2,279,075	3.83%	1.04%
2019	60,283,805	58,166,508	2,117,297	3.51%	1.36%
2020	59,505,191	55,186,516	4,318,675	7.29%	-1.29%
2021	60,324,491	57,446,872	2,877,619	4.77%	1.38%
2022	61,813,402	59,718,371	2,095,031	3.39%	2.47%
2023	63,180,243	61,075,859	2,104,384	3.33%	2.21%
2024	64,134,497	61,792,564	2,341,934	3.65%	1.51%
2025	64,573,036	62,097,241	2,475,795	3.83%	0.68%

Note: Each category reflects an annual average (As of December 2025)

Source: Bureau of Labor and Statistics



Note: Each category reflects an annual average (As of December 2025)

Source: Bureau of Labor Statistics

In the 5 years leading up to the COVID-19 Pandemic (the “Pandemic”), the Virginia Beach-Chesapeake-Norfolk VA-NC Metropolitan Statistical Area’s (“Virginia Beach-Chesapeake-Norfolk, VA-NC MSA”) labor markets continually improved, with annual unemployment rates compressing roughly 1.75% between 2015 and 2019. Before the Pandemic, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA’s unemployment rate was approximately 2.69% (as of December 2019), which was approximately 1.31% lower than the 5-year trailing average annual unemployment rate for the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA (2015-2019), according to the Bureau of Labor Statistics (the “BLS”). Reminiscent of multiple markets across the United States, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA felt the impact of the Pandemic, with the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA’s employment base contracting by roughly 103,413 jobs between March 2020 and April 2020. However, labor force conditions have improved since, with unemployment rates declining by approximately 8.87% between the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA’s unemployment rate peak in April 2020 (12.45%) and December 2025 (3.58%). As of December 2025, the unemployment rate sits above the pre-Pandemic rate (2.69% - December 2019), and the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA’s employment base has gained approximately 106,873 jobs since May 2020. Relative to the 10-year South Census Region unemployment rate average (4.29%), the 10-year Virginia Beach-Chesapeake-Norfolk, VA-NC MSA unemployment rate average (3.98%) is lower, according to the BLS. In addition, the current unemployment rate of the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA (3.58% - December 2025) is lower than the current South Census Region unemployment rate (4.06% - December 2025).¹

With an estimated population size of approximately 1,794,278 (2024), the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is the 37th largest metro in the United States by population size, according to the United States Census Bureau. The Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is the 41st largest metro in the United States by economic Gross Domestic Product (“GDP”), generating approximately \$127.459 billion in GDP (2023), according to the Bureau of Economic Analysis. The Virginia Beach-Chesapeake-Norfolk, VA-NC MSA falls within the top 100 best-performing cities at 90, and the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA ranks among the top 4 biggest gains among large cities’ rankings, according to the Milken Institute 2025 Best Performing Cities Rankings.

¹ Certain statistics in this paragraph reflect the pre-COVID time period and may not reflect the current status of the economy or the market.

In addition, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is ranked 33rd for wage growth 2022-2023, according to the Milken Institute 2025 Best Performing Cities Rankings.

According to Claritas Analytics, the 2026 estimated population of the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is 1,795,848. There are 18 counties in the Virginia Beach- Chesapeake-Norfolk VA-NC MSA, according to the United States Office of Management and Budget. The principal cities in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA are Virginia Beach, VA, Chesapeake, VA, Norfolk, VA, Newport News, VA, and Portsmouth, VA, according to the United States Office of Management and Budget. Characteristic of the South United States region, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is a moist subtropical mid-latitude climate with mild winters and warm and humid summers, according to the National Weather Service. Chesapeake, Virginia (“Chesapeake, VA”), the city the Project is located, is a suburb approximately 22 miles west of Virginia Beach, VA, the largest city in Virginia (454,808 – 2024 Estimate).

According to the BLS, the current employment base (December 2025) of the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is 826,271, and it has improved since April 2020. Local unemployment rates spiked from 3.51% in March 2020 to 12.45% in April 2020. However, the local unemployment rate has declined since April 2020 to its current level of 3.58% (December 2025). The 3 largest employment sectors in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA are Government (19.9%), Education and Health Services (15.1%), and Professional and Business Services (15.0%), according to Moody’s. Based on available data provided by Moody’s, the 3 highest-paying employment sectors are Information (\$141,896), Wholesale Trade (\$117,002) and Financial Activities (\$112,809).

According to the Moody’s employment volatility index, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA employment beta value is 0.83, indicating lower employment volatility relative to the United States.

Moody's Employment Beta	
MSA	Beta (β) Value
St. Cloud MN	0.83
Hickory-Lenoir-Morganton NC	0.83
Virginia Beach-Chesapeake-Norfolk VA-NC MSA	0.83
Columbus OH	0.83
Greensboro-High Point NC	0.82
Merced CA	0.82

**Employment beta measures the relative volatility of regional or sector employment compared to total U.S. nonfarm payroll employment (U.S. = 1.0). A value below 1.0 indicates lower volatility than the U.S., while a value above 1.0 indicates greater volatility. This metric is for comparative purposes only and should be interpreted alongside broader economic context.*

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and U.S. Projected Economic Factors					
Year	2026	2027	2028	2029	2030
GDP /GMP Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	1.31%	1.58%	1.77%	2.09%	2.32%
U.S.	2.61%	1.53%	1.89%	2.39%	2.67%
Employment Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	-0.14%	0.15%	0.37%	0.53%	0.75%
U.S.	0.24%	0.30%	0.47%	0.65%	0.85%
Unemployment Rate					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	3.92%	3.84%	3.61%	3.42%	3.20%
U.S.	4.51%	4.55%	4.39%	4.18%	3.91%
Personal Income Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	4.72%	4.23%	3.80%	4.02%	4.23%
U.S.	4.55%	4.39%	3.96%	4.23%	4.46%

Source: Moody's Analytics, December 2025 (MSA) & December 2025 (United States)

In 2026, Moody's estimates that local gross metropolitan product ("local GMP") growth and employment growth will trail the United States by 1.29% and 0.38%. Between 2026-2030, Moody's estimates the local economy to trail the United States in employment growth, personal income growth and local GMP growth, on average, by 0.17%, 0.12% and 0.40%, respectively. Moody's estimates that the annual unemployment rate will be lower (3.60%), on average, than the United States during the same period (4.31%).

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and South Region Projected Economic Factors					
Year	2026	2027	2028	2029	2030
GRP /GMP Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	1.31%	1.58%	1.77%	2.09%	2.32%
South Region	2.87%	1.90%	2.25%	2.76%	3.06%
Employment Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	-0.14%	0.15%	0.37%	0.53%	0.75%
South Region	0.56%	0.63%	0.79%	0.98%	1.21%
Unemployment Rate					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	3.92%	3.84%	3.61%	3.42%	3.20%
South Region	4.18%	4.26%	4.10%	3.90%	3.66%
Personal Income Growth					
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	4.72%	4.23%	3.80%	4.02%	4.23%
South Region	5.02%	4.96%	4.48%	4.76%	5.00%

Source: Moody's Analytics, December 2025 (MSA) & December 2025 (South Region)

According to Moody's, the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA is expected to underperform the South Region. Between 2026-2030, Moody's estimates the local economy to trail the South Region in employment growth, personal income growth and GMP growth on average, by 0.50%, 0.64% and 0.75%, respectively. Moody's estimates that the annual unemployment rate will be lower (3.60%), on average, than the South Region during the same period (4.02%).

Virginia

Virginia ranks 16th in the nation for best states in America according to U.S. News and World Report's Best States in America Rankings. According to the U.S. News and World Report's Best American Education Systems by States, Virginia ranks 15th in the United States. According to the U.S. News and World Report's Best States in America by Economy, which reflects the states' business environment, labor market and overall economic growth, Virginia ranks 10th in the nation.

According to the Bureau of Labor Statistics, Virginia is the 14th lowest state in the United States for December 2025 unemployment rates.

Unemployment Rate by State - Bureau of Labor Statistics		
State	December 2025 Unemployment Rate (%)	Rank
Montana	3.40%	10
Wyoming	3.40%	10
Indiana	3.50%	12
Iowa	3.50%	12
Georgia	3.60%	14
Idaho	3.60%	14
Oklahoma	3.60%	14
Tennessee	3.60%	14
Utah	3.60%	14
Virginia	3.60%	14

Source: Bureau of Labor Statistics (December 2025)

Virginia is home to a growing tech sector. According to a 2025 report compiled by the Computing Technology Industry Association (CompTIA), Virginia is 5th nationally for the top states by net tech employment (375,469) and ranks 3rd for top 10 states for net tech employment by concentration (8.7%).

The tables below reflect economic data produced by IBISWorld Consulting, reflecting GDP drivers by economic sector and total employment by economic sector for Virginia. The Professional, Scientific and Technical Services sector generates the largest GDP of any sector for the state of Virginia (\$101.095 billion).

IBIS World GDP by Sector			
Sector	GDP	Growth 2024 (%)	Annualized Growth 2019-24 (%)
Professional, Scientific and Technical Services	101,095,064,433	5.90%	6.20%
Real Estate and Rental and Leasing	84,255,532,698	3.50%	3.50%
Healthcare and Social Assistance	42,556,261,239	5.70%	4.20%
Manufacturing	42,425,389,690	-0.90%	-0.40%
Information	36,689,893,206	11.70%	10.90%
Retail Trade	32,858,734,049	4.20%	2.00%
Finance and Insurance	31,491,437,969	1.80%	1.60%
Construction	23,247,259,549	-1.40%	-0.70%
Wholesale Trade	22,922,400,359	-0.40%	0.20%
Administration, Business Support and Waste Management Services	22,107,499,989	2.50%	1.90%
Management of Companies and Enterprises	21,094,656,013	7.60%	8.00%
Transportation and Warehousing	15,666,217,765	3.40%	2.40%
Accommodation and Food Services	15,459,268,776	4.40%	0.90%
Other Services (except Public Administration)	12,217,668,070	-2.30%	-2.20%
Utilities	6,892,958,274	-2.30%	-2.50%
Educational Services	5,395,594,819	2.00%	0.70%
Arts, Entertainment and Recreation	5,190,694,631	11.00%	6.80%
Mining	1,672,447,699	1.30%	3.20%
Agriculture, Forestry, Fishing and Hunting	1,536,277,036	-4.30%	-2.60%

Source: IBISWorld Consulting Economic Data (2025)

IBIS World Employment by Sector			
Sector	Employment	Growth 2024 (%)	Annualized Growth 2019-24 (%)
Professional, Scientific and Technical Services	780,117	2.30%	2.70%
Healthcare and Social Assistance	556,613	2.60%	1.50%
Retail Trade	539,892	1.50%	2.80%
Accommodation and Food Services	363,628	1.20%	-0.90%
Administration, Business Support and Waste Management Services	338,800	-0.30%	0.90%
Construction	282,608	1.80%	1.50%
Manufacturing	244,130	0.80%	0.50%
Educational Services	243,299	1.00%	0.70%
Finance and Insurance	219,488	2.20%	3.00%
Transportation and Warehousing	216,821	2.80%	2.90%
Other Services (except Public Administration)	211,265	1.00%	0.50%
Information	144,868	4.40%	3.50%
Real Estate and Rental and Leasing	142,338	1.20%	1.30%
Wholesale Trade	105,731	0.20%	-0.30%
Arts, Entertainment and Recreation	70,044	1.40%	-2.10%
Utilities	16,632	0.30%	-0.90%
Agriculture, Forestry, Fishing and Hunting	13,798	1.10%	0.30%
Mining	5,796	-1.60%	-3.30%

Source: IBISWorld Consulting Economic Data (2025)

Virginia State and South Region Projected Economic Factors					
Year	2026	2027	2028	2029	2030
GSP /GRP Growth					
Virginia (State)	1.50%	1.75%	1.92%	2.24%	2.47%
South Region	2.87%	1.90%	2.25%	2.76%	3.06%
Employment Growth					
Virginia (State)	0.14%	0.24%	0.44%	0.61%	0.84%
South Region	0.56%	0.63%	0.79%	0.98%	1.21%
Unemployment Rate					
Virginia (State)	3.74%	3.61%	3.34%	3.13%	2.89%
South Region	4.18%	4.26%	4.10%	3.90%	3.66%
Personal Income Growth					
Virginia (State)	4.36%	4.23%	3.85%	4.14%	4.39%
South Region	5.02%	4.96%	4.48%	4.76%	5.00%

Source: Moody's Analytics, December 2025 (Virginia) & December 2025 (South Region)

According to Moody's, Virginia is expected to underperform the South Region. Between 2026-2030, Moody's estimates the Virginia economy to trail the South Region in Gross State Product/Gross Regional Product ("GSP/GRP") growth, employment growth and personal income growth, on average, by 0.59%, 0.38% and 0.65%, respectively. Moody's estimates that the Virginia annual unemployment rate will be lower (3.34%), on average, than the South Region during the same period (4.02%).

The Local Area and Demographics

The Project is in Chesapeake City, VA (“Chesapeake City”). According to Niche, Chesapeake City is ranked the 3rd best suburb to live in the Norfolk area and possesses an overall Niche grade of “A-”. In addition, Chesapeake City is ranked 2nd in the best places with the best public schools in the Norfolk area, according to Niche. According to Stacker, which compiled population growth data from the United States Decennial Census, Chesapeake is one of the fastest-growing counties in Virginia, achieving the 8th largest total population growth (2010-2020) for all counties in Virginia. Chesapeake City falls within the top 43rd percentile for all counties in Virginia for cumulative population growth (2020-2024), according to the United States Census Bureau.

According to Claritas, Chesapeake City’s median household income, 2020-2026 population growth patterns, 2026-2031 projected population growth patterns, educational attainment levels, median home values and the percentage of households with incomes higher than \$100,000 exceed the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA.

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and Regional Demographics				
	Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	Chesapeake City, VA	Virginia	United States
2020 to 2026 Population Growth	0.89%	2.43%	2.67%	3.48%
2026 to 2031 Population Growth	0.66%	1.44%	1.95%	2.58%
2026 Estimated Population	1,795,848	255,473	8,862,188	342,965,686
Average Age	39.90	39.30	40.60	40.70
% of Age 25+ w/ Bachelor’s Deg. or Higher	35.96%	36.59%	42.28%	35.90%
Prime Rental Age 18-34	23.75%	21.32%	22.55%	22.54%
Median Household Income	\$88,239	\$103,202	\$99,752	\$86,286
% of Households greater than \$100K Income	44.25%	51.52%	49.89%	43.52%
Median Home Value	\$404,794	\$426,524	\$460,656	\$380,941

Source: Claritas Analytics

The Project lies within a suburban infill area and is enveloped by a mixture of single-family homes and retail space. Approximately 0.7 miles from the Project is Route 168, a 35-mile north-south road corridor providing access to major interstate roads I-64 and I-464.

The Project is 28 miles from Naval Station Norfolk, the largest naval complex in the world generating an annual economic impact of \$15.4 billion (2020), according to a published report from the Navy Region Mid-Atlantic Public Affairs Office. According to Moody’s, Naval Station Norfolk is the largest employer in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA, employing over 80,000 personnel. The Project is 25 miles from Sentara Norfolk

General Hospital, a 525-bed tertiary care facility. The Sentara Health System has a network of hospitals in Virginia, North Carolina and Florida, and generates an estimated \$17.4 billion economic impact (2023). According to Moody's, Sentara Healthcare is the 2nd largest employer in Virginia Beach-Chesapeake-Norfolk, VA-NC MSA, employing over 2,000 personnel. The Project is 19 miles from Old Dominion University, a 4-year public university with 23,469 students enrolled that generates a \$3.8 billion annual economic impact in Virginia. Old Dominion University is the 7th largest employer in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA, employing over 1,000 personnel, according to Moody's. The Project is 18 miles from the Children's Hospital of The King's Daughters, a 238-bed healthcare facility. According to Moody's, Children's Hospital of The King's Daughters employs over 1,000 personnel in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and is the 8th largest employer. The Project is 18 miles from the Eastern Virginia Medical School. According to Moody's, Eastern Virginia Medical School employs over 1,000 personnel in the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and is the 9th largest employer.

The Project also benefits from convenient access to an array of retail options on Route 168. The following retail options are within 1 mile of the Project: Walmart Supercenter, The Home Depot, Target, Cinema Café Edinburgh, Panera Bread, Cracker Barrel Old Country Store, and Buffalo Wild Wings. In addition, the Project is within 3.5 miles of the Hanbury Village shopping center, anchored by Harris Teeter grocery and Petco.

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA Top Employers & Distances			
Rank	Employer	Employees	Distance to Employer
1	Naval Station Norfolk	>80,000	28 Mile(s)
2	Sentara Healthcare	>2,000	25 Mile(s)
3	Walmart Inc.	>2,000	N/A
4	Huntington Ingalls Industries	>1,000	35 Mile(s)
5	Riverside Regional Medical Center	>1,000	40 Mile(s)
6	Ferguson Enterprises Inc.	>1,000	45 Mile(s)
7	Old Dominion University	>1,000	19 Mile(s)
8	Children's Hospital of The King's Daughters	>1,000	18 Mile(s)
9	Eastern Virginia Medical School	>1,000	18 Mile(s)
10	ADP Inc.	>1,000	16 Mile(s)

Source: Moody's Analytics, December 2025; Google Maps (Distances)

Virginia Beach-Chesapeake-Norfolk, VA-NC MSA and Local Area Demographics				
	Virginia Beach-Chesapeake-Norfolk, VA-NC MSA	1-Mile Radius	3-Mile Radius	5-Mile Radius
2020 to 2026 Population Growth	0.89%	20.21%	7.93%	2.13%
2026 to 2031 Population Growth	0.66%	10.63%	4.65%	1.37%
2026 Estimated Population	1,795,848	3,254	15,602	54,842
Average Age	39.90	36.85	39.27	39.81
% of Age 25+ w/ Bachelor's Deg. or Higher	35.96%	56.69%	51.12%	42.83%
Prime Rental Age 18-34	23.75%	18.93%	19.45%	20.59%
Median Household Income	\$88,239	\$169,769	\$166,305	\$148,418
% of Households greater than \$100K Income	44.25%	82.40%	77.23%	70.52%
Median Home Value	\$404,794	\$652,391	\$598,248	\$535,769

Source: Claritas Analytics

As reflected in the table above, according to Claritas, population growth patterns, median household income levels, educational attainment levels, household percentages with income levels greater than \$100,000, and median home values all exceed the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA at 1-mile, 3-mile, and 5-mile radii of the Project.

The Apartment Market

Norfolk, Virginia Apartment Market

The Project is within the Hampton Roads region of Virginia which comprises of Virginia Beach, Norfolk, Chesapeake, Newport News, Hampton, Portsmouth and Suffolk. According to CoStar, annual rent growth of 4.2% positions Hampton Roads ahead of the national average, even as gains moderate from the double-digit peaks of 2021. At its height, rent growth reached 10.3%, but has since normalized to near the long-term average of 3.3%.

According to CoStar, development activity has slowed sharply, with 820 units in development (0.6% of inventory). This slow marks a significant decline from the pandemic-era pipeline, alleviating near-term supply pressure.

The vacancy rate in Hampton Roads is 6.2%, reflecting a market that has absorbed significant new supply without major disruption, according to CoStar. From approximately March 2025 to March 2026, absorption totaled 1,500 units, surpassing the 10-year average of 2,000 units.

CoStar Norfolk, VA & Chesapeake Apartment Market					
	Inventory	Vacancy	YTD Net Absorption	Avg. Effective Rent	Avg. Eff. Rent Growth Last 12 Months
Norfolk, VA	127,280	6.20%	118	\$1,604	4.60%
Chesapeake	10,328	4.70%	(7)	\$1,806	4.90%
United States	20.744MM	8.60%	48,832	\$1,747	0.60%

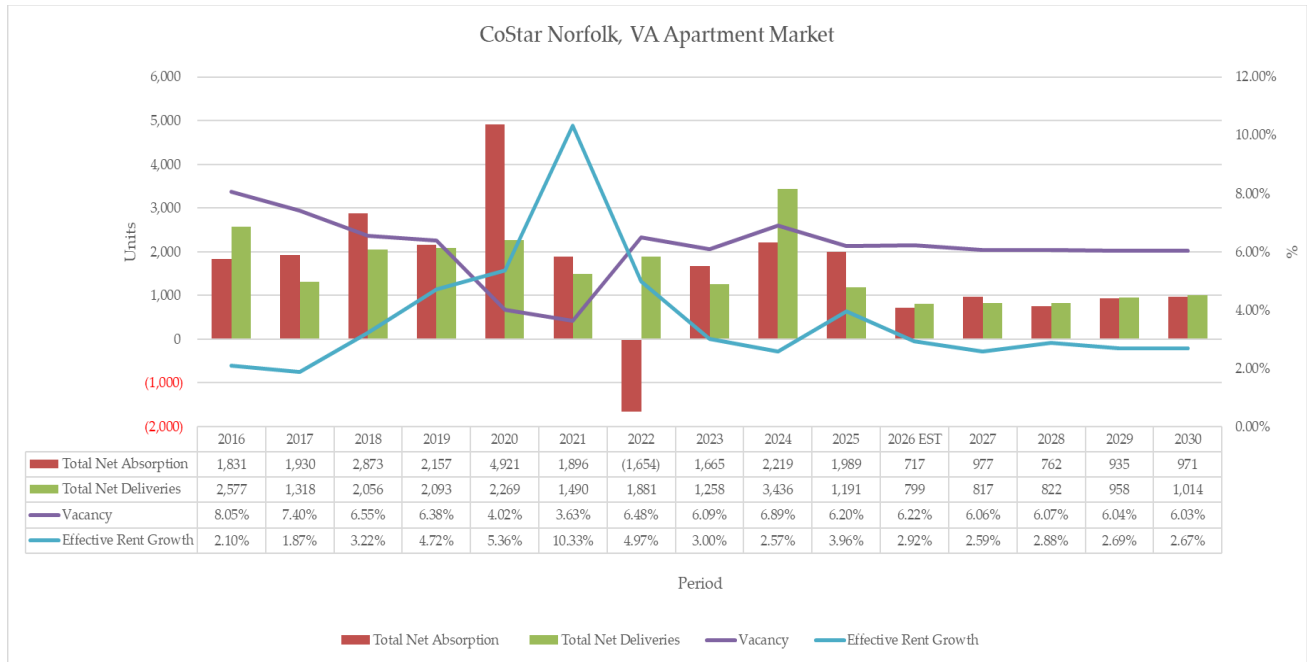
Market		Δ (U.S.)		Δ (U.S.)	Δ (U.S.)
Norfolk, VA		-2.40%		-8.19%	4.00%
Chesapeake		-3.90%		3.38%	4.30%

Source: CoStar Q1 2026

According to CoStar, the vacancy rate for the Norfolk apartment market and Chesapeake apartment submarket falls below the current vacancy rate of the United States apartment market. Twelve-month effective rent growth for the Norfolk apartment market and the Chesapeake apartment submarket is between 4.00% and 4.30% higher than effective rents for the United States apartment market.

CoStar Norfolk, VA Apartment Market						
Period	Total Net Absorption	Total Net Deliveries	Vacancy	Effective Rent Growth	Total Inventory	Total Inventory Δ (%)
2016	1,831	2,577	8.05%	2.10%	110,156	
2017	1,930	1,318	7.40%	1.87%	111,474	1.20%
2018	2,873	2,056	6.55%	3.22%	113,530	1.84%
2019	2,157	2,093	6.38%	4.72%	115,623	1.84%
2020	4,921	2,269	4.02%	5.36%	117,892	1.96%
2021	1,896	1,490	3.63%	10.33%	119,382	1.26%
2022	(1,654)	1,881	6.48%	4.97%	121,263	1.58%
2023	1,665	1,258	6.09%	3.00%	122,521	1.04%
2024	2,219	3,436	6.89%	2.57%	125,957	2.80%
2025	1,989	1,191	6.20%	3.96%	127,148	0.95%
2026 EST	717	799	6.22%	2.92%	127,947	0.63%
2027	977	817	6.06%	2.59%	128,764	0.64%
2028	762	822	6.07%	2.88%	129,586	0.64%
2029	935	958	6.04%	2.69%	130,544	0.74%
2030	971	1,014	6.03%	2.67%	131,558	0.78%

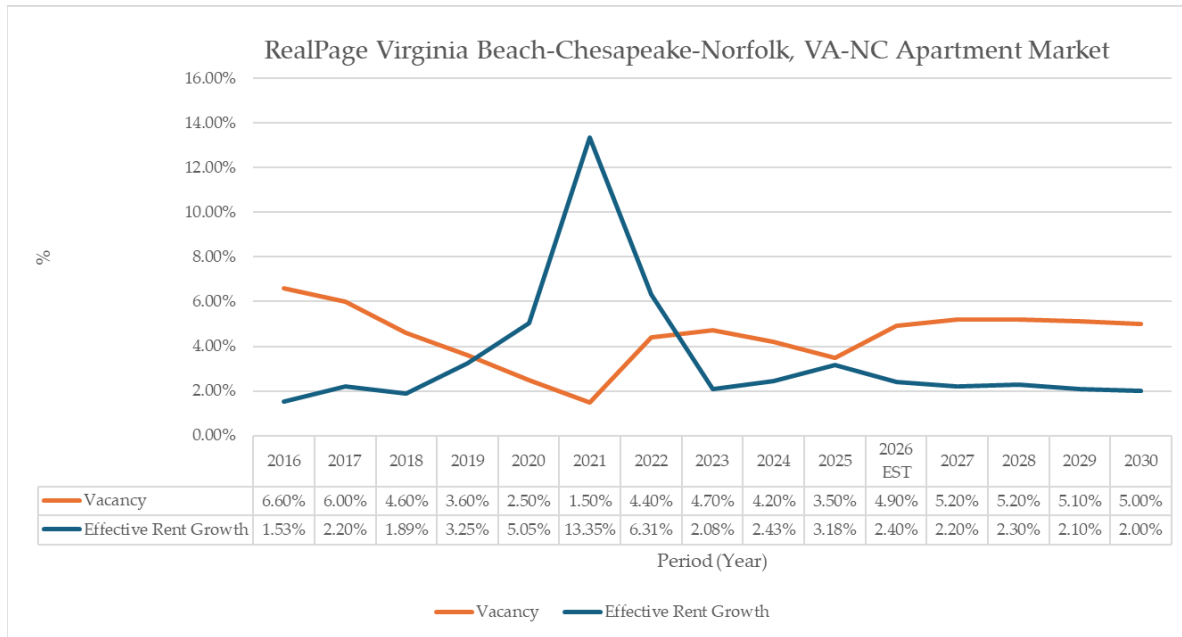
	Net Absorption	Net Deliveries	Vacancy	Effective Rent Growth	Total Inventory
2016 - 2025 Annual Avg.	1,983	1,957	6.17%	4.21%	118,495
2021 - 2025 Annual Avg.	1,223	1,851	5.86%	4.97%	123,254
2026 - 2030 Annual Avg.	872	882	6.09%	2.75%	129,680



Source: CoStar Q1 2026

RealPage Virginia Beach-Chesapeake-Norfolk, VA-NC Apartment Market		
Period	Vacancy	Effective Rent Growth
2016	6.60%	1.53%
2017	6.00%	2.20%
2018	4.60%	1.89%
2019	3.60%	3.25%
2020	2.50%	5.05%
2021	1.50%	13.35%
2022	4.40%	6.31%
2023	4.70%	2.08%
2024	4.20%	2.43%
2025	3.50%	3.18%
2026 EST	4.90%	2.40%
2027	5.20%	2.20%
2028	5.20%	2.30%
2029	5.10%	2.10%
2030	5.00%	2.00%

	Vacancy	Effective Rent Growth
2016 - 2025 Annual Avg.	4.16%	4.13%
2021 - 2025 Annual Avg.	3.66%	5.47%
2026 - 2030 Annual Avg.	5.08%	2.20%



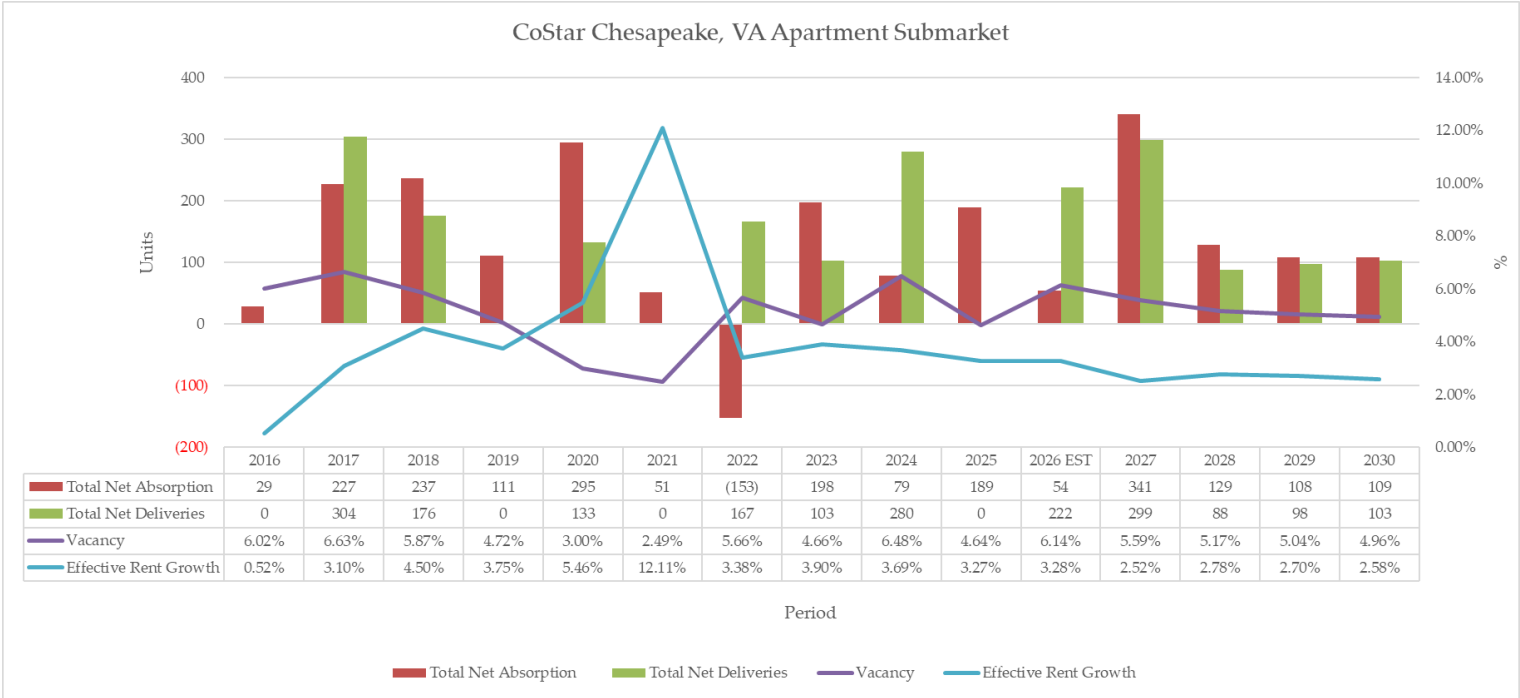
Source: Real Page Q1 2026

The broader Norfolk market has approximately 127,280 units found in 16 submarkets, as defined by CoStar. As of Q1 2026, the vacancy rate was 6.2%. Year-to-date (Q1 2026), net absorption is 118 units for the entire metro. According to CoStar, annual net absorption averaged 1,958 units from 2023 to 2025 and averaged approximately 1,223 units from 2021 to 2025. CoStar forecasts total net absorption levels of 4,362 units and total net completion levels of 4,410 units between 2026 and 2030. Between 2016 and 2025, the average annual effective rental rate is approximately 4.21% for the metro, according to CoStar. CoStar forecasts the average effective rental growth rate to be 2.75%, annually, between 2026 and 2030. Real Page forecasts the average effective rental growth rate to be 2.20%, annually, between 2026 and 2030. In addition, CoStar and Real Page forecast the average annual vacancy rate to be 6.09% and 5.08%, respectively, between 2026 and 2030.

Chesapeake Apartment Submarket

CoStar Chesapeake, VA Apartment Submarket						
Period	Total Net Absorption	Total Net Deliveries	Vacancy	Effective Rent Growth	Total Inventory	Total Inventory Δ (%)
2016	29	0	6.02%	0.52%	9,165	
2017	227	304	6.63%	3.10%	9,469	3.32%
2018	237	176	5.87%	4.50%	9,645	1.86%
2019	111	0	4.72%	3.75%	9,645	0.00%
2020	295	133	3.00%	5.46%	9,778	1.38%
2021	51	0	2.49%	12.11%	9,778	0.00%
2022	(153)	167	5.66%	3.38%	9,945	1.71%
2023	198	103	4.66%	3.90%	10,048	1.04%
2024	79	280	6.48%	3.69%	10,328	2.79%
2025	189	0	4.64%	3.27%	10,328	0.00%
2026 EST	54	222	6.14%	3.28%	10,550	2.15%
2027	341	299	5.59%	2.52%	10,849	2.83%
2028	129	88	5.17%	2.78%	10,937	0.81%
2029	108	98	5.04%	2.70%	11,035	0.90%
2030	109	103	4.96%	2.58%	11,138	0.93%

	Net Absorption	Net Deliveries	Vacancy	Effective Rent Growth	Total Inventory
2016 - 2025 Annual Avg.	126	116	5.02%	4.37%	9,813
2021 - 2025 Annual Avg.	73	110	4.79%	5.27%	10,085
2026 - 2030 Annual Avg.	148	162	5.38%	2.77%	10,902

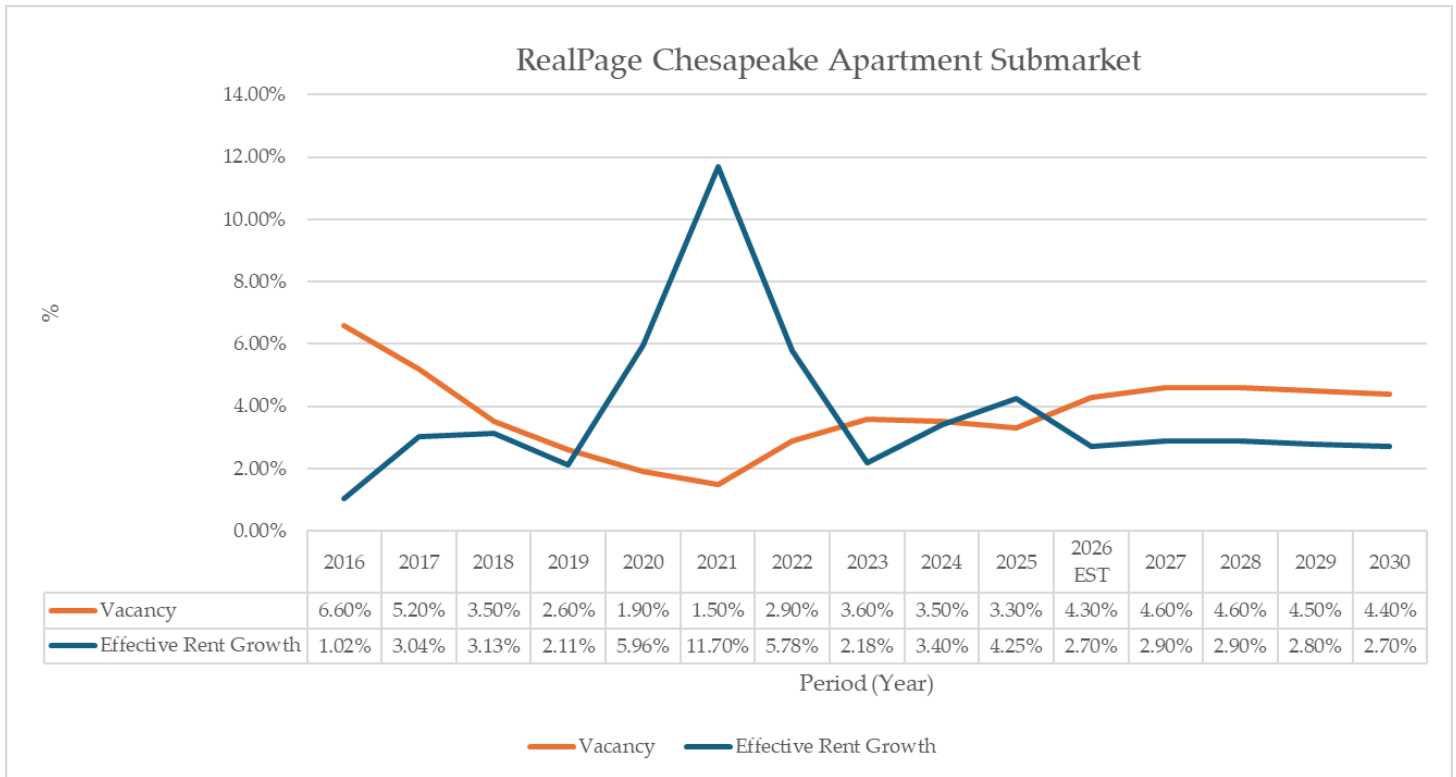


Source: CoStar Q1 2026

As seen in the above chart, the Chesapeake apartment submarket has witnessed a varying degree of supply between 2016 and 2025. Between 2016 and 2025, 1,163 units were net delivered. Between 2016 and 2025, vacancy rates fluctuated between 2.49% and 6.63% as total absorption levels (1,263 units) exceeded total net deliveries (1,163 units) in this period. Between 2023 and 2024, vacancy rates fluctuated upwards of 1.83%, as 280 units were net delivered in 2024, and 79 units were net absorbed in 2024. Between 2024 and 2025, the vacancy rate declined 1.84% to 4.64% (2025), as 189 units were net absorbed against the 0 units net delivered in 2025. CoStar projects the vacancy rate to be 6.14% for 2026. For the Chesapeake apartment submarket, CoStar forecasts annual vacancy rates to average 5.38% and effective rent growth to average 2.77%, per annum, between 2026 and 2030. Real Page projects annual vacancy rates to average approximately 4.48% and effective rental growth rates to average 2.80% per annum, between 2026 and 2030.

RealPage Chesapeake Apartment Submarket		
Period	Vacancy	Effective Rent Growth
2016	6.60%	1.02%
2017	5.20%	3.04%
2018	3.50%	3.13%
2019	2.60%	2.11%
2020	1.90%	5.96%
2021	1.50%	11.70%
2022	2.90%	5.78%
2023	3.60%	2.18%
2024	3.50%	3.40%
2025	3.30%	4.25%
2026 EST	4.30%	2.70%
2027	4.60%	2.90%
2028	4.60%	2.90%
2029	4.50%	2.80%
2030	4.40%	2.70%

	Vacancy	Effective Rent Growth
2016 - 2025 Annual Avg.	3.46%	4.26%
2021 - 2025 Annual Avg.	2.96%	5.46%
2026 - 2030 Annual Avg.	4.48%	2.80%



Source: Real Page Q1 2026

Lease / Sales Comparables

A rent comparable analysis for the Project is below.

Allure at Edinburgh Rent Comps Summary							
		Year Built	# of Units	Occupancy (%)	Unit Size	Average Market (monthly)	Average Market (psf)
S	Allure at Edinburgh	2024	280	98.6%	972 SF	\$2,138	\$2.20
A	Red Knot Edinburgh	2015	336	98.8%	1,096 SF	\$2,288	\$2.09
B	Tattersall Chesapeake	2014	342	96.2%	1,099 SF	\$2,090	\$1.90
C	Mosaic Summit Pointe	2022	167	99.4%	1,166 SF	\$2,312	\$1.98
D	Vista Summit Pointe	2023	103	96.2%	803 SF	\$2,012	\$2.51
E	Helix Summit Pointe	2020	133	97.7%	813 SF	\$1,899	\$2.34
	Totals/Weighted Average		1361 / 227	97.9%	1,030 SF	\$2,151	\$2.11
	W/O the Project		1081 / 180	97.7%	1,045 SF	\$2,155	\$2.08

Source: CoStar; Rent roll dated 03/23/26 used for the Project.

The above diagram lists 5 properties directly competing with the Project. All of the properties are stabilized, with occupancy rates ranging from 96.2% to 99.4%. All of the properties are within 10 miles of the Project. Asking rents range from \$1,899 to \$2,312 per unit, with an average of approximately \$2,155 per unit.

Below is a summary of the 5 property comparables the Trust Manager believes will be in direct competition with the Project:

- **Red Knot Edinburgh:** Red Knot Edinburgh is approximately 0.3 miles from the Project. The property is a stabilized 2015 vintage community located in immediate proximity to the Project, operating within the same micro submarket. Community amenities include a swimming pool, playground, on-site management and standard resident services. Unit interiors feature granite countertops, energy efficient appliances, in-unit washer and dryers, vaulted ceilings in select units, and private patios or balconies, with garages available. The Manager believes that overall, the property represents a direct competitive alternative given its proximity but offers a more limited amenity package and less refined finish level relative to the Project.
- **Tattersall Chesapeake:** Tattersall Chesapeake is approximately 10 miles from the Project. The property is a 2014 vintage luxury community offering a comprehensive amenity package consistent with higher-quality suburban apartment stock from its vintage. Community amenities include a resort-style pool with sundeck and trellis, poolside fire lounge, outdoor kitchen with dining terrace and TV, a 24-hour fitness center with spin room and Peloton bikes, a yoga studio, EV charging stations, a putting green, bark park, playground, business resource center, cybercafé with coffee bar and attached garages. Unit interiors feature 9-foot ceilings, granite countertops, stainless steel appliances, kitchen islands with pendant lighting, designer plank flooring in kitchen and living areas, full-size washer and dryers, oversized bathroom vanities, and private balconies or patios. The Manager believes that overall, the property remains competitive given its amenity breadth; however, the Manager believes the property's design and finish palette reflect a prior generation of product relative to the Project.
- **Mosaic Summit Pointe:** Mosaic Summit Pointe is approximately 9.3 miles from the Project. The property is a recently delivered urban-style luxury community within the Summit Pointe mixed-use development and represents 1 of the closest competitors to the Project in terms of amenity sophistication. Community amenities include a resort-style pool with cabanas, fire pits, grills, and outdoor games, a pool house with billiards and shuffleboard, an outdoor game lounge, a fitness center, business center, clubhouse with gourmet kitchen and coworking space, Wi-Fi lounge with coffee bar, controlled access, garage parking, EV charging stations, a dog park, self-service pet spa, package lockers, and year-round resident events. Unit interiors feature granite countertops, stainless steel appliances, smart-lock access, washer and dryers, open-concept layouts, under-mount sinks, gooseneck faucets, plank wood flooring in select units, back-lit vanity mirrors, and floor-to-ceiling windows and walk-in showers in select units. The Manager believes that overall, the property is highly competitive from a lifestyle and design standpoint; however, the Manager believes that the property's positioning is more urban and mixed-use oriented relative to the Project's more suburban, resort-style environment.
- **Vista Summit Pointe:** Vista Summit Pointe is approximately 9.3 miles from the Project. The property is a modern luxury community offering a robust and well-executed amenity package that supports strong rent performance within the competitive set. Community amenities include a resort-style pool with cabanas, fire pits, grilling areas, and outdoor games, a pool house with billiards and shuffleboard, a fitness center, business center, clubhouse, Wi-Fi lounge with coffee bar, garage parking, EV charging stations, bike storage, interior mailroom, package lockers, a dog park, self-service pet spa, and year-round resident programming. Unit interiors feature granite countertops, stainless steel appliances, plank wood flooring, modern lighting packages, programmable thermostats, keyless smart-lock access, oversized windows, 9-foot ceilings in select units, kitchen islands or breakfast bars in select units, back-lit vanity mirrors, walk-in showers in select units, and private balconies or terraces. The Manager believes that overall, the property achieves premium PSF rents driven by strong interior execution; however, the Manager believes the property's amenity offering is somewhat less differentiated in experiential breadth relative to the Project.
- **Helix Summit Pointe:** Helix Summit Pointe is approximately 9.3 miles from the Project. The property is a 2020 vintage urban-style luxury community within Summit Pointe, offering a modern amenity package with a strong social and design orientation. Community amenities include a rooftop sky lounge with outdoor fireplace and grills, a fitness center with group exercise space, clubhouse with entertainment kitchen, business center, Wi-Fi lounge with coffee bar, garage parking, controlled access, package lockers with 24-hour access, bike storage, dog park, and year-round social programming. Unit interiors feature granite countertops, stainless steel appliances, plank wood flooring, modern lighting, programmable thermostats, keyless smart-lock access, open-concept layouts, back-lit vanity mirrors, floor-to-ceiling windows in select units, kitchen islands or breakfast bars in select

units, walk-in showers in select units, washer and dryers, and private patios or balconies. The Manager believes that overall, the property is competitive from a design and location standpoint; however, the Manager believes the property's amenity program is more focused and less expansive than the Project.

The chart below displays 4 sales comparables presented by the appraiser. The capitalization rates for the 4 properties range from 5.00% to 5.40%. The average capitalization rate is 5.20%. Based on the sales comparables from the chart above and the current status of the capital markets, the appraiser concluded that the market capitalization rate for the Project should be 5.25%. The Project has been underwritten to a 5.36% capitalization rate.

Name Address	Mi. to Subj. Sale Date	Yr. Built Yr. Reno	Units Occ.	Sale Price Price/Unit	Cap Rate
1) Red Knot at Edinburgh Chesapeake, VA	0.2 11/20/2025	2015 N/A	336 95.0%	\$95,750,000 \$284,970	5.00%
2) District 757 Norfolk, VA	13.9 11/19/2025	2024 N/A	295 96.0%	\$91,000,000 \$308,475	5.40%
3) The Enclave at Potomac Club Woodbridge, VA	148 11/13/2025	2013 N/A	406 94.0%	\$147,000,000 \$362,069	5.10%
4) Aspire at Rippon Landing Woodbridge, VA	148 8/28/2025	2024 N/A	236 94.0%	\$83,250,000 \$352,754	5.30%
Allure at Edinburgh 249 Allure Ln, Chesapeake, VA 23322		2024	280 98.2%		

Sources: Partner Engineer Appraisal

DESCRIPTION OF THE PROJECT

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

Overview

The Project is a 280-unit multifamily residential apartment complex known as Allure at Edinburgh and is located on approximately 11.74 acres of land in Chesapeake, Virginia. The Project was constructed in 2024/2025. The Project consists of a mix of 1-, 2-, and 3-bedroom units, with an average unit size of 973 square feet. According to the Survey, the Project has a total of 562 parking spaces, which includes 540 standard surface spaces, 12 handicap spaces, and 10 garage spaces. According to the April 27, 2026 Rent Roll, the Project was approximately 98.57% occupied.

Passco engaged Arlington Properties, LLC (“Arlington”) to compile a due diligence report, which included a lease audit report of the Project. According to Arlington, the median annual household income is approximately \$115,080. When evaluated against the median annual household income figures below, the median household income from the lease audit is greater than the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA, Chesapeake City, VA, Virginia, and the United States. The median household income at the Project is 30.42% greater than the Virginia Beach-Chesapeake-Norfolk, VA-NC MSA median household income. According to the Arlington demographic report, the top 3 industries at the Project are Military (Count: 68 – %: 20.18%), Healthcare (Count: 60 – %: 17.81%), and Government (Count: 43 – %: 12.76%). With an average in-place rent of \$2,080 per month (03/09/2026 Rent Roll) at the Project, residents are paying 21.69% of their income towards rent (national RTI - Moody’s: 27.6%), and residents make approximately 4.61x the monthly rent. Over 41% of the units have a median household income at/above \$125,000 at the Project, according to the Arlington demographic report. The cost of home ownership in Chesapeake City, VA, based on current real estate data, is higher than renting at the Project.

On-Site and Claritas Median Household Income Summary		
Category:	Median HH Income:	Relative to On-Site (Δ %):
On-Site (Project):	\$115,080	
Virginia Beach-Chesapeake-Norfolk, VA-NC MSA:	\$88,239	-23.32%
1-Mile Radius:	\$169,769	47.52%
3-Mile Radius:	\$166,305	44.51%
5-Mile Radius:	\$148,418	28.97%
Chesapeake City, VA:	\$103,202	-10.32%
Virginia:	\$99,752	-13.32%
United States:	\$86,286	-25.02%

Source: Arlington (On-Site), Claritas Analytics 2026 (Demographic Statistics), Moody’s Analytics (RTI Statistics)

On-Site and Moody’s RTI Data	
Category:	RTI Ratio:
On-Site (Project):	21.69%
National (Q4 2024):	27.60%
National (20-Year Historic):	25.00%

Arlington Due Diligence Income Summary Allure at Edinburgh			
From	To	Count	%
\$0	\$50,000	3	1.14%
\$50,000	\$75,000	37	14.07%
\$75,000	\$100,000	65	24.71%
\$100,000	\$125,000	48	18.25%
\$125,000	\$150,000	34	12.93%
\$150,000	\$175,000	22	8.37%
\$175,000	Over	54	20.53%
Total		263	100%

Top Industries - Arlington Lease Audit - Allure at Edinburgh		
Top Industries	Count	%
Military	68	20.18%
Government	43	12.76%
Healthcare Practitioners & Medical	34	10.09%
Healthcare Support	19	5.64%
Education	18	5.34%
Retail	18	5.34%
Hospitality	11	3.26%
Construction	10	2.97%
Management	8	2.37%
Healthcare	7	2.08%
Other	101	29.97%
Total	337	100%

Sources: Arlington (On-Site), Claritas Analytics 2026 (Demographic Statistics), Moody's Analytics (RTI Statistics)

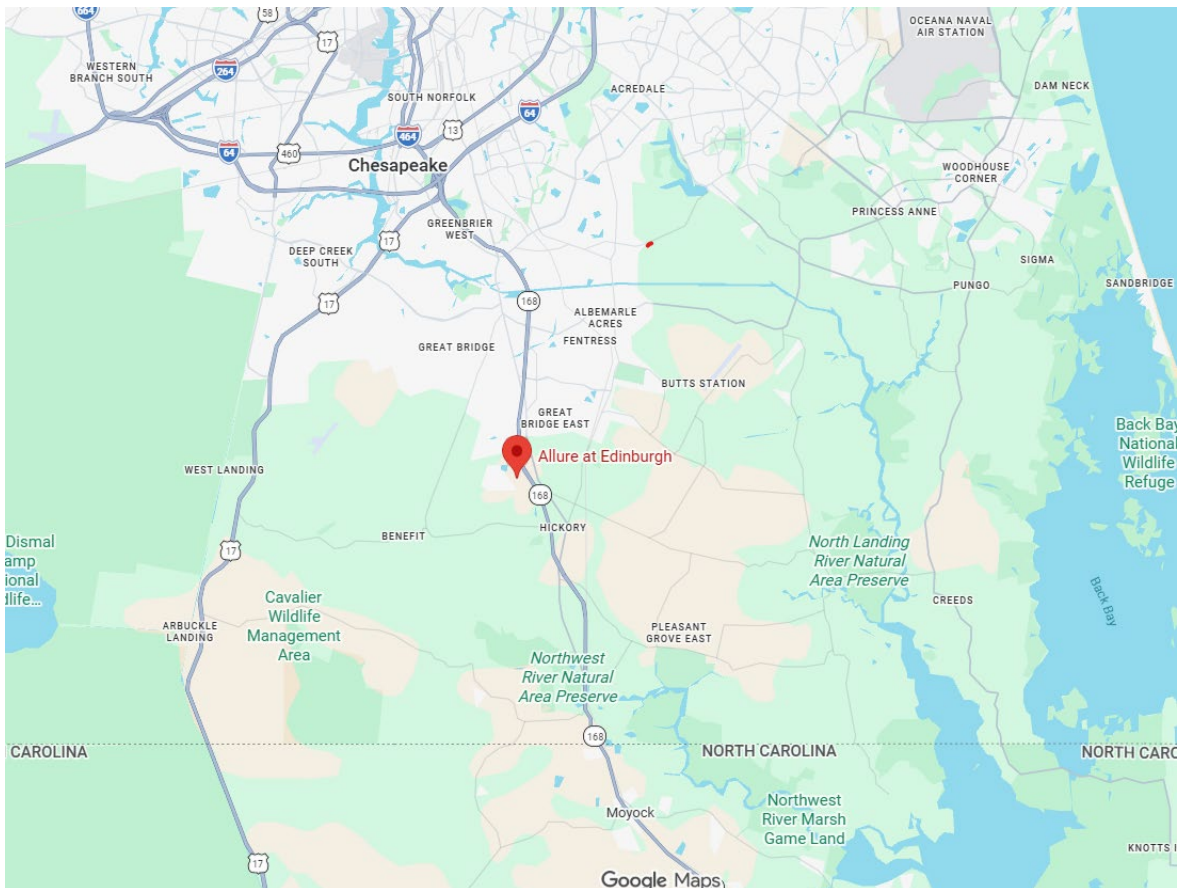
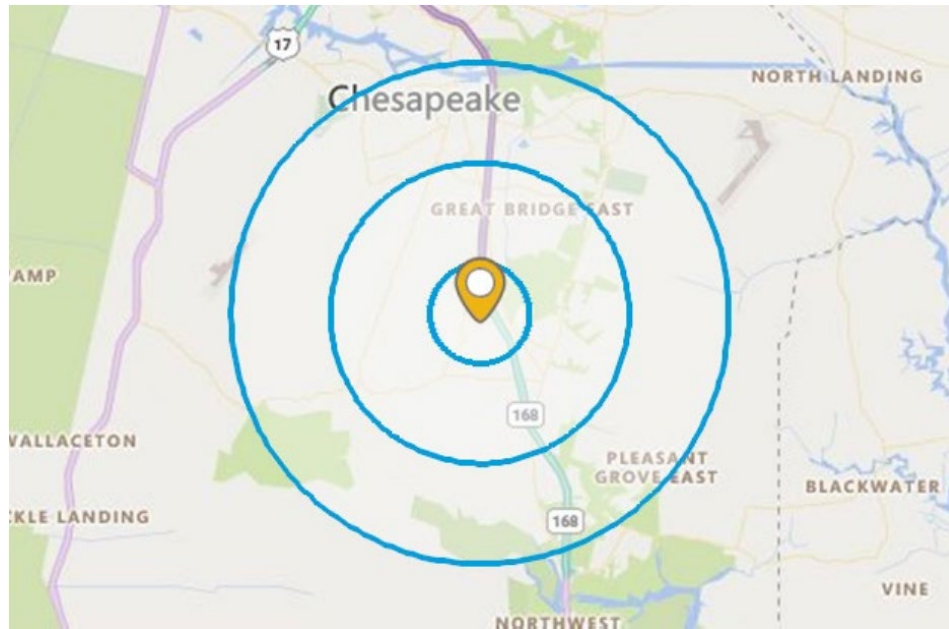
Rent vs. Ownership Summary	
Rent	
Allure at Edinburgh Average In-Place Monthly Rent (03/30/2026):	\$2,087/Month
Home Ownership	
Median Listed Price (Chesapeake City, VA):	\$598,000
Loan Amount: 85% Loan-to-Value	\$508,300
Buyer Downpayment: 15% of Purchase Price	\$89,700
*Closing Costs: 4% of Purchase Price:	\$23,920
*Total Downpayment Due at Close:	\$113,620
*National Average Interest Rate (30-Year Mortgage):	6.616%
Estimated Monthly Mortgage Payment:	\$3,252/Month
*Property Taxes: 1.37% of Home Price:	\$685/Month
*Home Insurance:	\$178/Month
*Private Mortgage Insurance:	\$159/Month
*HOA Fees	\$/Month
Total Monthly Payment for Home Ownership:	\$4,274/Month
Monthly Cost of Ownership vs. Rent % (Δ):	104.77%

Sources: Realtor.com® Realty Data; National Association of Realtors® Data; Project Rent Roll dated 03/30/2026

**Note: Mortgage payment is based on available housing and financing data as of 03/30/2026. Downpayment is based on the median buyer downpayment amount based on 2023 data compiled by the National Association of Realtors. Property taxes, insurance, monthly PMI, buyer closing costs, and the 30-year mortgage rate are based on Realtor.com RealCost data as of 03/30/2026. The information provided is for general informational purposes only and should not be considered personalized financial advice.*

Project Location

The Project is located in Chesapeake County, Virginia. The map from the Appraisal and the map of the general area of the Project are set forth below.



Source: Google Maps

Project Improvements

According to the Appraisal, the Project has approximately 272,338 rentable square feet with an average unit size of 973 square feet. The Project includes 280 units. According to the Needs Assessment, the Project appears to be in good condition.

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

Property Name	Allure at Edinburgh
Property Type	Multi-Family
Property Subtype	Garden/Low-Rise
Number of Buildings	7
No. of Stories	(3) 4-story apartment buildings, (3) 1-story community buildings, and (1) 1-story parking garage
Number of Units	280
Land Area (Acres)	11.74
Density (Units/Acre)	23.8
Gross Building Area	333,447
Rentable Area	272,338
Estimated Effective Age	1
Estimated Useful Life	55
Remaining Economic Life	54
Predominant Building Class	Class A
Predominant Construction	Wood frame
Construction Quality	Good
Year Built	2024/2025
Predominant Condition of All Buildings	Good
Parking Ratio	2.01 spaces per unit
Overall Deferred Maintenance	None
Foundation	Spread Footers and Slab on Grade
Frame	Wooden Frame
Exterior Walls	Brick and Hardi-Plank
Windows	Double Pane, Single Hung Vinyl
Roof Type	Gable
Roof Cover	TPO and Asphalt
Surface Parking Spaces	552 (including 12 ADA spaces)
Garage Parking Spaces	10
Parking Spaces	562
Parking Type	Paved open surface parking and parking garage
Parking Adequacy	Adequate
Parking Condition	Good
Parking Ratio	2.01 spaces per unit
Heating	Central
Cooling	Central
Electrical	Assumed Adequate
Plumbing Condition	Assumed Adequate
Fire Sprinkler	Wet Sprinkler System
Floor Covering	LVP in wet and living areas, carpet in bedrooms
Walls	Painted drywall
Ceiling Cover	Drywall
Interior Lighting	A mix of fluorescent and incandescent lighting.

Source: Appraisal

- **Topography and Storm Water Drainage.** The general vicinity can be best described as relatively flat. The Project appears to slope towards the north. Gentle slopes were present for drainage purposes. Storm water from the roof of the subject buildings, landscaped areas and paved areas is removed primarily by sheet flow action across the paved surfaces towards stormwater drains located throughout the property. Storm water at paved and landscaped areas is directed to various catch basins distributed throughout the Project. The Project was connected to a storm sewer system that discharges into multiple retention ponds located on adjacent parcels.
- **Vehicular Access, Paving.** Vehicular access is provided at 4 access points from Enchantment Trail to surface parking areas. Signalization is not provided at the entrance/exit points of the Project. Asphalt pavement is utilized throughout the surface parking areas of the property. Curbing placed at the parking area perimeters consist of concrete. On-site parking consists of surface lots, street parking, and a detached garage. According to construction documents, parking areas provide a total of 562 spaces, including 10 detached garage spaces and 552 surface spaces, of which 83 are street parking. Twelve (12) ADA-designated spaces are provided, of which 2 are identified as van-designated spaces.
- **Walkways, Grade-Level Steps and Ramps.** Flatwork and pedestrian walkways generally consist of cast-in-place concrete construction at building perimeters.
- **Landscaping and Irrigation.** Landscaped areas consist generally of grass-covered lawns, mulched areas, trees, and shrubs in areas not occupied by the buildings, walkways, or pavement. An underground, automatic irrigation system is provided within the landscaped areas.
- **Site and Building Signage.** Monument signage is located at the west property entrance. Tenant unit identification is mounted next to unit entrances.
- **Perimeter Walls, Gates, and Fences.** Aluminum fencing is provided around the perimeter of the pool area and the dog park. The perimeters of the property are not secured.
- **Exterior Lights.** Outdoor lighting is provided by fiberglass, pole-mounted light fixtures generally located along the Project sidewalks and parking areas. Led wall fixtures provide additional lighting to the building areas. Timers and photocells control exterior lighting.
- **Foundation/Substructure.** According to provided drawings, foundations generally consist of a conventional reinforced slab on grade with column and wall footings.
- **Building Frame.** The buildings are constructed of conventional, wood-stud platform framing. Upper floors consist of wooden truss systems. The roof structure consists of wood trusses with wooden decking.
- **Exterior Walls.** The exterior walls of the subject buildings consist of painted fiber cement panels and brick veneer.
- **Windows.** Windows installed in the residential units consist of double-pane, single-hung, operable and fixed units set in vinyl frames. Windows on the clubhouse building and residential building entrances generally consist of aluminum-framed, storefront window systems.
- **Doors.** Entrance doors to the clubhouse building and residential building entrances generally consist of full-height glazing units set in storefront systems. Service doors consist of painted metal units. Entrance doors to the tenant units generally consist of painted solid core doors set in wood frames. Balcony doors consist of vinyl and fiberglass, sliding units. Interior tenant unit doors consist of hollow core doors set in wood frames. Automatic and manual overhead doors were provided at the garage building and at the ground floor trash chutes at each residential building. An aluminum, sliding door is provided at the Yoga studio.

- **Roofing Materials.** Primary roof coverings on the subject buildings consist of a dimensional, asphalt shingled roof system installed over wood decking on the roof structures. Standing seam metal canopies are provided at the building entrances. The flat portions of the residential buildings consist of a single-ply, TPO roof system installed over wood decking.
- **Roof Drainage.** Storm water from the pitched roofs is directed to a gutter and downspout system that generally discharge below grade. Storm water from the flat roof sections is directed to internal roof drains and overflows that generally discharge to the stormwater system.
- **Fire Escapes, Stairs and Balconies.** The residential buildings have interior stairs providing access to individual units. The stairs consist of wood-framed systems with rubber treads, vinyl plank landings, and closed risers. Steel handrails are located on each side. All observed steel components are painted. Balconies on the residential building are constructed of exposed, wooden substructures with pressure treated wood decking. Balconies are supported by columns at each corner. Balcony railings are factory finished aluminum.
- **Plumbing Systems and Domestic Hot Water.** Domestic hot water (DHW) was supplied primarily via tank-style electric water heaters at each dwelling unit. The units were manufactured by AO Smith (model#ENLB-40-110 & ENLB-50-110) and had storage capacities of 38-gallons for 1- and 2-bedroom units, or 48-gallons for 3-bedroom units. The units each had 2 electric-resistance heating elements. The heating elements were each rated at 3380-Watts each. The Leasing Office/Clubhouse building was observed with tank-style, electric water heaters serving the fitness center and office areas. The units were manufactured by AO Smith (model#ENT-50-130) and had storage capacities of 20 and 50-gallons. The units each had 2 electric-resistance heating elements. The heating elements were each rated at 3380-Watts each. Chesapeake Public Utilities Department provided sanitary waste services for the Subject Buildings via gravity fed, to 6-inch below grade sewer laterals connected into municipal main sewer lines running below the street, Enchantment Trail, generally east-west to the south of the property. No sanitary lift stations, grinder pumps nor grease traps were utilized. Waste and vent piping was observed to be PVC throughout the buildings.
- **Heating, Air Conditioning and Ventilation.** Heating and cooling in the leasing office/clubhouse spaces was provided by split-type systems that consist of grade-mounted heat pump condenser units paired with closet-mounted fan coil units (FCUs) with direct expansion cooling coils. These units, manufactured by Rheem-Ruud, had nominal cooling capacities of 1.5 to 4-tons utilizing R-410A refrigerant. In heating mode, the heat pump condensing units utilized reversing valves to reverse the flow of refrigerant and absorb heat from the outdoor air and had heating capacities ranging from 19.3 to 48.8-MBH. Supply air was distributed through insulated ducts to ceiling-mounted diffusers. Return air was ducted back to the units through wall-mounted grills. Temperature control was by wall-mounted digital thermostats. Residential building corridors, amenity spaces and dwelling units were heated and cooled by split-type systems that consist of rooftop heat pump condenser units paired with closet fan coil units (FCUs) with direct expansion cooling coils. The units had nominal cooling capacities that ranged from 1.5 to 2-tons utilizing R-410A refrigerant. In heating mode, the heat pump condensing units utilized reversing valves to reverse the flow of refrigerant and absorb heat from the outdoor air and had heating capacities ranging from 19.3 to 26-MBH. Supply air was distributed through insulated ducts to ceiling and wall-mounted diffusers. Return air is ducted back to the units through wall-mounted grills. Temperature control was provided by stand-alone digital thermostats.
- **Electrical.** Dominion Energy provided primary electric service to the Project from utility-owned ground-mounted transformers located adjacent to each building. Electric service was extended below grade from the transformers to the main service switchgear, which was located on the ground level in each building. Each dwelling unit building had a 3500-amp, 208Y/120-volt, 3-phase, 4-wire main service to the main service cabinet rated for 4,000-amperes. Two 1000-amp and two 800-amp disconnects fed four, meter arrays for each building and multiple sub-panels. Each dwelling unit was provided with 125-amp, 120/208-volt in a single-phase, 3-wire configuration to panels within each dwelling unit. The electrical service and distribution equipment was typically manufactured by Square-D and original to the building. The leasing office/clubhouse building was provided with 600-amp, 208Y/120-volt, 3-phase, 4-wire main service. The tenant units were individually metered for electrical service by Landis Gyr electric meters attached to each array. Electrical distribution consist of copper conductors in rigid, metallic conduit. Ground fault protection

was provided on the circuits which served electrical receptacles in wet areas. There were no emergency power systems at the Project.

- **Vertical Transportation.** Six passenger, machine room-less elevators are provided in the residential buildings. The elevators were manufactured by Otis and had capacities of 3,500 lbs. The interior cab finishes consist of stainless-steel doors and metal handrails. The floors are vinyl plank, and the ceilings consist of stainless lighting panels. The control panel is provided with illuminated push button floor indicator, alarm button, emergency call button and communication. The elevator is provided with optical sensors that automatically open the doors when an obstruction is encountered.
- **Fire Suppression Systems.** The 3 dwelling unit buildings were fully protected with wet-pipe sprinkler systems and standpipe systems utilizing steel piping and CPVC piping. A single steel 6-inch fire service line entered each building into the Fire Protection Room on the ground level. Each system was complete with a fire department connections and remote PIV valves (post indicator) that were tamper switch-protected, standpipe flow switches, and a double-check backflow preventers manufactured by Watts (model#957N). Hydraulic design data posted on the risers indicated that the systems were based on densities ranging from .05 GPM/SF over a discharge area ranging from 234 SF. The fire sprinkler systems were provided at utility pressure and no fire pumps were utilized. Supplementing the fire sprinkler system are wall-mounted and cabinet-mounted fire extinguishers, located throughout the building. Fire extinguishers were not provided under the sinks at each dwelling unit. There was no fire sprinkler system in the leasing office/clubhouse building.
- **Alarm Systems.** There was a central, addressable fire alarm control panel (FACP) manufactured by Honeywell FireLite (Model No. ES200X) with 4 distributed alarm panel nodes. Each node monitored the post indicator valves, duct smoke detectors, area smoke detectors, pull stations, and fire sprinkler flow and tamper sensors. The fire detection system consist of hard-wired smoke and hard-wired exit signs, exit lights, and audible and visible alarms installed in all common areas and tenant dwelling units. The control panel was provided with outside communication utilizing a remote communicator with Honeywell technology. Each FACP was located in the main electrical room and a remote annunciator was observed in the lobby vestibule of each building. There was no FACP installed in the leasing office/clubhouse building. Each dwelling unit had battery powered smoke detectors in each sleeping room, hallway and living room.

Community Amenities

The Project is improved with amenities including a saltwater pool with sundeck and splash pad, a clubhouse with entertainment space, catering kitchen, and cyber cafe, as well as a golf simulator, pet spa, 24-hour fitness center, grilling areas and EV charging stations.

Property Website

The website for the Project can be found at: <https://www.allurechesapeake.com/>

Environmental Conditions

According to the Site Assessment, GRS did not identify any evidence of recognized environmental conditions, controlled recognized environmental conditions, historical recognized environmental conditions, de minimis environmental conditions or business environmental risks at the Project. GRS did not recommend any additional action or assessment of the Project.

Competition

According to the Appraisal, the closest competing properties in the market area are (i) Red Knot at Edinburgh, which is located approximately 0.2 miles from the Project, (ii) Tattersall Chesapeake, which is located approximately 6.0 miles from the Project, (iii) MAA Adalay Bay, which is located approximately 6.2 miles from the Project, and (iv)

Visit Summit Pointe, which is located approximately 8.2 miles from the Project. According to the Appraisal, the stabilized comparable rental properties surveyed reported occupancy rates between 95.1% to 98.8%.

Toxic Mold

According to the Mold Report, there were moisture conditions in a limited number of units at the Project. Specifically, an active water leak was noted on the bathroom ceiling above the bathtub in Tenant Unit 3103, and a thermal anomaly was noted on the laundry closet ceiling of Tenant Unit 1317, which appeared to be the result of an active plumbing leak from the laundry connections in the tenant unit above. Partner recommended verification of repair of the identified conditions prior to closing, proper routine maintenance of the HVAC units throughout the Project, and on-going inspections of the building envelope, with particular attention to windows and HVAC units, ensuring that condensation pan drains are clear of debris. Prior to the acquisition of the Project, the Seller addressed the identified affected units at the Project and made repairs.

Wind Zone

The Project is located in Wind Zone 2. According to FEMA, Wind Zone 2 is an area with maximum wind speeds of up to 160 miles per hour. According to Partner, the Project appears to be located in a hurricane-susceptible zone.

Seismic Zone

According to the Needs Assessment, the Project is located in Seismic Zone 1, which indicates a low level of earthquake risk.

Zoning

According to the Zoning Analysis Report dated March 29, 2026 and amended on April 8, 2026 (“Zoning Report”) that was prepared by National Zoning Associates, LLC (“National Zoning”), the use and the real property and improvements of the Project are all legal and in conformance with local code. The Project’s multifamily residential use is a permitted use under the applicable zoning designation “PUD” Planned Unit Development District. In addition, the Project’s lot, improvements and parking were all constructed in accordance with the city code. According to the Zoning Report, there were no open zoning or building code violations that pertain to the Project as of the date of the Zoning Report. However, per an inspection report dated May 14, 2025, that was included in the Zoning Report, there were 6 open fire code violations on file for the Project. According to the Zoning Report, all 6 fire code violations appear to have been resolved based on re-inspections and remedial actions taken by the Seller, with supporting documentation (re-inspection reports, invoices, and photographs) provided to National Zoning.

Floodplain

According to the Needs Assessment citing to the Flood Insurance Rate Map, Community Panel Number 5100340079D, dated December 16, 2014, the Project is located in Flood Zone X (unshaded), which is an area outside the 1-percent and .2-percent-annual-chance floodplains, with reduced flood risk due to levee.

Exterior Façade Thermographic

Partner prepared an Exterior Façade Thermographic Survey (the “Thermo Report”), dated March 30, 2026, which may be relied upon by the Trust. A Thermo Report uses infrared thermal imaging to identify potential moisture intrusion and evaluate the condition of the building’s exterior wall systems. It documents thermal anomalies and inconsistencies that indicate where moisture has likely migrated into the exterior facade system. According to the Thermo Report, the exterior wall assemblies appeared to be in good condition with no thermal anomalies detected. In addition, no active water infiltration, construction defects or leaks were observed.

Easements, Restrictions, Encroachments and Agreements

The Project is subject to utility easements granted to Virginia Electric and Power Company. The Project is also subject to various private drainage easements and both private and public access easements as shown on a subdivision plat. In addition, the Project is subject to and benefits from the Declaration of Easements, Covenants, Restrictions and Agreements for Edinburgh Farms dated August 18, 2022, and recorded in Deed Book 10596 at Page 1284, as amended (the “CCRs”). The CCRs establish cross access and drainage easements between the owner of the Project and the owners of adjacent parcels within the Edinburgh Farms development. The Project’s stormwater system is connected to retention ponds located on adjacent parcels. Disputes could arise between the Trust and the owners of the adjacent properties regarding maintenance obligations and costs and access rights, each of which would add to the costs of the Project. According to the Survey, there were no visible encroachments noted at the time of the Survey.

Necessary Improvements and Repairs

The Needs Assessment was prepared by Partner based on a visual walkthrough of the Project between March 16, 2026 and March 17, 2026. The Needs Assessment characterizes the Project as being in overall good condition. According to the Needs Assessment, the Project has an expected useful life of no less than 35 years. According to the Needs Assessment, Partner identified no immediate repairs needed at the Project. The Needs Assessment also recommends replacements over the following 12 years with respect to site improvements, mechanical and electrical systems, and interior elements. The Needs Assessment indicated that the estimated requirements for modified capital reserve expenditures are \$258 per unit per year (uninflated) or \$299 per unit per year (inflated). Based on this, Partner recommended the establishment of a modified capital reserve of \$866,008 (uninflated) or \$1,003,568 (inflated) for a 12-year hold period.

Compliance with the Americans with Disabilities Act

According to the Needs Assessment, the Project is a “public accommodation.” According to the Needs Assessment, based on a limited visual survey of accessible areas for general compliance with ADA requirements, Partner observed the Project appeared to be generally accessible without accessibility deficiencies.

Appraised Value

According to the Appraisal, the “as-is” appraised market value of the Project as of March 17, 2026, was \$92,900,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of \$103,203,429 (\$106,925,000, less the Trust Reserves in the amount of \$3,721,571).

Description of Form of Apartment Lease

Units in the Project are currently leased to tenants pursuant to a National Apartment Association form Apartment Lease Contract which includes the following basic terms. Tenants pay for all utilities that serve the respective units, including water, wastewater, gas, electricity, city/county trash service, internet, and cable TV. The lease term is typically 12 months or less and tenants must provide landlord with at least 60 days’ notice prior to termination or move out. Rent is due on the 1st of each month and a late charge in the amount of 10% of the current rent due if rent is not paid on or before the 5th of each month. Some tenants may be required to pay a security deposit. If a tenant moves out prior to the end of the lease term, the tenant’s notice does not act as a release of liability for the full term of the lease, and the tenant will remain liable for rent for the entire lease term or until a new lease is executed, whichever occurs first. A reletting charge not to exceed 100% of the highest monthly rent during the lease term may also be assessed. Tenants are required to obtain and maintain renter’s insurance for their personal property throughout the lease term. If a tenant fails to provide proof of renter’s insurance coverage, the landlord may obtain coverage on the tenant’s behalf at a cost of \$15 per month. Tenants are also required to purchase and maintain personal liability insurance covering the tenant, occupants and guests for personal injury and property damage in a minimum coverage amount of \$100,000 per occurrence. Animals are permitted only with the landlord’s prior written authorization and execution of a separate Animal Addendum, which may require an animal deposit, additional monthly rent, and a one-time fee per animal.

BASIC UNDERWRITING ASSUMPTIONS

Analysis Period: April 30, 2026 – April 30, 2036

Expenses									
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expense Growth Rate (%)	12.73%	4.72%	2.90%	2.88%	2.92%	2.92%	2.93%	2.95%	2.94%
Real Estate Taxes Growth Rate (%)	10.89%	4.05%	3.30%	3.37%	3.32%	3.31%	3.32%	3.32%	3.32%

Revenues										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Growth Rate (%)		3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
<u>Economic Vacancy Assumptions:</u>										
Loss-to-Lease (%)	1.30%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Vacancy (%)	3.97%	4.00%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Submarket Concessions (%)	0.09%	0.10%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	0.75%	0.75%
Non Revenue Units (%)	0.60%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Collection Loss/Bad Debt (%)	0.33%	0.33%	0.50%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Total Financial Vacancy (%)	6.30%	5.55%	6.87%	6.97%	7.72%	7.72%	7.72%	7.72%	7.47%	7.47%

*Each projection year is a 12-month fiscal year

Operating Expenses*:

Lease Period**	Months	Master Tenant Expenses	Trust Expenses
1	Months 1 through 12	\$998,376	\$1,415,489
2	Months 13 through 24	\$1,168,715	\$1,552,322
3	Months 25 through 36	\$1,241,628	\$1,607,848
4	Months 37 through 48	\$1,273,210	\$1,658,893
5	Months 49 through 60	\$1,304,384	\$1,712,283
6	Months 61 through 72	\$1,337,774	\$1,766,994
7	Months 73 through 84	\$1,372,029	\$1,823,443
8	Months 85 through 96	\$1,407,174	\$1,881,815
9	Months 97 through 108	\$1,443,754	\$1,942,181
10	Months 109 through 120	\$1,480,762	\$2,004,612

* Includes a property management fee of \$40,000 in Lease Period 1 and 2.25% of the gross revenues per year thereafter. Tax projections are based on a third-party opinion prepared by Ryan, LLC.

** Lease period 1 is prorated and begins on April 30, 2026 and ends on April 30, 2027. All other lease periods have a term beginning on May 1 and ending on April 30.

Financing

- 1) Lender - KeyBank, National Association under the Fannie Mae DUS Loan Program
- 2) Loan Amount - \$48,350,000
- 3) Term - The Loan will mature on May 1, 2036, with interest only payments until June 1, 2033.
- 4) Interest - 4.98% (fixed). The interest rate on the Loan was bought down by 25 basis points for \$967,000.
- 5) Prepayment - The Loan may be repaid but is subject to a yield maintenance payment during the first 9.5 years of the Loan term. For the 3-month period following the 9.5 year period described above, the Loan may be repaid upon payment of a 1% fee. During the last 3 months of the Loan term, the Loan may be repaid without payment of a prepayment penalty or yield maintenance payment.
- 6) Capital Reserve - The Lender required an initial replacement reserve of \$0 and requires ongoing monthly deposits throughout the term of the Loan in the amount of \$4,667. The Lender also required a Lender controlled reserve in an amount equal to \$112,000 and an insurance impound in an amount equal to \$48,709.

DESCRIPTION OF THE MASTER LEASE

General

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

Term

The Trust leased the entire Project to the Master Tenant for a term ending on July 31, 2036 pursuant to the Master Lease. The Projections prepared by the Trust Manager assume that the Project will be sold prior to the end of the Loan term. The Master Lease will terminate upon the sale of the Project by the Trust.

Rent

The Master Tenant will pay Base Rent set forth below. The Master Tenant will also pay Percentage Rent equal to 80% of the gross revenue of the Project over the Baseline Amount set forth below.

The following table sets forth the monthly Base Rent and the annual Baseline Amounts for the anticipated 10-year holding period.

Lease Period	Months	Monthly Base Rent	Annual Baseline Amount
1	Months 1 through 12*	\$467,346.17	\$6,493,896
2	Months 13 through 24	\$467,346.17	\$6,575,069
3	Months 25 through 36	\$467,346.17	\$6,657,258
4	Months 37 through 48	\$467,346.17	\$6,740,473
5	Months 49 through 60	\$467,346.17	\$6,824,729
6	Months 61 through 72	\$467,346.17	\$6,910,038
7	Months 73 through 84	\$467,346.17	\$6,996,414
8	Months 85 through 96	\$495,871.57	\$7,230,154
9	Months 97 through 108	\$495,871.57	\$7,320,531
10	Months 109 through 120*	\$495,871.57	\$7,412,038

The rent in the first lease period is prorated and begins on April 30, 2026 and ends on April 30, 2027. All other lease periods have a term beginning on May 1 and ending on April 30.

The Master Lease will terminate upon the sale of the Project by the Trust. The Projections prepared by the Trust Manager end on April 30, 2036. The Master Tenant will sublease the Project to residents of the Project, provided, that the Master Tenant will remain liable to the Trust for its obligations.

As an administrative convenience to the Trust and only to the extent of Base Rent and Percentage Rent, the Master Tenant will pay all principal, interest and impounds directly to the Lender on behalf of the Trust. The Master Tenant may also pay, as an administrative convenience and only to the extent of Base Rent and Percentage Rent on

behalf of the Trust, amounts for utilities, insurance and taxes. Any remaining amounts of Base Rent and Percentage Rent will be paid to the Trust.

Debt Service

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

Landlord Costs

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

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

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

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

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

Initial Capital Expenditures. In order to induce the Master Tenant to enter into the Master Lease and to place the Project in a condition for leasing, the following capital expenditures are required to be paid by the Trust (collectively, the “Initial Capital Expenditures”):

- Capital expenditures related to building exterior replacements;
- Capital expenditures related to the dog park/ dog spa replacements;
- Capital expenditures related to exercise equipment replacements;
- Capital expenditures related to fitness center replacements;
- Capital expenditures related to golf cart replacements;
- Capital expenditures related to key fob replacements;
- Capital expenditures related to landscaping replacements;
- Capital expenditures related to the outdoor kitchen/grill replacements;
- Capital expenditures related to parking lot restriping;
- Capital expenditures related to pool furniture replacements;
- Capital expenditures related to pressure washing;
- Capital expenditures related to roof replacements;
- Capital expenditures related to signage replacements; and
- Capital expenditures related to termite treatment.

The aggregate amount to be spent by the Trust for the Initial Capital Expenditures will not exceed \$384,266.

Ongoing Capital Expenditures. The ongoing capital expenditures to be paid by the Trust are as follows (collectively, the “Ongoing Capital Expenditures”):

- Capital expenditures related to the foundations, subfloors, structures and roof of the Project buildings (including remediation of mold and moisture damage due to structural defects);

- Capital expenditures regarding mandatory requirements under any regulations, rules or ordinances that are applicable to the Project related to fire, earthquake and life-safety (including the necessary correction of any violation of such requirements);
- Capital expenditures related to the underground water pipes and electrical equipment that provides water and electricity to the Project (but not with respect to plumbing or electrical repairs at the Project buildings or tenant spaces);
- Capital expenditures related to the HVAC systems;
- Capital expenditures related to elevator replacements;
- 3 time capital expenditure(s) related to hallway flooring and stair tread replacements;
- 1 time capital expenditure(s) related to building interior replacements;
- 3 time capital expenditure(s) related to concrete/parking lot replacements;
- 3 time capital expenditure(s) related to dog park/dog spa replacements;
- 1 time capital expenditure(s) related to exercise equipment replacements;
- 2 time capital expenditure(s) related to exterior lighting replacements;
- 1 time capital expenditure(s) related to exterior painting;
- 3 time capital expenditure(s) related to fitness center replacements;
- 1 time capital expenditure(s) related to golf cart replacements;
- 1 time capital expenditure(s) related to install keytrack system replacements;
- 2 time capital expenditure(s) related to key fob replacements;
- 5 time capital expenditure(s) related to landscaping replacements;
- 1 time capital expenditure(s) related to leasing office replacements;
- 1 time capital expenditure(s) related to mold & moisture replacements;
- 4 time capital expenditure(s) related to outdoor kitchen/grill replacements;
- 2 time capital expenditure(s) related to parking lot restriping;
- 1 time capital expenditure(s) related to plumbing replacements;
- 1 time capital expenditure(s) related to pool furniture replacements;
- 8 time capital expenditure(s) related to pressure washing;
- 8 time capital expenditure(s) related to recreational facilities replacements;
- 2 time capital expenditure(s) related to roof replacements;
- 2 time capital expenditure(s) related to security system replacements;
- 1 time capital expenditure(s) related to signage replacements;
- 1 time capital expenditure(s) related to structure/foundation replacements; and
- 4 time capital expenditure(s) related to swimming pool resurfacing.

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

Annual Tenant Improvement Allowance. The annual tenant improvement allowance is being required by the Master Tenant to make replacements at the Project related to blinds/drape replacements, carpet replacements, ceiling fan/light fixture replacements, countertop and cabinet replacements, dishwasher replacements, door replacements, garbage disposal replacements, light fixture replacements, low flow fixture replacements, microwave replacements, mirror replacements, painting, refrigerator replacements, sinks/tubs replacements and resurfacing, stove/cooktop/vent replacements, vinyl/tile replacements, washer/dryer replacements, water heater replacements and window replacements. The annual tenant improvement allowance amount varies between \$49,863 and \$125,944 for any lease year. A schedule of the tenant improvement allowances is included as Exhibit D to the Master Lease.

Unidentified Tenant Improvement Allowance. The Trust will have the obligation to pay an unidentified tenant improvement allowance of up to \$300,000 for capital replacements over the term of the Master Lease at the request of the Master Tenant (the “Unidentified Tenant Improvement Allowance”), as requested by the

Master Tenant. The Master Tenant will have the right to request a distribution of all or a portion of the Unidentified Tenant Improvement Allowance to pay for capital replacement items at the Project. The Unidentified Tenant Improvement Allowance may only be used for capital expenditures, capital replacements and minor nonstructural modifications, except as required by law. No reserve has been established by the Trust for the Unidentified Tenant Improvement Allowance.

Taxes

The Trust is responsible for all taxes for the Project.

Hazardous Substances

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

Insurance

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

The Master Tenant is responsible for the following insurance: (i) comprehensive general liability insurance including contractual liability insurance specifically covering the indemnification obligations of the Master Tenant under the Master Lease, (ii) insurance against loss of profits or rental under a business interruption insurance policy or under a rental value insurance policy covering risk of loss due to hazards covered by the Trust's insurance obligations under the Master Lease and (iii) any insurance required to be obtained by the Master Tenant in the Loan Documents.

Utilities

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

Casualty and Condemnation Restoration

The Master Tenant is responsible for completing the restoration of the Project after a casualty or condemnation; provided, however, to the extent available, the Trust is required to provide any insurance proceeds or condemnation proceeds resulting from such casualty or condemnation to the Master Tenant for the purpose of restoring the Project. In the event of casualty, to the extent the insurance proceeds are not sufficient to complete the restoration, the Master Tenant will pay the excess except for funds attributable to Landlord Costs (as defined in the Master Lease). In the event of a condemnation, to the extent the insurance proceeds are not sufficient to complete the restoration, the Master Tenant can terminate the Master Lease provided that the Trust may pay the excess if there are at least 12 months remaining in the term. Notwithstanding the above, the Master Tenant is prohibited from taking any action that would violate the requirements of the Revenue Ruling, including making any modifications to the Project other than minor nonstructural modifications or as required by law.

Operating Expenses

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

Capital Improvements

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

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

Subleases

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

Defaults and Remedies

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

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

Mandatory Termination

If a Master Lease Termination Event occurs, the Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC. A "Master Lease Termination Event" is any event in which (i) a Master Lease Event of Default (as defined below) has occurred and is continuing, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise, (iv) upon the occurrence of an Event of Default Springing Event or (v) the Trust springs, or the Project is transferred, to the Springing LLC. A "Master Lease Event of Default" means (i) a default by the Master Tenant with respect to any of the Operating Covenants (as defined in the Master Lease) that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Master Tenant under the Master Lease. An "Event of Default Springing Event" means any Event of Default (as defined in the Loan Documents) has occurred. Thus, certain actions by the Master Tenant could require the Trust to convert to a limited liability company which would cause the Holders to lose the ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

Stay Bonus Payment

Upon the sale of the Project (other than because of a foreclosure or deed in lieu of foreclosure), pursuant to the terms of the Master Lease, the Trust is required to pay up to \$50,000 to the Master Tenant upon the sale of the Project (which will be paid from sales proceeds) which the Master Tenant will be obligated to use to pay for stay bonuses for the onsite property management staff and other closing related items.

Indemnification

The Master Tenant is required to indemnify the Trust from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against the Trust in connection with anything and everything arising from or out of (i) any injury, illness or death to any person or damage to any property from any cause occurring in or upon or in any other way relating to the Project, (ii) the occupancy of the Project or any part thereof by, through or under the Master Tenant and (iii) the Master Tenant's breach of the Master Lease.

Master Tenant Capitalization

The Master Tenant is a Delaware limited liability company that was formed on March 17, 2026. Passco Management Services, LP is the sole member of the Master Tenant. The Master Tenant is a newly formed entity and has limited capital. The Master Tenant was capitalized with \$50,000 in cash, a \$250,000 short-term note and a \$500,000 demand promissory note. These notes are issued by Passco Management Services, LP and are guaranteed by Passco Companies. The Master Tenant's sole source of income from which it will satisfy its obligations pursuant to the Master Lease, including the payment of rent to the Trust, is expected to be from the operation of the Project. The Master Tenant may, but has no obligation to, use other funds available to the Master Tenant and Passco Management Services, LP to pay for its obligations under the Master Lease. Passco Management Services, LP has no current intent to supplement the amounts described above with funds from other sources.

ACQUISITION TERMS

Acquisition of the Project

Purchase of the Project. On April 30, 2026, the Trust acquired the Project. The Trust acquired the Project from the Seller pursuant to the Acquisition Agreement for a purchase price of \$94,095,000, grossed up from the net purchase price of \$91,800,000 in order to account for the Seller's obligation within the Acquisition Agreement to pay an advisory fee of \$2,295,000 to the Property Manager, an Affiliate of the Trust and the Trust Manager. As part of the acquisition, the Trust obtained the Loan in the principal amount of \$48,350,000 from the Lender, under the Fannie Mae DUS Loan Program, the proceeds of which were utilized for the acquisition. Immediately after the acquisition, the Trust's only asset was the Project, the Reserve Note and cash and the Trust's only liability was the Loan.

As-Is Purchase of the Project. The Trust acquired the Project "as is," "where is," "with all faults," with limited representations and warranties from the Seller in regards to the Seller entity, and no representations from Seller with respect to environmental matters and the existence of hazardous materials, or matters affecting the condition, use or ownership of the Project. The Seller's representations and warranties contained in the Acquisition Agreement will survive for a period of 6 months following the purchase of the Project. Seller's maximum liability for a breach of any warranty or representation is limited to \$940,950 in the aggregate. The Trust will sell Interests to the Holders "as is" with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

Acquisition of the Beneficial Interests

Purchase of Interests by the Holders; Redemption of Class B Beneficial Interests. Proceeds from the Offering will be used to redeem, on a one-for-one basis, the Class B beneficial interests held by the Depositor. If the Maximum Offering Amount is raised, the Trust will redeem all of the Class B beneficial interests held by the Depositor for \$58,575,000. If the Maximum Offering Amount is not raised, any Class B beneficial interests that remain outstanding will be converted to Interests and such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate.

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

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

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

FINANCING TERMS

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

Leverage

The Trust obtained a loan to acquire the Project in the original principal amount of \$48,350,000 from the Lender. The Project is leveraged with a loan-to-purchase price ratio of approximately 46.85% ($\$48,350,000 \div \$103,203,429$ (\$106,925,000 gross price minus the Trust Reserves in the amount of \$3,721,571)), based on the purchase price for the Interests paid by the Holders. The loan-to-purchase price ratio is approximately 45.22% if the reserves are included in the Holder purchase price ($\$48,350,000 \div \$106,925,000$). The loan-to-cost ratio is approximately 51.38% ($\$48,350,000 \div \$94,095,000$) based on the purchase price of the Project pursuant to the Acquisition Agreement.

Interest Rate

The Loan bears interest at a fixed rate equal to 4.98%. The interest rate on the Loan was bought down by 25 basis points for \$967,000.

Loan Term

The Loan matures on the Loan Maturity Date and is interest only until the Interest Only End Date. The Loan may be repaid but is subject to a yield maintenance payment during the first 9.5 years of the Loan term. For the 3-month period following the 9.5 year period described above, the Loan may be repaid upon payment of a 1% fee. During the last 3 months of the Loan term, the Loan may be repaid without payment of a prepayment penalty or yield maintenance payment. The Loan may be assumed by a purchaser of the Project so long as such purchaser is approved by the Lender in its sole discretion and a fee equal to 1% of the outstanding principal amount of the Loan is paid at the time of the assumption, a \$3,000 review fee and the Lender's out of pocket costs.

Cash Sweep

Pursuant to the Loan Documents, the Trust established the Clearing Account in which all rental and other income received from the Project will be deposited during the term of the Loan. The Clearing Account will be under the sole control of the Lender throughout the term of the Loan. Until an Event of Default under the Loan Documents has occurred, all funds in the Clearing Account will be distributed on each business day to the Master Tenant. Following an Event of Default under the Loan Documents, the Lender will institute a sweep of all funds in the Clearing Account into a cash management account established by and under the sole control of the Lender. During the continuation of the Event of Default under the Loan Documents, the Lender will have the right to collect all rental and other income and will only permit the payment of operating expenses and any capital or other expenses that are approved by the Lender in its sole discretion. As a result, the Trust may not have sufficient funds to pay for expenses not approved by the Lender which may include any Trust Obligations. The Trust is not able to accept any additional capital contributions to pay for these items. The Master Lease will automatically terminate upon a Master Lease Termination Event (which includes the occurrence of an Event of Default under the Loan Documents), and the Trust will be required to transfer the Project (or convert the Trust) to the Springing LLC. If the Lender imposes a cash sweep of the Clearing Account, distributions to the Holders may be reduced to zero. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Clearing Account in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan Documents include certain provisions that should provide limitations on the Lender's right to take the Master Tenant's assets in excess of the Master Tenant's obligations under the Master Lease. It is unclear whether these provisions will limit the Lender's right to access funds held in the Clearing Account.

Master Lease Termination Event

The Master Lease will automatically terminate and the Trust will be required to automatically transfer the Project (or the Trust will be converted) to the Springing LLC in the event of a Master Lease Termination Event. A "Master Lease Termination Event" is any event in which (i) a Master Lease Event of Default (as defined below) has

occurred and is continuing, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise, (iv) upon the occurrence of an Event of Default Springing Event or (v) the Trust springs, or the Project is transferred, to the Springing LLC. A “Master Lease Event of Default” means (i) a default by the Master Tenant with respect to any of the Operating Covenants (as defined in the Master Lease) that continues uncured beyond the expiration of applicable notice and cure periods and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Master Tenant under the Master Lease. An “Event of Default Springing Event” means any Event of Default (as defined in the Loan Documents) has occurred.

Events of Default

The events of default under the Loan include, without limitation, (i) any failure by the Trust to pay or deposit when due any amount required by the Loan Documents, (ii) any failure to maintain the insurance coverage required by any Loan Document, (iii) any failure by the Trust to comply with the provisions of the Loan Documents relating to its single asset entity status, (iv) if any warranty, representation, certification or statement of the Trust in the Loan Documents is false, inaccurate or misleading in any material respect when made, (v) fraud, gross negligence, willful misconduct or material misrepresentation or material omission by or on behalf of the Trust, the Master Tenant or a Key Principal, or any of their officers, directors, trustees, partners, members or managers in connection with: (a) the application for, or creation of, the Loan or the Master Lease; (b) any financial statement, rent roll or other report or information provided to the Lender during the term of the Loan; or (c) any request for the Lender’s consent to any proposed action, including a request for disbursement of reserve/escrow funds or collateral account funds, (vi) the occurrence of any transfer not permitted by the Loan Documents, (vii) the occurrence of a bankruptcy event with respect to the Trust or the Master Tenant, (viii) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in the Lender’s reasonable judgment, could result in a forfeiture of the Project or otherwise materially impair the lien created by the Loan Documents or the Lender’s interest in the Project, (ix) if the Trust, the Master Tenant or the Key Principal is a trust, or if control of the Trust, the Master Tenant or the Key Principal is transferred or if a restricted ownership interest in the Trust, the Master Tenant or the Key Principal would be transferred due to the termination or revocation of a trust, the termination or revocation of such trust, except as set forth in the Loan Documents, (x) any failure by the Trust to complete any repair of the Project related to fire, life, or safety issues in accordance with the terms of the Loan Documents within the time periods set forth therein (or otherwise required by the Lender in writing), (xi) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Project or any interest therein of a right to declare all amounts due under that debt instrument immediately due and payable, (xii) a termination, amendment or modification of any Master Lease Document (as defined in the Loan Documents) not permitted by the Loan Documents, (xiii) if any warranty, representation, certification, or statement of the Trust in the Master Lease, the Property Level Assignment of Leases and Rents, or any other Master Lease Document is false, inaccurate or misleading in any material respect when made; (xiv) a default by the Trust or the Master Tenant which continues beyond any applicable cure period under the Subordination Agreement (DST Master Lease), the Master Lease, the Property Level Assignment of Leases and Rents, or any other Master Lease Document, (xv) failure by the Trust to enforce all remedies under the Master Lease Documents against the Master Tenant, (xvi) the removal of the Trust Manager as the manager under the Trust Agreement, (xvii) failure of the Key Principal to control the Trust, the Trust Manager and the Master Tenant, (xviii) any failure by the Trust, the Key Principal to comply with the provisions of the Loan Documents relating to further assurances and the sale of the Loan within the specified timeframes, (xix) if the Key Principal is a natural person, the death of such individual, unless all requirements in the Loan Documents are met within the specified timeframes or (xx) any failure by the Trust, the Key Principal, any Trust affiliate or any Master Tenant affiliate to perform any obligation under the Loan Documents that is subject to compliance with a specified period, which failure continues beyond such specified period as set forth in the applicable Loan Documents. Certain of the events of default described above are subject to applicable notice and/or cure periods in the Loan Documents. Passco Companies is considered to be a Key Principal for purposes of the Loan Documents and there is no guarantor for the Loan.

Restrictions on Transfer

If a prospective Holder will hold 25% or more of the Trust as a result of a transfer of Interests, the Lender has the right to perform due diligence and request information from the Holder related to prior business sanctions, credit risk, prior relationship with Fannie Mae or Lender, and confirmation that holder is not listed on the United States Department of Housing and Urban Development’s “Limited Denial of Participation, HUD Funding

Disqualifications and Voluntary Abstentions List,” or on the General Services Administration’s “System for Award Management (SAM)” exclusion list.

Reserves

The Lender required an initial replacement reserve to be funded in the amount of \$0 and requires ongoing monthly deposits throughout the term of the Loan in the amount of \$4,667. The Lender also required a Lender controlled reserve in an amount equal to \$112,000 and an insurance impound in an amount equal to \$48,709.

Nonrecourse Loan

The Loan is nonrecourse to the Trust.

BUSINESS PLAN

The ownership objectives of the Trust are to (i) distribute to the Holders rent, after payment of debt service and expenses, at levels beginning at 4.35% and continuing at varying levels up to 4.70% of the purchase price paid by the Holders for the Interests during the first 10 years of ownership, (ii) amortize debt during a portion of the ownership of the Project, (iii) preserve the capital of the Holders and (iv) prepare the Project to be sold in approximately 10 years.

It is anticipated that the Trust will own and lease the Project to the Master Tenant for approximately 10 years. The Trust may only sell the Project after it has held the Project beginning 3 years following the Conversion Date, but not earlier than 2 years after the Offering Termination Date and if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before such period if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Trust will expire on the Trust Termination Date. The Trust must dissolve upon a Transfer Distribution. A "Transfer Distribution" will occur (a) if the Trust Manager makes a determination, in writing, that dissolution of the Trust is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iv) all or any portion of the Project becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value or (b) upon a Master Lease Termination Event.

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

Operating and Marketing Strategy

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

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

- Installation of private unit yards.
- Installation of dog park sails and benches.
- Enhance landscaping by installing river rock and a retention pond.
- Clubhouse refresh.
- Add pergolas over grill station to protect the equipment and extend its lifespan.

Major capital projects planned during the hold period will include:

- Exterior paint project.
- Breezeway hallway flooring replacements.
- Parking lot seal and restriping.

Maximize Performance

- Enhance the Project's website and internet marketing by engaging an internet firm specializing in website design and search engine optimization. The Master Tenant will design and develop a new website for the Project and commission the production of community-tailored internet search advertising campaigns.
- Implement an aggressive Project marketing campaign to reach out to local corporations, businesses, and vendors to obtain referrals, activity sponsorships, and reciprocal business opportunities.
- Introduce and monitor increases in other income items to maximize recovery of Project utility fees, trash removal fees, and parking fees where possible.
- Introduce and monitor increases in Project fees such as administrative fees, application fees, transfer fees, pest control fees, valet trash fees, pet deposits, and pet fees when and where possible.
- Implement Passco's Pricing Model. The Passco Pricing Model is a platform designed to optimize rental pricing, occupancy, and overall financial performance. By leveraging real-time market intelligence and internal performance metrics, this model provides dynamic, accurate, and strategically aligned pricing recommendations. The target result is enhanced revenue optimization, improved operational consistency, and a more disciplined approach to both new lease and renewal pricing.
- Implement CORE (Central Operation & Resource Efficiency). CORE is a strategic initiative designed to streamline operations, maximize resources, and improve service quality. By centralizing key administrative and operational tasks previously handled at the site level, CORE targets greater efficiency, uniformity, and support for on-site teams.

Improve New Lease Closing and Resident Retention

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

Implement Asset Management Programs

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

PLAN OF DISTRIBUTION

Rule 506(b)

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

General Description

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

The Trust is offering 11,715 Interests at \$5,000 per Interest, which represents all of the beneficial interests in the Trust. Each purchaser must purchase a minimum of (a) for cash purchasers, 5 Interests in the Trust (representing an approximate 0.0426800% interest in the Project) for a purchase price of \$25,000 (the purchase of 5 Interests also includes an allocation of 0.0426800% of the Loan (\$20,635.78)) or (b) for Code Section 1031 exchange purchasers, 20 Interests in the Trust (representing an approximate 0.1707200% interest in the Project) for a purchase price of \$100,000 (the purchase of 20 Interests also includes an allocation of 0.1707200% of the Loan (\$82,543.12)), except that the Trust may, in its sole discretion, permit certain Holders to make a smaller investment. The Offering Proceeds will be used to redeem, on a one-for-one basis, all of the Class B beneficial interests held by the Depositor. There can be no more than 1,980 owners of beneficial interests in the Trust.

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

Qualifications of Prospective Holders

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

Sale of Interests

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

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

The Offering and Ownership of the Trust

The Depositor deposited into the Trust (i) \$46,223,031 for the acquisition of the Project, (ii) \$281,634 in Operating Reserves and (iii) the \$3,279,229 Reserve Note to fund Trust capital improvements and Master Tenant improvement allowances in exchange for all of the Class B beneficial interests in the Trust. It is anticipated that the Trust will be a passive owner of the Project. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and

the ownership of such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate.

Marketing of Interests

Offers and sales of the Interests will be made on a “best efforts” basis by the Selling Group Members who are members of FINRA. Passco Capital, Inc., a member of FINRA and an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive Selling Commissions in an amount equal to 5.0% of the Total Sales, which it will reallow to the Selling Group Members; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Selling Group Member and the commission rate will be the lower agreed upon rate. As a result, certain Holders may acquire Interests net of some or all of the Selling Commissions. The Managing Broker-Dealer will also receive a nonaccountable Marketing Allowance in an amount equal to 1.0% of the Total Sales, which the Managing Broker-Dealer will reallow in whole or in part to the Selling Group Members. The Managing Broker-Dealer will also receive a nonaccountable due diligence allowance in an amount equal to 0.5% of the Total Sales, some of which it may reallow to Selling Group Members on an accountable basis. The Managing Broker-Dealer will also receive a placement fee in an amount equal to 1.15% of the Total Sales, a portion of which it will reallow to certain wholesalers that are internal to Passco Companies, and may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions. Certain Selling Group Members may, at their request and as set forth in the applicable Soliciting Dealer Agreement, allocate the Selling Commissions and the Marketing Allowance such that the Selling Commissions are decreased and the Marketing Allowance is increased, provided that the total amount paid to the Selling Group Member will not exceed 6% of the Total Sale. The Depositor will be responsible for paying all of the Selling Commissions and Expenses. For purposes of calculating the Total Sales, each Interest will be deemed to have a sales price of \$5,000, and any discount provided to a Holder will be disregarded.

The Trust anticipates that the expenses incurred in connection with the Offering and the organization of the Trust will be approximately 0.49% of the gross proceeds of the Maximum Offering Amount (\$286,000).

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

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

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

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

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

Sales Materials

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

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

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

Limitation of Offering

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

THE DEPOSITOR, THE TRUST MANAGER AND THEIR AFFILIATES

Passco Allure Depositor, LLC is the Depositor. The Depositor was formed as a Delaware limited liability company as of March 17, 2026. Passco Allure JV, LLC is the sole member of the Depositor. The managers of Passco Allure JV, LLC are Passco Companies and Passco Companies Income Fund I, LLC (an entity managed by Passco Companies). Passco Companies was formed as a California limited liability company in 2005 and converted to a Delaware limited liability company in 2011. Greystone Passco Holdings, LLC (“Greystone”), a current common member of Passco Companies has the option to acquire at least 80% and up to 100% of the common membership interests in Passco Companies for a period of 5 years ending January 9, 2027. If Greystone acquires at least 80% of the common membership interests in Passco Companies, Greystone will become the controlling principal of Passco Companies and will have the right to appoint the members of the Board of Managers of Passco Companies.

Passco Allure Manager, LLC is the Trust Manager of the Trust. The Trust Manager was formed as a Delaware limited liability company as of March 17, 2026. Passco Companies is the sole member of the Trust Manager.

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

<u>Name</u>	<u>Title</u>
William O. Passo	Chief Executive Officer, Founder and Board Member
Larry K. Sullivan	President and Board Member
Thomas B. Jahneke	Senior Vice President and Board Member; President of Passco Capital, Inc.
Belden Brown	Executive Vice President and Board Member
Alan Clifton	Chief Operating Officer
Suzy Cottle	Chief Financial Officer
Ogal B. Claspell, Jr.	Senior Vice President, Multifamily Investments
Collin Gillis	Chief Investment Officer
Thomas Voekler	Chief Legal Officer and Secretary
Andy Wang	Senior Vice President, Marketing
Clay Coleman	Vice President, Sales
Marco Vitulli	Vice President, Sales
Stacy Stemen	Senior Vice President, Strategic Relations
Nicole Fullerton	Senior Vice President, Investor Services
Steve Rosenberg	Member of Board of Managers
Greg Lyss	Member of Board of Managers

William O. Passo, Chief Executive Officer, Founder, shareholder and Board Member of Passco Companies. William O. Passo is a true pioneer in the real estate investment industry. As founder and Chief Executive Officer of Passco Companies, he is responsible for the growth of the firm, which is now a national real estate company that has acquired, managed, and/or developed more than \$3 billion in property spanning 20 states since its inception in 1998. During his career, which has spanned nearly 4 decades, Mr. Passo has directed the formation of more than 200 private and public limited liability companies and limited partnerships. He has also directed the acquisition, entitlement, management, leasing and/or disposition activities of over 250 retail, office, multifamily and land properties, raising more than \$1 billion in investor funds. Mr. Passo holds a Juris Doctorate degree from the University of California, Los Angeles (UCLA). He practiced law from 1967 to 1985, specializing in real estate syndications and related tax and securities matters. He also holds a Bachelor of Arts Degree with honors from California State University, Long Beach. A registered representative and principal of Passco Capital, Inc., Mr. Passo has been a member of FINRA since 1998. He holds registered representative and general principal licenses and has been a licensed California Real Estate Broker since 1974. Mr. Passo is a member of the International Council of Shopping Centers (ICSC), the

Alternative & Direct Investment Securities Association (“ADISA”) and the Building Industry Association (BIA), and is a former Director of Catholic Charities Retirement Homes. He is also one of the founders of the Orange County Performing Arts Center.

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

Thomas B. Jahncke, CFP, Senior Vice President and Board Member of Passco Companies and President of Passco Capital, Inc. A founding shareholder of Passco Companies, Thomas Jahncke is a seasoned industry expert with more than 5 decades of experience. As Senior Vice President and Director for Passco Companies and President of Passco Capital, Inc., Mr. Jahncke is responsible for overseeing the firm’s operations and capital raising functions. A Certified Financial Planner (CFP), he was integral in the formation of Passco Capital, Inc., and has helped the company to raise more than \$1.8 billion in equity to date. During his career, Mr. Jahncke has served as Principal and CEO for Hall Securities Corporation, where, under his guidance, the company successfully raised more than \$550 million. In addition, Mr. Jahncke served in executive roles with Captec Financial Group, Inc. and Detroit Bank and Trust (now Comerica). Mr. Jahncke earned a Bachelor of Science degree from Cornell University, and a Master of Business Administration degree from the University of Michigan. He holds FINRA series 7, 22, 24, 27, 31, 39, 63 and 65 licenses, and is an active member of several industry associations, including the ADISA, the Financial Services Institute (FSI), and the Financial Planning Association (FPA).

Belden Brown, Executive Vice President and Board Member of Passco Companies. Belden Brown is a seasoned real estate professional with more than 3 decades of experience. As Executive Vice President of Passco Companies, Mr. Brown is responsible for overseeing all regional wholesalers and instituting capital campaigns for Passco. He is also a shareholder of Passco Companies. Prior to joining Passco, Mr. Brown served as Senior Vice President for a real estate company, where he was integral in the launch of the company’s first public offering. During his career, Mr. Brown also worked with a money management firm, assisting the company to grow their distribution throughout the broker dealer community. He spent 11 years at Rancho Consultants (now Rancon Securities) as a Regional Vice President representing them in the Southern California marketplace. Mr. Brown attended the University of Miami, and is a licensed securities dealer, holding FINRA Series 7, 22 and 63 licenses. He is also a member of the ADISA.

Alan Clifton, Chief Operating Officer of Passco Companies. Alan Clifton is a real estate operations, finance and management expert with more than 3 decades of experience. As Chief Operating Officer for Passco Companies, Mr. Clifton is responsible for negotiating and securing financing for new acquisitions; asset dispositions; overseeing corporate operations for both Passco Companies and Passco Equity Partners, LLC; and Chief Financial Officer of Passco Companies Development, LLC. During his career, he has also served as group President of BayHarbor Management Services, Founding Partner of Service Plus Financial, and General Manager for Orange and San Diego Counties for CarrAmerica Realty, a multi-billion dollar NYSE traded national REIT. Mr. Clifton holds a Bachelor’s degree in Economics from the University of California, Los Angeles (UCLA). He is a Certified Property Manager (CPM®) and a licensed California Real Estate Salesperson. He is also an active member of several industry associations, including the National Multifamily Housing Council (NMHC), International Council of Shopping Centers (ICSC) where he was previously appointed as the Western Division Operations Chairman, the Commercial Real Estate Development Association (NAIOP) and the Mortgage Banker Association (MBA), as well as a former

board member of both the Institute of Real Estate Management (IREM) and of the Building Owners and Managers Association (BOMA).

Suzy Cottle, Chief Financial Officer of Passco Companies. Suzy Cottle has spent more than 30 years in the finance and real estate industries. As Chief Financial Officer, Ms. Cottle oversees all financial reporting for Passco Companies and its Affiliates. Prior to joining Passco Companies, Ms. Cottle served as Director of Corporate Finance for Steadfast Companies, where she was involved in the development of innovative systems to enhance reporting timeliness and accuracy. In addition, Ms. Cottle was responsible for financial reporting for more than \$2 billion in real estate assets owned by institutional pension funds during a 10-year tenure with PM Realty Advisors. Ms. Cottle holds a Bachelor of Business Administration in Accounting from the University of Texas at El Paso.

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

Collin Gillis, Chief Investment Officer of Passco Companies. Mr. Gillis has 20 years of experience in the multifamily industry. Mr. Gillis is responsible for overseeing the firm's national acquisitions platform, including spearheading the identification and acquisition of multifamily product throughout the United States. During his time with Passco Companies, Mr. Gillis has led the acquisition of 18,000 units across 60 transactions in 13 states for a total consideration more than \$4 billion. Prior to joining Passco Companies, Mr. Gillis served as Senior Acquisitions Associate for the Atlanta office of Los Angeles-based JRK Investors, as well as Senior Acquisitions Associate for Atlanta-based The Lane Company. In both of these roles Mr. Gillis was responsible for sourcing acquisitions for investments in the Southeast United States. Mr. Gillis holds a Master's in Business Administration, Finance from Kennesaw State University in Kennesaw, Georgia, as well as a Bachelor of Arts in Business Administration and Economics from Oglethorpe University in Atlanta, Georgia. Mr. Gillis is also an active member of the National Multifamily Housing Council (NMHC).

Thomas Voekler, Chief Legal Officer and Secretary of Passco Companies. Mr. Voekler has been practicing law for more than 20 years. As Chief Legal Officer and Secretary, Mr. Voekler oversees all legal, risk, compliance and regulatory functions and supporting Passco Companies' growth initiative, governance framework and executive leader team. Prior to joining Passco Companies, he was a partner at the firms of Williams Mullen, Kaplan, Voekler, Cunningham and Frank, PLC and Hirschler Fleicher, PC and worked at Hunton Andrews Kurth LLP. Mr. Voekler earned a JD from the College of William & Mary and a BS in Finance from George Mason University. He is an active member of ADISA, of which he served as a board member and president and he serves as general counsel.

Andy Wang, Senior Vice President, Marketing of Passco Companies. Andy Wang has spent more than a decade in the real estate marketing industry. As Vice President of Marketing for Passco Companies, Mr. Wang is responsible for sharing accurate and detailed information regarding the company's DST 1031 products, and for building and maintaining strong relationships with broker dealers, clients, real estate agents, and other investors. Mr. Wang has been a part of Passco Companies' growth since 2002, and was on a team that earned the Award of Excellence from the Tenant-In-Common Association (TICA) for funding the largest tenant-in-common program seen in the industry. He also serves as a principal for Passco Capital, Inc. Prior to joining Passco Companies, Mr. Wang gained experience in financial advising and consulting through increasing positions with Wells Fargo and Morgan Stanley. Mr. Wang obtained a Bachelor of Arts in Psychology from Baylor University, and holds Series 7, 24, 27, 27, 31, and 66 licenses. He is a member of ADISA.

Clay Coleman, Vice President, Sales of Passco Companies. Clay Coleman brings nearly a decade of seasoned expertise in real estate investments to the firm. In his role, he strategically facilitates the acquisition of DST 1031 equity by cultivating relationships with broker dealer representatives and registered investment advisors across the nation. Additionally, Mr. Coleman plays a pivotal role in investor and financial advisor multifamily investing education, with a focus on 1031 tax-deferred exchanges. Before beginning his current position at Passco Companies, Mr. Coleman served as the Director of Sales for RK Properties, overseeing the central and eastern United States regions. His career in real estate began at NexPoint Securities, where he served as a DST Product Specialist for nearly 5 years, contributing significantly to raising over \$500 million in real estate assets. Mr. Coleman's educational foundation includes a Bachelor's Degree in Business & Corporate Communications from the University of Kentucky. He holds notable credentials, including FINRA Series 7, 63, and 66 licenses, indicative of his comprehensive understanding of financial regulations and investment practices.

Marco Vitulli, Vice President, Sales of Passco Companies. Marco Vitulli has been with Passco Companies for over a decade, having spent time previously with Wells Fargo and Edward Jones Advisors. Since joining Passco, Mr. Vitulli has been key player in the daily workings of Passco's Marketing Department, facilitating conversations with both the broker dealer advisors and those under the Registered Investment Advisor umbrella. Mr. Vitulli received his education from the University of Arizona's Eller College of Business, earning his Finance Degree. Mr. Vitulli currently holds his FINRA Series 7 and 66 licenses.

Stacy Stemen, Senior Vice President, Strategic Relations. Stacy Stemen is a real estate marketing leader with more than 20 years of experience driving brand growth and business development for national companies. As Senior Vice President, Strategic Relations for Passco Companies, she directs the firm's brand strategy and drives initiatives that enhance Passco Companies' national presence, including oversight of the Passco Ambassador Program. Her leadership has played a key role in Passco Companies' growth, contributing to the more than \$4 billion in assets under management and over \$8 billion in acquisitions. Mrs. Stemen is a graduate of California State University, Fullerton, and is an active member of the International Council of Shopping Centers (ICSC), an active member of the ADISA and served as president for Commercial Real Estate Women (CREW) – Orange County Chapter and currently sits on the Chapter's Advisory Board. She also serves on the Advisory Board of the UCI Paul Merage Center for Real Estate and, since 2023, on the Orange County American Cancer Society Board of Directors. Her industry recognition includes being name an Orange County Business Journal "Woman in Business" (2016), Real Estate Forum "Woman of Influence" (2016), Connect Media "Top Women in Real Estate" (2018) and a Bisnow "Power Woman" (2018-2019). In 2019, she and the Passco Companies' Marketing Team were honored as GlobeSt. Real Estate Forum "Top Influencers in CRE Marketing & Communications." In 2024, she received GlobeSt.'s "Woman of the Year – Mentor Category."

Nicole Fullerton, Senior Vice President, Investor Services of Passco Companies. Nicole Fullerton has worked at Passco Companies since 2002, gaining more than 20 years of experience in the real estate client relations industry. As Vice President, Investor Services, Ms. Fullerton oversees all communications with Passco Companies' investors and such investors' registered representatives. Ms. Fullerton leads the investor services team, which is tasked with managing investor accounts, distributions and reporting. Ms. Fullerton holds a Bachelor of Science in Business Administration with an emphasis on Marketing from California State University, Long Beach.

Steve Rosenberg, Member of the Board of Managers. As CEO of Greystone & Co. II LLC and its affiliated companies ("Greystone"), Mr. Rosenberg is responsible for the coordination and management of corporate matters. Founded in 1988 by Mr. Rosenberg, Greystone is a private, national, commercial real estate finance company with an established reputation as a leader in multifamily and healthcare finance, having ranked as a top FHA, Fannie Mae, and Freddie Mac lender in these sectors. Mr. Rosenberg leads Greystone as it successfully distinguishes itself in its creative approach and drive to provide solutions for its clients. Prior to launching Greystone, Mr. Rosenberg was a National Director with Dean Witter Reynolds. Mr. Rosenberg holds a D.M.D. degree from the University of Pennsylvania School of Dentistry and an M.B.A. from the Wharton School.

Greg Lyss, Member of Board of Managers. Greg Lyss serves as Executive – Special Projects at Greystone, a leading real estate finance company. At Greystone, Greg oversees Greystone's New Business Investment Committee, works with the CEO on business development opportunities, serves on a variety of credit, investment and guaranty committees, and works in partnership with Passco, Greystone's partner in the DST business. His career encompasses investing in public and private markets (real estate, venture capital and private equity) and serving in

operating roles (CFO, Plant Manager, and Sales) in a variety of contexts (Family Office, Hedge Funds, Diversified Holding Company, small enterprises, and large industrials). Greg served as the Chief Operating Officer of Advanced Merger Partners, Inc., a Special Purpose Acquisition Company sponsored by Houlihan Lokey and Saddle Point Partners. He currently serves on the Boards of 26 Capital Acquisition Corp, a SPAC, and Alpha Precision Media, a media buying specialist on the Amazon advertising platform. Previously, he was the Chief Investment Officer of TABLE Management, LP, the family office of a prominent hedge fund manager. TABLE's investment mandate was exclusively focused on private investments, with a heavy concentration in direct real estate and venture capital. During Greg's tenure, TABLE invested hundreds of millions of dollars in scores of deals. Greg had responsibility for sourcing, analyzing, negotiating, executing, and overseeing most of the transactions. Greg developed his analytical and operating background in his previous roles. Before TABLE, Greg was a Partner at Alson Capital Partners, a multi-billion dollar long-short hedge fund, where he was a significant contributor to the firm's profitability and a member of its senior leadership. He had previously worked as an analyst at Gotham Partners —after serving as the CFO of Utilisave, one of its portfolio companies—and had co-founded Cohanzick Management, a private investment partnership. Prior to forming Cohanzick Management, Greg worked as an analyst for Leucadia National, a widely diversified, publicly traded holding company, working first with its manufacturing companies and then on general corporate opportunities, from a gold mine in Kyrgyzstan to the bankruptcy of Rockefeller Center Properties. Greg's first job out of business school was with Jefferson Smurfit Corporation, a paper and packaging company, where he had a series of roles from Corporate Planning to Sales, culminating in his role as the General Manager of a perennially money-losing factory. Greg brought the plant to breakeven before then helping Smurfit sell the division. Greg is an active member of his community, previously serving as Treasurer and currently serving on the Finance Committee of UJA Federation of New York, the largest local philanthropy in the United States, with an annual budget in excess of \$200mm. He is a graduate of Harvard College and Harvard Business School.

Passco Capital, Inc.

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

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

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

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

PRIOR PERFORMANCE SUMMARY

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

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

Experience and Background of Passco Real Estate Enterprises, Inc.

Passco Real Estate Enterprises, Inc. ("PREE"), the predecessor to Passco Companies, was formed as a California corporation in 1998. The principal business of PREE was the acquisition and management of investment properties. A portion of the funds raised under the prior programs was raised pursuant to the sale of undivided interests in the real estate held by the prior real estate programs of PREE. PREE's prior real estate programs also included issuing notes and debentures to investors.

The prior real estate programs of PREE purchased consisted of (i) existing shopping centers, a business park/retail center, industrial properties, shopping malls and multifamily residential properties, (ii) development industrial properties or multifamily residential properties and (iii) undeveloped land.

Experience and Background of Passco Companies, LLC

Passco Companies was formed as a California limited liability company in 2005. The principal business of Passco Companies is the acquisition and management of investment properties. It has been involved with 130 real estate programs with similar investment objectives since its formation. These prior programs raised approximately \$3.77 billion from approximately 11,195 investors. Investors who participated in more than one program were counted as an investor for each such program. The prior real estate programs of Passco Companies purchased 134 properties for an aggregate purchase price of approximately \$8.0 billion. A portion of the funds raised under the prior real estate programs of Passco Companies were raised pursuant to the sale of undivided interests in the real estate held by the prior programs.

Of the properties purchased, 116 were multifamily residential properties, 9 were shopping centers, 1 was an industrial park, 2 were office buildings, 4 were drug stores, 1 was self-storage, and 1 was senior housing. None of the properties were new properties or construction properties; 100% were previously owned. 79 of the properties have been disposed of and 2 are no longer under the management of Passco Companies affiliates. Passco Companies also sponsored Passco Companies Income Fund I, LLC, which sold limited liability company units with the investment objective of making short-term mezzanine or bridge loans and acquiring properties. Passco Companies Income Fund I, LLC has raised more than \$29,665,000 from 469 investors. In addition, Passco Companies sponsored Passco Companies Income Fund II, LLC, which sold limited liability company units with the investment objectives of making short-term mezzanine or bridge loans, making long term equity investments in entities and acquiring real property and raised \$7,981,000 from 117 investors. Passco Companies has also assumed PREE's role as the advisor to Passco Realty Trust, Inc., a private REIT consisting of 183 investors that raised \$8.5 million; and has PREE's 8% Participating Debentures consisting of 656 original note holders and representing over \$45 million originally raised. The 8% Participating Debentures were repaid in full as of September 30, 2017. Passco Realty Trust, Inc. has been liquidated.

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

<u>Program</u>	<u>Location and Type of Property</u>	<u>Financing</u>
Springhouse Apartments	Kentucky Apartment Complex	54% equity, 46% debt
One Riverwalk Apartments	Tennessee Apartment Complex	54% equity, 46% debt
Cortona at Forest Park Apartments	Missouri Apartment Complex	55% equity, 45% debt
Chestnut Farm Apartments	North Carolina Apartment Complex	43% equity, 57% debt
Covington Ridge (Tapestry Ridge)	Kentucky Apartment Complex	49% equity, 51% debt
Tapestry Turfway Apartments	Kentucky Apartment Complex	55% equity, 45% debt
Encore Apartments	Missouri Apartment Complex	51% equity, 49% debt
Merrimack	New Hampshire Apartment Complex	53% equity, 47% debt
Prism	Pennsylvania Apartment Complex	55% equity, 45% debt
Vero Beach	Florida Apartment Complex	53% equity, 47% debt
Riverside	Kentucky Apartment Complex	55% equity, 45% debt
Preston Ridge	North Carolina Apartment Complex	53% equity, 47% debt
Toscana	New Hampshire Apartment Complex	53% equity, 47% debt

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

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

Prior Program Asset Classes

The following table gives a percentage breakdown of the aggregate amount of the purchase prices of the properties purchased in the last 10 years by the prior real estate programs of Passco Companies, categorized by asset class, as of March 31, 2026:

<u>ASSET CLASS</u>	<u>PERCENTAGE OF AGGREGATE PURCHASE PRICE</u>
Retail	0.36%
Industrial	-
Residential	98.37%
Self Storage	0.32%
Senior Housing	0.95%
Total	100%

Discussion of Completed Prior Programs with Positive Returns

The following is a summary of the prior real estate programs of PREE and Passco Companies liquidated in during the last 10 years as of March 31, 2026 that experienced positive results through that time. Please see the performance tables below for more detailed information regarding investor returns.

- Passco Real Estate Enterprises, Inc. issued Series 2005-A 8% Participating Debentures in 2005, raising approximately \$45,207,000. The obligation for the debentures was assumed by Passco Companies, LLC. Proceeds from this debt offering were specifically restricted to uses such as deposits and underwriting costs on real property acquisitions, bridge financing between acquisition and syndication of an asset and direct real estate investments. These debentures had an original maturity date of December 31, 2013, with a 10% portion due on December 31, 2015. Passco Companies, LLC modified the terms of the debentures to allow for an

extension option to be exercised in the discretion of each of the debenture holders. These debentures were fully repaid as of September 30, 2017.

- Raveneaux, a 382-unit apartment property located in Houston, TX, which was acquired in August 2006 and sold in March 2016. The average annualized rate of return on an investor's initial equity investment was 8.40%.
- Lincoln Plaza, an 80,891 square foot retail property located in Tacoma, WA, which was acquired in April 2006 and sold in April 2016. The average annualized rate of return on an investor's initial equity investment was 3.40%.
- Courtney Village, a 368-unit apartment property located in Phoenix, AZ, which was acquired in February 2005 and sold in June 2016. The average annualized rate of return on an investor's initial equity investment was 8.42%.
- Sundance Creek, a 232-unit apartment property located in McDonough, GA, which was acquired in November 2010 and sold in July 2016. The average annualized rate of return on an investor's initial equity investment was 12.33%.
- The Summit, a 366-unit apartment property located in Kent, WA, which was acquired in September 2008 and sold in August 2016. The average annualized rate of return on an investor's initial equity investment was 5.40%.
- Resort at Lake Crossing, a 208-unit apartment property located in Lexington, KY, which was acquired in June 2008 and sold in December 2016. The average annualized rate of return on an investor's initial equity investment was 2.37%.
- Carrington, a 240-unit apartment property located in Montgomery, AL, which was acquired in May 2010 and sold in April 2017. The average annualized rate of return on an investor's initial equity investment was 7.00%.
- Legends at Indian Springs, a 212-unit apartment property located in Louisville, KY, which was acquired in November 2011 and sold in May 2017. The average annualized rate of return on an investor's initial equity investment was 12.80%.
- Marcus Pointe, a 248-unit apartment property located in Pensacola, FL, which was acquired in April 2011 and sold in June 2017. The average annualized rate of return on an investor's initial equity investment was 11.92%.
- Village at Lionsgate, a 360-unit apartment property located in Overland Park, KS, which was acquired in December 2007 and sold in August 2017. The average annualized rate of return on an investor's initial equity investment was 7.07%.
- Encore at the Park, a 280-unit apartment property located in Durham, NC, which was acquired in July 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 10.04%.
- Wakefield Glen, a 280-unit apartment property located in Raleigh, NC, which was acquired in November 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 4.98%.
- Vue21, a 322-unit apartment property located in Colorado Springs, CO, which was acquired in November 2013 and sold in March 2018. The average annualized rate of return on an investor's initial equity investment was 14.49%.

- Enclave at Rivergate, a 216-unit apartment property located in Charlotte, NC, which was acquired in December 2012 and sold in April 2018. The average annualized rate of return on an investor's initial equity investment was 12.35%.
- Stonegate, a 260-unit apartment property located in Birmingham, AL, which was acquired in July 2012 and sold in July 2018. The average annualized rate of return on an investor's initial equity investment was 6.44%.
- Villa Toscana, a 504-unit apartment property located in Houston, TX, which was acquired in October 2005 and sold in December 2018. It entered into a 1031 exchange and is holding replacement property. The average annualized rate of return on an investor's initial equity investment was 11.65%.
- Wolfchase, a 300-unit apartment property located in Memphis, TN, which was acquired in June 2012 and sold in June 2019. The average annualized rate of return on an investor's initial equity investment was 9.24%.
- Broad River Trace, a 240-unit apartment property located in Columbia, SC, which was acquired in August 2012 and sold in June 2019. The average annualized rate of return on an investor's initial equity investment was 7.27%.
- Desert Parks Vista, a 202-unit apartment property located in Scottsdale, AZ was acquired in June 2010 for a private investor and sold in November 2018. The average annualized rate of return on an investor's initial equity investment was 10.82%.
- Glen at Alexander, a 216-unit apartment property located in Augusta, GA which was acquired in December 2012 and sold in July 2019. The average annualized rate of return on an investor's initial equity investment was 10.16%.
- Hickory Hollow, a 360-unit apartment property located in Antioch, TN which was acquired in August 2014 and sold in September 2019. The average annualized rate of return on an investor's initial equity investment was 19.83%.
- Brier Creek, a 270-unit apartment property located in Raleigh, NC which was acquired in March 2014 and sold in October 2019. The average annualized rate of return on an investor's initial equity investment was 7.44%.
- Silver City, a 41,583 square foot retail property located in Las Vegas, NV which was acquired in December 2004 and sold in December 2019. It entered into a 1031 exchange and is holding replacement property. The average annualized rate of return on an investor's initial equity investment was 10.49%.
- Azure, a 308-unit apartment property located in St. Petersburg, FL, which was acquired in March 2015 and sold in December 2019. The average annualized rate of return on an investor's initial equity investment was 10.81%.
- Luxe, a 218-unit apartment property located in Scottsdale, AZ, which was acquired in December 2015 and sold in December 2019. The average annualized rate of return on an investor's initial equity investment was 7.72%.
- Autumn Breeze, a 280-unit apartment property located in Noblesville, IN, which was acquired in May 2013 and sold in March 2020. The average annualized rate of return on an investor's initial equity investment was 7.53%.
- Lake Meade, a 28,052 square foot retail property located in North Las Vegas, CA, which was acquired in August 2017 and sold in March 2020. The average annualized rate of return on an investor's initial equity investment was 7.87%.

- CVS, a 51,713 square foot retail/drug store property (3 in TX and 1 in CA), which was acquired in December 2010 and sold in July 2020. The average annualized rate of return on an investor's initial equity investment was 5.13%.
- Lone Oak, a 304-unit apartment property located in Round Rock, TX, which was acquired in August 2015 and sold in October 2020. The average annualized rate of return on an investor's initial equity investment was 8.65%.
- Columns at Wakefield, a 324-unit apartment property located in Raleigh, NC, which was acquired in June 2014 and sold in October 2020. The average annualized rate of return on an investor's initial equity investment was 12.54%.
- Lexington, a 598-unit apartment property located in Nashville, TN, which was acquired in August 2015 and sold in November 2020. The average annualized rate of return on an investor's initial equity investment was 8.75%.
- Arlington, a 300-unit apartment property located in Spanish Fort, AL, which was acquired in May 2015 and sold in February 2021. The average annualized rate of return on an investor's initial equity investment was 8.38%.
- Overlook, a 452-unit apartment property located in Antioch, TN, which was acquired in April 2016 and sold in April 2021. The average annualized rate of return on an investor's initial equity investment was 9.42%.
- Almeria, a 389-unit apartment property located in Chandler, AZ, which was acquired in August 2016 and sold in March 2021. The average annualized rate of return on an investor's initial equity investment was 20.20%.
- Twenty25, a 238-unit apartment property located in Kennesaw, GA which was acquired in November 2014 and sold in May 2021. The average annualized rate of return on an investor's initial equity investment was 21.19%.
- Ivy, a 248-unit apartment property located in Orlando, FL which was acquired in April 2016 and sold in May 2021. The average annualized rate of return on an investor's initial equity investment was 3.15%.
- Vinings, a 244-unit apartment property located in Greenville, SC which was acquired in October 2014 and sold in June 2021. The average annualized rate of return on an investor's initial equity investment was 10.15%.
- Estates, a 344-unit apartment property located in Duluth, GA which was acquired in October 2015 and sold in June 2021. The average annualized rate of return on an investor's initial equity investment was 21.20%.
- Shelby, a 240-unit apartment property located in Alexandria, VA which was acquired in March 2016 and sold in November 2021. The average annualized rate of return on an investor's initial equity investment was 4.70%.
- Two Blocks, a 400-unit apartment property located in Dunwoody, GA which was acquired in November 2016 and sold in November 2021. The average annualized rate of return on an investor's initial equity investment was 16.08%.
- 1000 West, a 240-unit apartment property located in Charleston, SC which was acquired in December 2016 and sold in December 2021. The average annualized rate of return on an investor's initial equity investment was 16.64%.

- Voyager, a 313-unit apartment property located in Nassau Bay, TX which was acquired in April 2017 and sold in December 2021. The average annualized rate of return on an investor's initial equity investment was 7.06%.
- Haven, a 336-unit apartment property located in Brevard, FL which was acquired in May 2017 and sold in December 2021. The average annualized rate of return on an investor's initial equity investment was 18.96%.
- Parker, a 360-unit apartment property located in Fairfax County, VA which was acquired in September 2017 and sold in March 2022. The average annualized rate of return on an investor's initial equity investment was 6.33%.
- Greenwood Reserve, a 228-unit apartment property located in Olathe, KS which was acquired in October 2017 and sold in May 2022. The average annualized rate of return on an investor's initial equity investment was 15.21%.
- Veranda, a 236-unit apartment property located in Prospect, KY which was acquired in July 2016 and sold in May 2022. The average annualized rate of return on an investor's initial equity investment was 14.64%.
- Mariner Grove, a 320-unit apartment property located in Savannah, GA which was acquired in December 2017 and sold in June 2022. The average annualized rate of return on an investor's initial equity investment was 20.60%.
- Lively at Carolina Forest, a 305-unit apartment property located in Myrtle Beach, SC which was acquired in October 2018 and sold in June 2022. The average annualized rate of return on an investor's initial equity investment was 20.97%.
- Merritt, a 424-unit apartment property located in Duluth, GA which was acquired in March 2018 and sold in November 2022. The average annualized rate of return on an investor's initial equity investment was 19.56%.
- Longitude 82, a 360-unit apartment property located in Sarasota, FL which was acquired in May 2018 and sold in November 2022. The average annualized rate of return on an investor's initial equity investment was 16.07%.
- Longitude 81, a 260-unit apartment property located in Estero, FL which was acquired in April 2017 and sold in June 2023. The average annualized rate of return on an investor's initial equity investment was 13.85%.
- Parkcrest Landings, a 400-unit apartment property located in Bradenton, FL which was acquired in August 2016 and sold in September 2023. The average annualized rate of return on an investor's initial equity investment was 10.70%.
- Pearce at Pavilion, a 250-unit apartment property located in Riverview, FL which was acquired in May 2017 and sold in December 2023. The average annualized rate of return on an investor's initial equity investment was 9.55%.
- Meadows at Home Place, a 240-unit apartment property located in Prattville, AL which was acquired in December 2017 and sold in July 2024. The average annualized rate of return on an investor's initial equity investment was 8.32%.
- Marisol, a 282-unit apartment property located in Viera, FL which was acquired in December 2016 and sold in August 2024. The average annualized rate of return on an investor's initial equity investment was 9.35%.
- Asheville, a 312-unit apartment property located in Asheville, NC which was acquired in October 2018

and sold in September 2024. The average annualized rate of return on an investor's initial equity investment was 11.24%.

- Point at Tamaya, a 380-unit apartment property located in Jacksonville, FL which was acquired in July 2018 and sold in December 2024. The average annualized rate of return on an investor's initial equity investment was 4.42%.
- Turkey Creek, a 220-unit apartment property located in Knoxville, TN which was acquired in October 2019 and sold in September 2025. The average annualized rate of return on an investor's initial equity investment was 15.30%.

Discussion of Completed Programs with Adverse Results

The following is a summary of the prior real estate programs of PREE and Passco Companies that were sold as of March 31, 2026 that experienced certain adverse results such as loss of capital. Please see the performance tables below for more detailed information regarding investor returns.

- Madison at Fairwood, a 382-unit Class B apartment property located in Renton, WA (suburb of Seattle), which was acquired in February 2008 and sold in June 2014. The project was sold at a loss representing approximately 48% of the investors' original invested capital. When distributions are included, investors received a return of approximately 59% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -7.35%.
- Chandler Heights, a 124,820 square foot retail property located in Chandler, AZ, which was acquired in December 2006 and sold in September 2016. The project was sold at a loss representing approximately 35% of the investors' invested capital. When distributions are included, investors received a return of approximately 56% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -4.53%.
- Village at Orange, an 860,000 square foot regional mall located in Orange, CA, which was acquired in October 2004. The loan matured in November 2011 and was in default for failure to repay the principal amount of the loan. Although in maturity default, the property generated sufficient cash flow to pay the prior monthly debt service and reserve obligations under the loan before the maturity default. The note was subsequently sold by the special servicer to a note investor. Passco Companies, on behalf of the tenant in common investors, negotiated a joint venture with the new Note investor whereby the tenant in common investors contributed their ownership into a new limited liability company. The investors received a \$1,000 capital account in exchange for their interest in the property and only retained profit participation interest in the newly formed limited liability company. The project was sold on October 31, 2016. When distributions are included, investors received a return of approximately 30% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -5.83%.
- Creekwalk Village, a 174,484 square foot retail property located in Plano, TX, which was acquired in April 2007 and sold in April 2017. The project was sold at a loss representing approximately 19% of the investors' invested capital. When distributions are included, investors received a return of approximately 83% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -1.52%.
- Laveen Market Place, a 56,747 square foot retail property located in Phoenix, AZ, which was acquired in July 2007 and sold in August 2017. The project was sold at a loss representing approximately 1% of the investors' invested capital. When distributions are included, investors received a return of approximately 44.6% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -5.44%.
- Eastwind Center, a 45,240 square foot retail property located in Las Vegas, NV, which was acquired in August 2004 and sold in March 2018. The project was sold at a loss representing approximately 27.5% of

the tenant in common investors' invested capital. When distributions are included, investors received a return of approximately 64% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -2.19%.

- Pinnacle Village, a 126,909 square foot retail center located in Overland Park, KS, which was acquired in August 2007. The loan matured on September 6, 2017 and entered into default when the property's cash flow was insufficient to cover the monthly debt service and final balance due on the loan. On January 16, 2018, Wells Fargo filed for foreclosure of the property and the placement of a receiver to manage the day-to-day operations of the property until foreclosure proceedings were finalized. The tenant in common owners unanimously voted to allow the foreclosure proceeding and to not contribute additional equity into the property. The property was foreclosed upon on July 19, 2018. When distributions are included, investors received a return of approximately 35% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -6.01%.
- Olathe Station, a 612,000 square foot retail power center located in Olathe, KS, which was acquired in December 2004. The loan matured in January 2012 and a forbearance agreement was entered into extending the maturity to April 2012. The loan was not repaid prior to the expiration of the forbearance period. The note was subsequently sold by the special servicer to a note investor. Passco Companies, on behalf of the tenant in common investors, negotiated a joint venture between the investors and the new Note holder, whereby the tenant in common investors contributed their ownership into a new limited liability company. The investors received a \$1,000 capital account in exchange for their interest in the property and only retained profit participation interest in the newly formed limited liability company. Neither Passco Companies nor the tenant in common owners of the newly formed joint venture had control with respect to the newly formed entity. Part of this project was sold in phases on November 16, 2016, December 27, 2017 and May 24, 2018. Investors only received 23.65% of the initial equity investments. The average annualized rate of return on an investor's initial equity investment was -5.69%.
- Passco Diversified Fund II, LLC, a non-public real estate investment fund raised approximately \$10,000,000 between September 2003 and January 2005. All properties in this program have been sold and the fund was liquidated in 2020. The investors only received 47.30% of their initial equity investment.
- Hanford Mall, a 489,437 square foot enclosed regional mall located in Hanford, CA, which was acquired in November 2003. The loan matured in November 2011 and the tenant in common owners unanimously voted to continue to hold the property, convert to a limited liability company structure and refinance the loan. In order to refinance the loan, additional equity was required and the limited liability company issued Class A and Class B membership units for this new equity. The original equity was issued Class C membership interests. The Hanford Mall project was sold on December 17, 2019. The Class C equity investors only received 53.99% of their initial equity investment. Class A and Class B members received 100% of their equity investment as well as an 8% preferred return on their equity investment.
- Warminster Business Center, a 90,523 square foot office buildings property located in Warminster, PA, which was acquired in November 2008 and sold in August 2021. The project was sold at a loss representing approximately 59.13% of the investors' invested capital. When distributions are included, investors received a return of approximately 99.6% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -0.04%.
- River Oaks, a 503-unit self-storage property located in Houston, TX which was acquired in February 2018 and sold in March 2026. The project was sold at a loss representing approximately 57.9% of the investors' invested capital. When distributions are included, investors received a return of approximately 95.07% of their original invested capital. The average annualized rate of return on an investor's initial equity investment was -0.61%.

Discussion of Currently Operating Programs

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

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

- Passco Companies sponsored Passco Companies Income Fund I, LLC (“Income Fund I”), a non-public real estate fund raised approximately \$29.6 million from 469 investors between November 2008 and December 2012. Income Fund I was designed to provide investors with ongoing monthly cash distributions by investing in a combination of direct investment in multifamily properties coupled with providing mezzanine capital to acquire assets pending syndication to investors. Income Fund I had made 4 direct multifamily investments: (i) Resort at Lake Crossing, a Kentucky Apartment Complex, (ii) Reserve at River Park West, a Texas Apartment Complex, (iii) Promenade Crossing, a Florida Apartment Complex and (iv) Stoneleigh Corpus Christi, a Texas Apartment Complex. All of these properties have been sold. Over its lifetime, Income Fund I has also provided mezzanine capital to 148 properties as part of the acquisitions process with 143 of them fully repaid. To date, Income Fund I has consistently delivered monthly distribution for an 8% annual return from investment operations to its investors.
- Passco Companies sponsored Passco Companies Income Fund II, LLC (“Income Fund II”), a non-public real estate fund which raised approximately \$7,981,000 from 117 investors as of December 31, 2014. Income Fund II was designed to provide investors with an ongoing monthly cash distributions by investing in a combination of direct investment in retail properties, preferred equity opportunities and loans to Passco Companies and its Affiliates for the purpose of facilitating the acquisitions and syndications of properties. Income Fund II had 2 direct retail investments: (i) the Shoppes at Coronado Place I, a Missouri retail center and (ii) the Shoppes at Rio Rancho, a New Mexico retail center. The Shoppes at Rio Rancho and Coronado were sold in March 2016. Over its lifetime, Income Fund II has also provided mezzanine capital to 87 properties as part of the acquisitions process with 84 of them fully repaid. The average distribution rate to the investors has been an average of 6.28% as of March 31, 2026.

Experience and Background of Passco Companies Development, LLC

Passco Companies Development, LLC has sponsored 5 investor programs since its inception in 2006. The programs offered by Passco Companies Development, LLC were all real estate development transactions and do not have similar objectives to the Trust. As more fully described below, such investments included investments in undeveloped land which was intended to be developed into commercial and multifamily real estate or entitled for development and sold.

- Passco Waikoloa, LLC, a non-public real estate development fund, raised approximately \$16 million from 160 investors between May 2007 and September 2007 to provide equity capital to Passco-Metric Waikoloa LLC, a joint venture with Metric Waikoloa, LLC that purchased raw land on the Big Island of Hawaii to entitle it, and construct a shopping center and/or sell parcels to accommodate a mixed-use project. The project was anticipated to include retail hotel, multifamily and other commercial uses. Tenants were unwilling to commit to such a project and lender financing for such a project was very difficult to obtain. The property was foreclosed on, and the investors lost their entire investment in Passco Waikoloa, LLC.
- Passco Development Fund I, LLC, a non-public real estate development fund raised approximately \$7.3 million from 73 investors between January 2007 and May 2007 to (a) purchase, on an all-cash basis, 50 acres of residential land in the city of Menifee (formerly Romoland), California and (b) purchase with lender financing at a leverage ratio of 50.68%, an 18-acre parcel of industrial-zoned land in North Las Vegas, Nevada (the “Webbsite Property”). In July 2009, Passco Development Fund I, LLC commenced a new offering to raise up to an additional \$5.5 million in order to either extend or payoff the Webbsite Property loan and to invest in another nearby foreclosed industrial site known as the Raceway property (the “Raceway Property”). Through January 2010, the Passco Development Fund I, LLC raised approximately \$3.766 million. The acquisition of the Raceway Property closed on December 31, 2009 with the Passco Development Fund I, LLC investing \$1,844,820 in the acquiring joint venture. The repayment of the Webbsite Property loan was not made, but the loan was paid down by \$420,000 and extended. However, the Webbsite Property was subject to a loan that matured in May 2012. After numerous attempts to negotiate a discounted payoff of the loan due to the value of the land being less than the loan balance, a settlement was reached whereby the lender foreclosed on the land and agreed not to sue the guarantor in exchange for the

guarantor to make payments of \$8,000 per month for 36 months beginning July 15, 2013. This loan settlement has now been fulfilled and the guarantor no longer has an obligation to be making monthly payments. The Raceway property has been sold to a national industrial developer. The sale closed in July of 2018. The Romoland parcel was sold in August 2019. Overall, Passco Development Fund I, LLC's investors lost all of their original capital invested. The preferred members only received 45.1% of their original equity investment.

- Passco Diversified Development Fund III, LLC, a non-public real estate development fund raised approximately \$14.4 million from 138 investors between June 2008 and October 2009. The fund made 3 development investments (i) a 318-unit multifamily property in Houston, Texas, (ii) a 32,611 square foot medical office building in Dallas Texas and (iii) a 49,841 square foot retail project in Palm Desert, California. The 2 remaining pads were sold in December 2016. In 2013, the Houston property was sold. The medical office building has been completed and was 34% leased. Leasing trailed the original projections as uncertainty about both the economy and health care initiatives has caused medical organizations to delay their leasing commitments. The underlying loan matured in December 2011 and a forbearance agreement was negotiated in order to sell the asset. The asset was sold in June 2014. The Palm Desert project includes an existing Rite Aid drug store and 4 pad sites for developing additional single tenant/multi-tenant buildings. In 2010, Fresh & Easy Market purchased a pad site to construct a 14,000 square foot store. In 2013, the Rite Aid was sold and the debt on the project was paid off with funds held to complete a pad for an executed long-term ground lease with Bank of America. In 2014 a pad was sold to a Taco Bell franchise and construction began on the Bank of America branch. Construction on the Bank of America branch was completed in June 2015 and the branch is now open for business. The ground lease for the Bank of America was sold in 2015. The last of the building pads were sold in 2016 and the fund was closed. The investors only received 41.3% of their original equity investment.
- Passco Germantown, LLC has been formed for the purpose of acquiring a joint venture interest in PC/APDG Germantown, LLC (the "Germantown JV"). The Germantown JV acquired 5.28 acres of undeveloped land located in Germantown, Tennessee which the Germantown JV intends to develop into an active adult multifamily community to be known as Avenida Watermarq at Germantown. The Germantown JV acquired the land on June 29, 2018. The project was completed construction in September 2020 and is approximately 87% leased. Passco Germantown, LLC has raised \$15,800,000. The Passco Germantown property was sold on June 26, 2025. Investors in this project were not returned any of their original equity investment upon the sale.
- Passco Palm Desert, LLC has been formed for the purpose of acquiring a joint venture interest in PC/APDG Palm Desert, LLC (the "Palm Desert JV"). The Palm Desert JV acquired 6.4 acres of undeveloped land located in Palm Desert, California which the Palm Desert JV intends to develop into an active adult multifamily community to be known as Avenida Palm Desert. The Palm Desert JV acquired the land on December 21, 2018. Construction began in February 2019 and the Full Certificate of Occupancy has been obtained. The Palm Desert project is currently approximately 75% leased. Passco Palm Desert, LLC has raised \$25,825,000. The Palm Desert property was sold on December 30, 2024. Investors in Passco Palm Desert, LLC were not returned any of their original equity investment upon the sale.

Experience and Background of Passco Insite, LLC

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

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

The following summarizes current operating programs of Passco Companies, LLC as of December 31, 2025:

Property Name	Type ***	Location	Equity Raise Amount	Syndicated Purchase Price	Years Held	2025 PPM Projected Distributions	(A) 2025 Actual Average Distributions	(B) Annual Investor Distributions Average from Inception through 12/31/2025	(C) Projected Annual Investor Distributions Average from Inception through 12/31/2025
DST Properties									
Multifamily									
Altis Promenade	MF	Lutz, FL	\$54,300,000	\$103,556,000	4.6	4.25%	5.19%	4.68%	4.08%
Aventine	MF	West Melbourne, FL	\$43,450,000	\$90,850,000	4.3	4.43%	5.74%	5.10%	4.23%
Braselton (Noble Vines/The Harrison)	MF	Buford, GA	\$37,675,000	\$79,056,000	4.5	4.55%	4.86%	4.60%	4.25%
Buckhead (Avana Lenox Kendrick)	MF	Atlanta, GA	\$53,975,000	\$123,102,000	6.1	4.00%	0.00%	2.24%	4.78%
Cadence	MF	Sugar Hill, GA	\$67,600,000	\$109,580,000	3.5	3.74%	2.53%	2.72%	3.43%
Canal 1535	MF	New Orleans, LA	\$93,650,000	\$138,650,000	3.7	3.80%	3.53%	3.99%	3.78%
Chestnut Farm	MF	Matthews, NC	\$38,675,000	\$90,985,000	1.6	4.10%	4.10%	4.10%	4.10%
Collins	MF	Covington, LA	\$32,800,000	\$68,800,000	4.6	4.80%	4.66%	4.05%	4.39%
Cortona	MF	St. Louis, MO	\$41,575,000	\$75,314,000	2.1	4.15%	4.15%	4.22%	4.18%
Covington Ridge	MF	Covington, KY	\$41,475,000	\$84,575,000	1.5	4.12%	4.12%	4.12%	4.12%
Cypress Creek	MF	Land O Lakes, FL	\$37,475,000	\$87,125,000	5.2	4.80%	4.04%	5.45%	4.47%
District Lofts	MF	Jackson, MS	\$33,250,000	\$63,816,000	7.3	4.79%	5.59%	5.51%	5.18%
Encore	MF	Belton, MO	\$42,475,000	\$82,675,000	1.1	4.20%	4.20%	4.20%	4.20%
Estelle	MF	Birmingham, AL	\$67,100,000	\$103,929,000	3.7	3.48%	3.21%	3.38%	3.43%
Fritz Farm	MF	Lexington, KY	\$37,475,000	\$71,817,000	6.8	4.77%	4.71%	4.79%	5.04%
Grand Oaks	MF	Augusta, GA	\$29,525,000	\$67,225,000	6.4	4.16%	4.34%	5.30%	4.97%
Grayson	MF	Spring, TX	\$30,400,000	\$57,240,000	6.7	4.68%	2.86%	3.57%	5.04%
Jennings Mill (Lullwater)	MF	Athens, GA	\$50,225,000	\$97,490,000	4.3	4.60%	4.70%	4.69%	4.40%
Lakeview Villas	MF	New Braunfels, TX	\$23,825,000	\$55,350,000	6.2	4.05%	3.93%	4.94%	4.77%
Legacy on the Bay	MF	Destin, FL	\$33,450,000	\$74,692,000	6.5	4.65%	2.86%	4.46%	5.53%
Little Rock (Fitzroy)	MF	Little Rock, AR	\$34,125,000	\$72,768,000	4.6	4.45%	5.23%	4.51%	4.21%

Property Name	Type ***	Location	Equity Raise Amount	Syndicated Purchase Price	Years Held	2025 PPM Projected Distributions	(A) 2025 Actual Average Distributions	(B) Annual Investor Distributions Average from Inception through 12/31/2025	(C) Projected Annual Investor Distributions Average from Inception through 12/31/2025
Long Farm	MF	Baton Rouge, LA	\$30,000,000	\$68,610,000	4.3	5.42%	5.25%	5.39%	5.00%
Mellody Farm	MF	Vernon Hills, IL	\$41,425,000	\$98,625,000	6.0	4.00%	3.43%	4.38%	4.75%
Merrimack	MF	Merrimack, NH	\$53,225,000	\$100,857,000	0.8	4.30%	4.30%	4.30%	4.30%
Mill at New Holland	MF	Gainesville, GA	\$38,775,000	\$74,525,000	4.9	4.70%	4.81%	5.38%	4.32%
Nocatee	MF	Ponte Vedra Beach, FL	\$28,525,000	\$64,210,000	5.8	4.00%	2.67%	5.22%	4.64%
Northridge	MF	Jackson, MS	\$33,975,000	\$66,937,000	4.1	4.25%	4.04%	4.23%	4.19%
Ocean Walk	MF	Key West, FL	\$50,650,000	\$116,625,000	8.4	4.00%	4.38%	4.37%	5.20%
One Hampton	MF	Bluffton, SC	\$38,325,000	\$89,025,000	5.3	4.80%	5.86%	6.26%	4.71%
One Riverwalk	MF	Knoxville, TN	\$74,700,000	\$138,990,000	2.2	4.12%	4.15%	4.12%	4.11%
Park 35	MF	Birmingham , AL	\$39,425,000	\$75,945,000	6.2	4.40%	4.53%	5.13%	4.89%
Parq at Chesterfield	MF	Chesterfield, MO	\$57,425,000	\$111,325,000	4.8	4.40%	4.80%	4.87%	4.16%
Preserve	MF	Woodbridge, VA	\$30,375,000	\$68,172,000	5.3	4.90%	5.04%	4.98%	4.58%
Prism	MF	Moon Township, PA	\$59,000,000	\$107,874,000	0.5	4.30%	4.30%	4.30%	4.30%
Riverhouse	MF	Little Rock, AR	\$31,300,000	\$62,900,000	3.3	4.32%	4.00%	3.90%	4.07%
Riverside	MF	Dayton, KY	\$48,900,000	\$89,701,000	0.1	0.00%	New	New	New
San Antonio - TruNorth at Bulverde	MF	San Antonio, TX	\$36,250,000	\$68,425,000	5.0	4.50%	5.30%	5.07%	4.30%
Sapphire Bay	MF	Baytown, TX	\$35,825,000	\$68,275,000	6.4	4.36%	4.10%	4.25%	5.01%
Sawgrass Point	MF	Gonzales, LA	\$59,775,000	\$88,251,000	3.7	4.93%	3.16%	3.56%	4.48%
Sea Glass	MF	Destin, FL	\$30,600,000	\$71,784,000	7.1	4.63%	1.67%	4.42%	5.13%
Sea Sound	MF	Panama City Beach, FL	\$59,250,000	\$104,095,000	3.1	3.80%	2.19%	2.68%	3.64%
Springhouse	MF	Louisville, KY	\$30,850,000	\$56,850,000	2.5	3.46%	3.58%	3.48%	3.46%
Sweetwater	MF	Addis, LA	\$31,825,000	\$66,025,000	4.1	4.78%	6.14%	5.02%	4.53%
Tribute at the Rim	MF	San Antonio, TX	\$47,650,000	\$92,392,000	6.6	4.48%	1.71%	1.83%	4.95%
Turfway	MF	Florence, KY	\$50,725,000	\$92,325,000	1.1	4.15%	4.15%	4.15%	4.15%
Vecina	MF	San Antonio, TX	\$35,875,000	\$75,355,000	4.4	4.52%	3.76%	3.83%	4.21%

Property Name	Type ***	Location	Equity Raise Amount	Syndicated Purchase Price	Years Held	2025 PPM Projected Distributions	(A) 2025 Actual Average Distributions	(B) Annual Investor Distributions Average from Inception through 12/31/2025	(C) Projected Annual Investor Distributions Average from Inception through 12/31/2025
Velo Shelby Farms	MF	Memphis, TN	\$51,150,000	\$90,656,000	3.5	3.14%	2.77%	3.18%	3.34%
Vero Beach	MF	Vero Beach, FL	\$53,525,000	\$101,175,000	0.4	4.25%	4.25%	4.25%	4.25%
Watervue	MF	Lake Charles, LA	\$21,825,000	\$49,840,000	8.2	1.89%	1.00%	3.34%	2.91%
West Knoxville	MF	Knoxville, TN	\$31,800,000	\$57,550,000	3.0	4.76%	4.74%	3.95%	4.57%
Woodland Lakes	MF	Conroe, TX	\$42,300,000	\$82,804,000	4.1	4.43%	4.02%	4.15%	4.15%
Self Storage									
River Oaks Self Storage	SS	Houston, TX	\$10,410,000	\$19,510,000	7.9	5.05%	4.24%	4.59%	5.19%

Footnotes

- A. Actual averaged distribution % rate or master lease rent on equity year-to-date as of December 31, 2025. Amounts may include a distribution of reserves.
- B. This is the cumulative annual average distributions to investors through December 31, 2025.
- C. This is the projected cumulative annual average distributions to investors through December 31, 2025.

*** Property Types:

MF Multifamily
SS Self Storage

The following table summarizes Passco Companies, LLC and its predecessor company, Passco Real Estate Enterprises, Inc., prior programs that have been completed within the last 10 years as of March 31, 2026.

Name	Investment Type	Description	Location	Date Acquired	Date Sold	Purchase Price	Sale Price*	Years Held	ARR
Passco Real Estate Enterprises									
Courtney Village	TIC/LLC **	Multifamily	Phoenix, AZ	2/25/2005	6/8/2016	\$37,724,215	\$45,500,000	11.29	8.42%
							Average ARR:	8.4%	
							Average Years Held:	11.3	

Hanford Mall	TIC	Retail	Hanford, CA	11/18/2003	12/17/2019	\$49,300,000	\$26,000,000	16.09	-2.86%
Hanford Mall-Additional Investment A	TIC	Retail	Hanford, CA	11/21/2012	12/17/2019	-	-	7.07	7.02%
Hanford Mall-Additional Investment B	TIC	Retail	Hanford, CA	11/21/2012	12/17/2019	-	-	7.07	9.33%
Eastwind Center	TIC	Retail	Las Vegas, NV	8/24/2004	3/28/2018	\$14,150,000	\$12,165,000	13.60	-2.19%
Eastwind - Additional Investment	TIC	Retail	Las Vegas, NV	12/18/2012	3/28/2018	-	-	5.28	21.52%
The Village at Orange	TIC	Retail	Orange, CA	10/18/2004	10/31/2016	\$100,000,000	\$85,400,000	12.04	-5.83%
The Village at Orange-Additional Investment	TIC	Retail	Orange, CA	9/14/2013	10/31/2016	-	-	3.10	9.48%
Silver City Plaza	TIC/LLC **	Retail	Las Vegas, NV	12/16/2004	12/27/2019	\$42,425,000	\$59,250,000	15.04	10.49%
Olathe Station	TIC	Retail	Olathe, KS	12/29/2004	5/24/2018	\$53,150,000	\$0	13.41	-5.69%
							Average ARR:	2.1%	
							Average Years Held:	10.3	

Passco Companies, LLC									
Carrington Apartments	DST	Multifamily	Montgomery, AL	5/18/2010	4/26/2017	\$27,050,000	\$29,200,000	6.95	7.00%
Sundance Creek	DST	Multifamily	McDonough, GA	11/2/2010	7/15/2016	\$18,055,000	\$23,500,000	5.70	12.33%
Marcus Pointe Grande Apartments	DST	Multifamily	Pensacola, FL	4/8/2011	6/8/2017	\$20,253,000	\$26,300,000	6.17	11.92%
Legends at Indian Springs	DST	Multifamily	Louisville, KY	11/17/2011	5/31/2017	\$24,835,000	\$30,000,000	5.54	12.80%
Legends at Wolfchase	DST	Multifamily	Bartlett (Memphis), TN	6/14/2012	6/10/2019	\$34,775,000	\$42,100,000	6.99	9.24%
Stonegate Apartments	DST	Multifamily	Birmingham, AL	7/6/2012	7/12/2018	\$31,950,000	\$34,100,000	6.02	6.44%
Broad River Trace	DST	Multifamily	Columbia, SC	8/9/2012	6/21/2019	\$22,025,000	\$24,000,000	6.87	7.27%
Glen at Alexander	DST	Multifamily	Augusta, GA	12/14/2012	7/29/2019	\$31,275,000	\$36,100,000	6.62	10.16%
Enclave at Rivergate	DST	Multifamily	Charlotte, NC	12/28/2012	4/24/2018	\$30,165,000	\$37,000,000	5.32	12.35%
Autumn Breeze	DST	Multifamily	Noblesville, IN	5/23/2013	3/17/2020	\$37,548,000	\$43,000,000	6.82	7.53%
Encore at the Park	DST	Multifamily	Durham, NC	7/15/2013	3/5/2018	\$34,075,000	\$39,850,000	4.64	10.04%
Vue21	DST	Multifamily	Colorado Springs, CO	11/26/2013	3/29/2018	\$61,567,000	\$77,600,000	4.34	14.49%
Wakefield Glen	DST	Multifamily	Raleigh, NC	11/26/2013	3/5/2018	\$37,465,000	\$39,850,000	4.27	4.98%
Brier Creek	DST	Multifamily	Raleigh, NC	3/27/2014	10/23/2019	\$45,275,000	\$51,500,000	5.58	7.44%
Columns at Wakefield	DST	Multifamily	Raleigh, NC	6/18/2014	10/26/2020	\$46,650,000	\$62,500,000	6.36	12.54%
Hickory Hollow	DST	Multifamily	Antioch, TN	8/14/2014	9/18/2019	\$37,357,000	\$53,350,000	5.10	19.83%
Vinings at Laurel Creek	DST	Multifamily	Greenville, SC	10/8/2014	6/10/2021	\$35,750,000	\$43,500,000	6.68	10.15%
Twenty25	DST	Multifamily	Kennesaw, GA	11/25/2014	5/7/2021	\$44,175,000	\$64,750,000	6.45	21.19%
Azure	DST	Multifamily	St. Petersburg, FL	3/6/2015	12/19/2019	\$61,125,000	\$70,250,000	4.79	10.81%
Arlington	DST	Multifamily	Spanish Fort, AL	5/22/2015	2/16/2021	\$49,985,000	\$55,300,000	5.75	8.38%
Lexington	DST	Multifamily	Nashville, TN	8/12/2015	11/24/2020	\$109,725,000	\$127,000,000	5.29	8.75%
Lone Oak	DST	Multifamily	Round Rock, TX	8/25/2015	10/13/2020	\$50,040,000	\$56,300,000	5.14	8.65%
Estates at Crossroads	DST	Multifamily	Duluth, GA	10/8/2015	6/30/2021	\$53,280,000	\$78,300,000	5.73	21.20%
Luxe Scottsdale	DST	Multifamily	Scottsdale, AZ	12/17/2015	12/20/2019	\$58,979,000	\$65,500,000	4.01	7.72%
Shelby	DST	Multifamily	Alexandria, VA	3/8/2016	11/4/2021	\$78,025,000	\$82,200,000	5.66	4.70%
Overlook	DST	Multifamily	Nashville, TN	4/5/2016	4/8/2021	\$62,260,000	\$73,400,000	5.01	9.42%

Name	Investment Type	Description	Location	Date Acquired	Date Sold	Purchase Price	Sale Price*	Years Held	ARR
Ivy	DST	Multifamily	Orlando, FL	4/29/2016	5/27/2021	\$60,964,000	\$62,000,000	5.08	3.15%
Almeria at Ocotillo	DST	Multifamily	Chandler, AZ	8/12/2016	3/23/2021	\$90,125,000	\$129,250,000	4.61	20.20%
Two Blocks	DST	Multifamily	Dunwoody, GA	11/21/2016	11/10/2021	\$84,750,000	\$115,000,000	4.97	16.08%
1000 West	DST	Multifamily	Charleston, SC	12/28/2016	12/1/2021	\$45,775,000	\$62,500,000	4.93	16.64%
Voyager at the Space Center	DST	Multifamily	Nassau Bay, TX	4/25/2017	12/21/2021	\$56,527,000	\$64,000,000	4.66	7.06%
Haven	DST	Multifamily	Brevard, FL	5/18/2017	12/15/2021	\$62,512,000	\$84,700,000	4.58	18.96%
Parker	DST	Multifamily	Alexandria, VA	9/28/2017	3/21/2022	\$126,287,000	\$136,000,000	4.48	6.33%
Greenwood Reserve	DST	Multifamily	Olathe, KS	10/18/2017	5/2/2022	\$44,187,000	\$55,250,000	4.54	15.21%
Veranda at Norton	DST	Multifamily	Prospect, KY	7/26/2016	5/25/2022	\$57,202,000	\$72,827,000	5.83	14.64%
Mariner Grove	DST	Multifamily	Savannah, GA	12/20/2017	6/14/2022	\$71,490,000	\$96,250,000	4.48	20.60%
Lively at Carolina Forest	DST	Multifamily	Myrtle Beach, SC	10/3/2018	6/30/2022	\$55,800,000	\$75,600,000	3.74	20.97%
Merritt at Sugarloaf	DST	Multifamily	Duluth, GA	3/8/2018	11/22/2022	\$81,102,000	\$108,000,000	4.71	19.56%
Longitude 82	DST	Multifamily	Sarasota, FL	5/24/2018	11/29/2022	\$88,100,000	\$115,000,000	4.52	16.07%
Longitude 81	DST	Multifamily	Estero, FL	4/28/2017	6/21/2023	\$60,950,000	\$78,800,000	6.15	13.85%
Parkcrest Landings	DST	Multifamily	Bradenton, FL	8/26/2016	9/29/2023	\$85,200,000	\$102,000,000	7.10	10.70%
Pearce at Pavilion	DST	Multifamily	Riverview, FL	5/31/2017	12/28/2023	\$57,205,000	\$66,000,000	6.58	9.55%
Meadows at Home Place	DST	Multifamily	Prattville, AL	12/21/2017	7/9/2024	\$43,925,000	\$47,775,000	6.55	8.32%
Marisol	DST	Multifamily	Viera, FL	12/21/2016	8/29/2024	\$57,687,000	\$68,000,000	7.69	9.35%
Asheville Exchange	DST	Multifamily	Asheville, NC	10/25/2018	9/19/2024	\$65,029,000	\$77,000,000	5.91	11.24%
Point at Tamaya	DST	Multifamily	Jacksonville, FL	7/6/2018	12/12/2024	\$80,700,000	\$81,635,455	6.44	4.42%
Turkey Creek	DST	Multifamily	Knoxville, TN	10/17/2019	09/17/2025	\$46,483,000	\$58,500,000	5.92	15.30%
							Average ARR:	11.6%	
							Average Years Held:	5.6	
River Oaks Self Storage	DST	Self Storage	Houston, TX	2/22/2018	3/4/2026	\$19,510,000	\$15,600,000	8.03	-0.61%
							Average ARR:	-0.6%	
							Average Years Held:	8.0	
CVS Pharmacy - PC Master Fund I (4 properties)	DST	Retail	(3) TX, (1) (CA)	12/17/2010	7/23/2020	\$21,829,125	\$22,380,000	9.61	5.13%
							Average ARR:	5.1%	
							Average Years Held:	9.6	
Lake Mead Square (Private Investor)	LLC	Retail	N. Las Vegas, NV	8/25/2017	3/6/2020	\$3,970,000	\$3,550,000	2.53	7.87%
							Average ARR:	7.9%	
							Average Years Held:	2.5	
The Summit (Mosaic Hills) (private investor)	PI	Multifamily	Kent, WA	9/8/2008	8/9/2016	\$47,423,000	\$51,575,000	7.92	5.40%
Desert Parks Vista (private investor)	PI	Multifamily	Scottsdale, AZ	6/15/2010	11/30/2018	\$33,210,800	\$52,000,000	8.47	10.82%
							Average ARR:	8.2%	
							Average Years Held:	8.2	
Villa Toscana	TIC/LLC **	Multifamily	Houston, TX	10/17/2005	12/21/2018	\$44,610,000	\$63,500,000	13.19	11.65%
Raveneaux	TIC	Multifamily	Houston, TX	8/23/2006	3/31/2016	\$42,875,000	\$48,500,000	9.61	8.40%
Village at Lionsgate	TIC	Multifamily	Overland Park, KS	12/6/2007	8/10/2017	\$44,355,000	\$51,255,000	9.68	7.07%
The Resort at Lake Crossing	TIC	Multifamily	Lexington, KY	6/30/2008	12/12/2016	\$22,530,000	\$22,050,000	8.46	2.37%
							Average ARR:	7.9%	
							Average Years Held:	10.2	

Name	Investment Type	Description	Location	Date Acquired	Date Sold	Purchase Price	Sale Price*	Years Held	ARR
Warminster (2 Industrial Bldgs)	TIC	Industrial	Warminster, PA	11/26/2008	8/25/2021	\$14,500,000	\$9,140,000	12.75	-0.04%
Lincoln Plaza	TIC	Retail	Tacoma, WA	4/13/2006	4/29/2016	\$25,400,000	\$26,718,000	10.05	3.40%
Chandler Heights Marketplace	TIC	Retail	Chandler, AZ	12/29/2006	9/15/2016	\$40,846,000	\$30,000,000	9.72	-4.53%
Creekwalk Village	TIC	Retail	Plano, TX	4/20/2007	4/25/2017	\$35,550,000	\$24,500,000	10.02	-1.52%
Laveen MarketPlace	TIC	Retail	Phoenix, AZ	7/11/2007	8/18/2017	\$22,115,000	\$14,200,000	10.11	-5.44%
Pinnacle Village Marketplace	TIC	Retail	Overland Park, KS	8/30/2007	7/19/2018	\$36,500,000	\$0	10.89	-6.01%
Average ARR:								-2.3%	
Average Years Held:								10.6	

*Sales prices are gross amounts. Returns to investors are based on the net sales proceeds, plus distributions made during the ownership period, distributed to the investors

** TIC property that rolled into an LLC structure

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

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

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

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

CONFLICTS OF INTEREST

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

The Trust Manager and the Master Tenant Are Affiliates

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

Potential Continued Ownership of Interests

In the event that less than all of the Interests are sold to purchasers, the Depositor's Class B beneficial interests in the Trust will convert to Interests. The continued ownership of Interests in the Trust by the Depositor or the fact that an entity managed by the Trust Manager or an Affiliate owns the Class A Beneficial Interests could create a conflict of interest with respect to the Trust Manager's management of the Trust and the management of the Depositor or any entity that owns the Interests. There is no method established for resolving any such conflict.

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the Trust Manager, the Master Tenant and their Affiliates to the Trust and similar obligations to other entities. Other investment projects in which the Trust Manager, the Master Tenant and their Affiliates participate may compete with the Trust and the Project for the time and resources of the Trust Manager, the Master Tenant and their Affiliates. The Trust Manager, the Master Tenant and their Affiliates will, therefore, have conflicts of interest in allocating management time, services and functions among the Project, the Trust and other existing companies and businesses, as well as any companies or businesses that may be organized in the future. The Trust Manager believes that the Trust Manager, the Master Tenant and their Affiliates have the capacity to discharge their responsibilities to the Trust notwithstanding participation in other investment programs and projects.

Interests in Other Activities

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

Acquisition of Other Properties in Market Area

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

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

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

Receipt of Fee from the Seller

Passco Management Services, LP received a fee of \$2,295,000 from the Seller pursuant to the Acquisition Agreement. The receipt of a fee from the Seller creates a conflict with respect to Passco Management Services, LP’s obligations to the Trust and those owed to the Seller.

Legal Representation

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

Resolution of Conflicts of Interest

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

The Managing Broker-Dealer

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

FMV Option

The Trust Manager has the right to exercise the FMV Option. The Exchange Entity may be managed by an Affiliate of the Trust Manager. Thus, the Trust Manager’s Affiliates may have an economic incentive to exercise the FMV Option which is in conflict with the interests of the Holders. In addition, the Trust Manager has the right to appoint the third-party appraisers who will determine the fair market value of the Project.

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

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

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
Organization and Offering Stage:		
Placement Fee and Selling Commissions:	Passco Capital, Inc., an Affiliate of the Trust Manager, will act as the Managing Broker-Dealer and will receive compensation equal to (i) 5.0% of the Total Sales as Selling Commissions (provided, however, that this amount will be reduced if a lower commission rate is requested by a Selling Group Member and the commission rate will then be the lower agreed upon rate), (ii) 1.0% of the Total Sales as a nonaccountable Marketing Allowance, which it will reallocate, in whole or in part, to the Selling Group Members, (iii) 0.5% of the Total Sales as a nonaccountable due diligence allowance, some of which it may reallocate to Selling Group Members on an accountable basis and (iv) 1.15% of the Total Sales as a placement fee, a portion of which it will reallocate to certain wholesalers that are internal to Passco Companies, LLC. The Managing Broker-Dealer may sell Interests as a Selling Group Member, thereby becoming entitled to Selling Commissions.	The actual amount of the Selling Commissions and Expenses will depend upon the number of Interests sold by the Selling Group Members and the Managing Broker-Dealer. The maximum Selling Commissions will be \$2,928,750, the maximum reimbursement of due diligence costs will be \$292,875, the maximum nonaccountable Marketing Allowance will be \$585,750, and the maximum placement fee will be \$673,613.
Redemption of Class B Beneficial Interests held by the Depositor:	The Trust will redeem all of the Class B beneficial interests held by the Depositor for \$58,575,000 which is greater than the amount contributed by the Depositor for all of the Class B beneficial interests in the Trust (\$49,783,893). The Depositor is responsible for paying certain costs and expenses including: (i) Selling Commissions and Expenses of approximately \$4,480,988, (ii) organization and offering costs of	The total increase in the purchase price to the Holders (based on the Maximum Offering Amount) will be \$8,791,107. The Trust Manager anticipates that the total amount to be retained by the Depositor from the Offering Proceeds after payment of the costs and expenses described herein (\$8,491,107) and funding the Master Tenant (\$300,000) will be approximately \$0.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
	approximately \$286,000, (iii) closing costs of approximately \$125,000, (iv) due diligence costs and expenses of approximately \$225,000, (v) carrying costs of approximately \$1,923,212 (a portion of which will be paid to Affiliates of the Trust Manager) and (vi) Lender and Loan expenses of approximately \$1,450,907 (including an interest rate buydown of \$967,000). The estimates of these costs and expenses are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the Depositor. If actual costs and expenses are more than estimated, the Depositor will be required to pay for the excess amount.	
Carry Costs:	An Affiliate of the Trust Manager will receive \$1,426,380 in carrying costs. This amount may increase or decrease depending on the Interests sold and the timing of such sales. The Depositor will also receive its portion of cash distributions attributable to its Class B beneficial interests in the Trust. The reimbursement for carrying costs will be paid regardless of the amount of cash flow distributions received by the Depositor.	The total carrying costs retained by an Affiliate of the Trust Manager is \$1,426,380.
Advisory Fee:	An Affiliate of the Trust Manager received an advisory fee from the Seller at the time the Trust acquired the Project.	The advisory fee was \$2,295,000.
Operating Stage (Trust or LLC):		
Reimbursement of Expenses to the Trust Manager:	Reimbursement by the Trust of reasonable and necessary expenses paid or incurred by the Trust Manager in connection with the administration of the Trust.	Impracticable to determine at this time.
Cash Flow:	The Depositor will receive its share of distributions from the Trust while it owns the Class B beneficial interests.	Impracticable to determine at this time.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
Administration Fee:	The Trust Manager will receive a Trust administration fee, which includes internal legal, accounting and other related out-of-pocket costs, of \$25,000 each fiscal year, payable in equal monthly installments. If the Trust springs to the Springing LLC, the administrative fee will be equal to 4% of the gross revenues generated at the Project.	\$25,000 per year (Trust); impracticable to determine at this time (Springing LLC).
Property Revenues in Excess of Rent:	The Master Tenant will be entitled to receive and retain revenues generated from the Project and any sublease of the Project during the term of the Master Lease that are in excess of the Base Rent and Percentage Rent payable under the Master Lease.	Impracticable to determine at this time.
Property Management Fee:	The Property Manager will receive an annual management fee in an amount equal to (i) \$40,000 in year 1 and (ii) thereafter, 2.25% of the gross revenues from the Project per year. The Property Manager entered into a submanagement agreement with a submanager and will be obligated to pay the submanager (i) for the first 12 months, \$40,000 and (ii) thereafter, 2.00% of the aggregate gross collections (exclusive of security deposits and prepaid rents until applied against rents).	Impracticable to determine at this time.
Construction Management Fee:	A construction management fee to the Property Manager in an amount equal to 5% of hard Project construction costs. The Property Manager entered into a submanagement agreement with a submanager and will be obligated to pay the submanager 3.5% of the construction costs, subtenant improvement or repair on at the Project, subject to mutual agreement on the amount of such fee based on the scope of work to be completed.	Impracticable to determine at this time.
Financing Fee (Springing LLC only):	In connection with a financing or refinancing of the Project, an amount to the Trust Manager equal to 1% of the principal amount of any loan, financing or refinancing, payable at the closing of the transaction, plus reimbursement of	Impracticable to determine at this time.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
	any out-of-pocket expenses incurred including, but not limited to, expenses incurred in connection with third-party reports, legal fees, application fees and mortgage brokerage fees to both non-affiliated and affiliated mortgage brokers.	
Disposition Stage:		
Fee on Sale of Project:	In connection with a sale, exchange or other disposition of the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of the sale, payable at the closing of the transaction. The Trust (or the Springing LLC, if applicable) will be responsible for paying any third-party real estate broker; provided, however, that the disposition fee to the Trust Manager or its Affiliate will be reduced to the extent to the outside third-party fee exceeds 0.5%.	Impracticable to determine at this time.
Stay Bonus Fee:	Upon the sale of the Project (other than because of a foreclosure or deed in lieu of foreclosure), the Trust is obligated to pay to the Master Tenant (or the Property Manager if the Trust is converted or the Project transferred to the Springing LLC) a fee of \$50,000 which the Master Tenant (or Property Manager) must use to pay stay-bonuses for on-site property management personnel.	\$50,000.
Return of Excess Insurance Funds:	It is possible an Affiliate of the Trust Manager receives a return of certain insurance premium payments at the end of the term of insurance policies for the Trust and the Master Tenant.	Impracticable to determine at this time.

RESTRICTIONS ON TRANSFERABILITY

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

The Interests offered by this Memorandum have not been registered under the Securities Act or the securities laws of any state. The Interests may not be transferred or resold unless they are registered, qualified or exempt under the Securities Act and applicable state securities laws. Appropriate legends setting forth the restrictions on the transfer of the Interests will be set out in the Trust Agreement. No public market exists for the Interests, and it is highly unlikely that any such market will develop. Prospective Holders should view an investment in an Interest as a long-term investment. Each Holder will be responsible for compliance with applicable securities laws with respect to any transfer or resale of its Interest. Further, there can be no more than 1,980 owners of beneficial interests in the Trust.

If a prospective Holder will hold 25% or more of the Trust as a result of a transfer of Interests, the Lender has the right to perform due diligence and request information from the Holder related to prior business sanctions, credit risk, prior relationship with Fannie Mae or Lender, and confirmation that holder is not listed on the United States Department of Housing and Urban Development's "Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List," or on the General Services Administration's "System for Award Management (SAM)" exclusion list.

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

SUMMARY OF THE PURCHASE AGREEMENT

Each prospective Holder will be required to execute a Purchase Agreement in the form attached hereto as Exhibit B. The entire Purchase Agreement should be reviewed before submitting an offer to purchase an Interest. The following is merely a summary of some of the significant provisions of the Purchase Agreement and is qualified in its entirety by reference thereto.

“As-Is” Purchase

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

Limitation on Purchase of Interests

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

No Tax Advice

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

Termination of the Purchase Agreement

The Purchase Agreement may be terminated if the conditions to the closing are not satisfied as set forth in the Purchase Agreement.

SUMMARY OF THE TRUST AGREEMENT

General

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

The Trust

The Trust was formed as a Delaware statutory trust under the laws of the state of Delaware on March 17, 2026. The original trust agreement was entered into on March 17, 2026 by the Delaware Trustee, the Trust Manager and the Depositor. The original trust agreement was subsequently amended and restated pursuant to the Trust Agreement by and among the Depositor, the Trust Manager and the Delaware Trustee on April 30, 2026. The principal place of business of the Trust is 2050 Main Street, Suite 650, Irvine, California 92614, and the telephone number is (949) 263-7900 or (877) 4PASSCO.

There is no direct authority regarding the use of a Delaware statutory trust for an investment in real estate for purposes of a Code Section 1031 exchange other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust. The Trust differs from a corporation, limited partnership or limited liability company. Prospective Holders should carefully review with their counsel the protection against liability provided by a Delaware statutory trust.

The Trust Estate

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

Ownership

The Trust is authorized to issue Class A Beneficial Interests (which are the Interests offered to prospective Holders) and Class B beneficial interests (which are the beneficial interests delivered to and registered to the Depositor) aggregating all of the beneficial interests in the Trust. The Depositor deposited into the Trust (i) \$46,223,031 for the acquisition of the Project, (ii) \$281,634 in Operating Reserves and (iii) the \$3,279,229 Reserve Note to fund Trust capital improvements and Master Tenant improvement allowances in exchange for 11,715 Class B beneficial interests in the Trust. Holders will acquire Class A Beneficial Interests in the Trust in exchange for the payment of cash to the Trust, which cash will be used by the Trust to redeem the Depositor's Class B beneficial interests on a proportional basis.

Redemption of Class B Beneficial Interests

The proceeds of the Offering will be used by the Trust to redeem all of the Depositor's Class B beneficial interests on a one-for-one basis whereby 1 Class B beneficial interest will be redeemed for approximately \$5,000 (unless a Class A Beneficial Interest is sold at a discount and the redemption price will be the reduced amount) paid to the Depositor for each Class A Beneficial Interest sold. If less than the Maximum Offering Amount is sold in the Offering, any Class B beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be transferred to a separate taxpayer that is managed by the Trust Manager or an Affiliate.

Term

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

The Delaware Trustee

Sorensen Entity Services LLC is the Trust's Delaware Trustee under the Trust Agreement. The Delaware Trustee's principal office is located at 1201 N. Orange St, Suite 7044, Wilmington, DE 19801, Attn: Chris Sorensen.

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

The Delaware Trustee will be reimbursed for its expenses and the Delaware Trustee and its officers, directors, employees agents, managers and owners will be held harmless from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including reasonable fees and expenses of counsel and other professionals), taxes and penalties in connection with the Trust Agreement and the Trust, except with respect to fraud, gross negligence or willful misconduct of such person.

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

The Delaware Trustee will receive an annual fee of \$900 for its services as Delaware Trustee.

The Trust Manager

Passco Allure Manager, LLC, a Delaware limited liability company, is the manager of the Trust. The Trust Manager, the Master Tenant and the Depositor are Affiliates. The agreements between the Trust, the Trust Manager, the Master Tenant and the Depositor are not the result of arm's-length negotiations, and they should not be considered as such. Certain conflicts of interest may arise between these entities and the Holders. See "Conflicts of Interest" and "The Trust Manager."

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

The Trust Manager will be reimbursed by the Trust for its expenses (including reasonable legal fees) and held harmless from liability by the Trust except with respect to the fraud, gross negligence or willful misconduct of the Trust Manager or its officers, directors, employees, agents, managers and owners. To the fullest extent permitted by law, the Trust will advance to the Trust Manager expenses incurred in its defense of any claims in connection with the Trust Agreement, the Trust or any transaction or document contemplated thereby, subject to repayment in the event a court finds that the Trust Manager was not entitled to indemnification.

The Trust Manager may resign at any time by providing at least 60 days' prior written notice to the Delaware Trustee, and the Delaware Trustee may remove the Trust Manager for cause at any time by providing written notice

to the Trust Manager. Cause will only result from the fraud, gross negligence or willful misconduct of the Trust Manager.

The Trust Manager will receive an annual administration fee, which includes internal legal, accounting and other related out-of-pocket costs, of \$25,000 each fiscal year, payable monthly. In the event the Trust sells the Project, the Trust Manager will receive a fee in an amount equal to 3% of the gross proceeds of such sale and the Trust will be responsible for paying any commission due to any real estate broker engaged to assist with such sale; provided, however, that the disposition fee payable to the Trust Manager will be reduced to the extent the outside third-party fee exceeds 0.5%. See “Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates.”

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

Rights of Holders

The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Holders have no right or power to direct the actions of the Trust, the Delaware Trustee, the Master Tenant or the Trust Manager in any way. Although the Trust Manager may poll the Holders with respect to the sale of the Project, the Holders have no voting rights, including as to whether or not the Project is sold. In the event that any purchaser of the Project is affiliated with the Trust Manager, the Trust must obtain an independent third-party appraisal of the Project and the purchase price must equal or exceed the appraised value. In addition, the Holders have no right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

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

Right to Transfer

Any transfer of the Interests under the Trust Agreement will be subject to (i) compliance with applicable federal and state securities laws and the Trust Agreement, (ii) the delivery to the Trust Manager of the assignee's or transferee's written acceptance and adoption of the Trust Agreement, (iii) the limit on the number of Holders in the Trust of not more than 1,980 persons and (iv) a prohibition regarding the ownership of Interests by ERISA Plans. If a prospective Holder will hold 25% or more of the Trust as a result of a transfer of Interests, the Lender has the right to perform due diligence and request information from the Holder related to prior business sanctions, credit risk, prior relationship with Fannie Mae or Lender, and confirmation that holder is not listed on the United States Department of Housing and Urban Development's "Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions List," or on the General Services Administration's "System for Award Management (SAM)" exclusion list. See "Restrictions on Transferability."

FMV Option

Beginning 2 years after the Offering Termination Date, in order to provide potential tax-efficient options for the disposition of the Project, the Trust Manager has the right, but not the obligation, to acquire the Interests for either cash or Units in an Exchange Entity. Holders will receive cash unless such Holder elects to receive Units in the Exchange Entity (and such Holder meets the investor suitability requirements for the Exchange Entity). The right to exercise the FMV Option will terminate on the earliest of (i) the closing of the transfer of all Interests pursuant to the FMV Option, (ii) the termination of the Trust or (iii) the sale of the Project by the Trust or the Springing LLC (the "Option Termination Date").

If the Trust Manager determines to exercise the FMV Option, the Trust Manager will send a written notice to the Holders of its intent to exercise the FMV Option before the end of the Option Termination Date. If a Holder does not reply to the Trust Manager's notice within 15 business days of receipt or does not meet the Exchange Entity's investor suitability requirements, the Holder will receive cash for its Interest. The closing date for the purchase of the Interests will be selected by the Trust Manager and will occur within 30 days of the determination of the Interest FMV.

The consideration to be paid to the Holders will be determined by multiplying the percentage interest in the Project represented by the Holder's Interest by the value of the Project at the time that the FMV Option is exercised. The value of the Project will be determined by (a) reducing the gross fair market value of the Project (determined without regard to the Master Lease) by (i) any and all secured or unsecured liabilities and accounts payable and (ii) any fee or other amount that would be payable to the Trust Manager or its Affiliates, including any property management and related fees and disposition fees (which fees will be paid by the Trust at the time that the Interests are transferred) and (b) increasing the value by any reserves, cash and accounts receivable. The gross fair market value of the Project will be determined without regard to the Master Lease and will be the greater of 2 fair market values of the Project, each determined within 90 days of the exercise of the FMV Option by a separate independent appraisal firm selected by the Trust Manager in its sole discretion. In the event the higher appraisal is 20% greater than the lower appraisal (the 20% to be based on the lower appraisal), then the Trust Manager will select a third independent appraisal firm in its sole discretion to determine the fair market value of the Project. Under such circumstances, the Trust Manager will average the 2 highest of the 3 appraised values determined by the 3 independent appraisal firms and use such averaged amount for purposes of determining the fair market value of the Project. The appraisals must be completed prior to the exercise of the FMV Option. No discounts for lack of liquidity or minority interests shall be considered in determining the Interest FMV.

Each Holder will be required to execute and deliver any documents reasonably required by the Trust Manager in connection with the purchase of the Interests and to make certain representations, warranties and certifications to the Trust Manager with respect to the Holder's Interest. In addition, each Holder must agree to indemnify and hold the Trust Manager harmless from and against any and all liabilities, charges, costs and expenses relating to such Holder's Interest, including, without limitation, with respect to any liens, encumbrances or rights or interests of other persons in such Interest.

On the purchase date, the rights of the Holders as owners of the Interests acquired by the Exchange Entity will terminate other than the right to receive the Interest FMV for the Interests.

The Trust Manager will at all times have a special and limited power of attorney as the attorney-in-fact for each Holder in the Trust, with power and authority to act in the name and on behalf of each Holder to execute, acknowledge, deliver and file any documents required in connection with the Trust Manager's exercise of the FMV Option and the issuance of any Units in the Exchange Entity to such Holders.

Termination and Conversion

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

A "Transfer Distribution" will occur (a) if the Trust Manager makes a determination, in writing, that dissolution of the Trust is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Project is in jeopardy of being lost due to a default under the Loan (and the Trust is prohibited from taking actions that would remedy the situation), (iii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iv) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (v) the Trust Manager determines it is necessary to take a Prohibited Action in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value

or (b) upon a Master Lease Termination Event. If the Trust transfers the Project (or the Trust converts) to the Springing LLC, the Holders will lose their ability to engage in a future Code Section 1031 exchange upon the sale or other disposition of the Project.

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

Trust Limitations

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

The Trust may only sell the Project beginning 3 years following the Conversion Date, but not earlier than 2 years after the Offering Termination Date if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before such time if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

Distributions of Cash From Operations

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

Distributions Upon Dissolution

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

Property Rights

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

Reports to Holders

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

Amendments

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

Fees and Expenses

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

SUMMARY OF THE SPRINGING LLC LIMITED LIABILITY COMPANY AGREEMENT

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

In General

In connection with the transfer by the Trust of the Project to the Springing LLC (or the conversion of the Trust into the Springing LLC), the Trust will dissolve and the Holders will receive units in the Springing LLC in proportion to their Interests in the Trust in full redemption of, and complete exchange for, the Interests. The Trust Manager, or one of its Affiliates, will be the manager of the Springing LLC. No Interests will remain outstanding after a Transfer Distribution, and the Holders will own 100% of the units in the Springing LLC. All references to the Trust Manager in this section and the Trust Manager’s rights, responsibilities and obligations under the LLC Agreement will be in the Trust Manager’s capacity as the manager of the Springing LLC unless otherwise specified.

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

Authority and Responsibilities of the Trust Manager

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

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

The Trust Manager and its Affiliates will be entitled to receive an annual fee equal to 4% of the gross revenues from the Project, payable monthly. The Trust Manager and its Affiliates will not be reimbursed for overhead expenses incurred in connection with the Springing LLC. The Springing LLC will pay directly or reimburse the Trust Manager as the case may be, for all costs and expenses of the Springing LLC’s operations, formation and termination. The Trust Manager or its Affiliate may enter into a property and asset management agreement with the Springing LLC with respect to the Project pursuant to which the Trust Manager or its Affiliate will be entitled to receive compensation for its services in managing, leasing, financing, overseeing construction and disposing of the Project. In the event the Springing LLC sells the Project, the Trust Manager or an Affiliate will receive a fee in an amount equal to 3% of the gross proceeds of such sale and the Springing LLC will be responsible for paying any commission due to any real estate broker engaged to assist with such sale; provided, however, that the disposition fee payable to the Trust Manager will be reduced to the extent the outside third-party fee exceeds 0.5%.

In the event the Project is refinanced in connection with a Transfer Distribution (as defined herein), the Trust Manager will receive a financing fee equal to 1% of the principal amount of the new loan, plus reimbursement of any out-of-pocket expenses incurred by the Trust Manager in connection with the refinancing, including, but not limited to: expenses incurred in connection with third-party reports, legal fees, application fees and mortgage brokerage fees to both non-affiliated and affiliated mortgage brokers.

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

The Trust Manager will be prohibited from resigning or withdrawing as the manager or doing anything that would require its resignation or withdrawal without the vote of members holding more than 50% of the units entitled to vote (a "Majority Vote"). The Trust Manager may be removed as manager of the Springing LLC by a Majority Vote only (i) for fraud, gross negligence or willful misconduct of the Trust Manager, as evidenced by a final, non-appealable decision of a court of competent jurisdiction or (ii) upon the occurrence of an event of insolvency of the Trust Manager. Upon termination, removal or withdrawal of the Trust Manager as the manager of the Springing LLC, the Trust Manager will be paid all earned but unpaid fees and other compensation in cash at or before the date of withdrawal.

Indemnification of the Trust Manager

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

Rights and Obligations of Members

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

The members will not have the right to take part in the management or control of the business or affairs of the Springing LLC, to transact any business for the Springing LLC, or to sign for or bind the Springing LLC. The members do not have the right to (i) withdraw or reduce their contribution to the capital of the Springing LLC, except as a result of dissolution and termination of the Springing LLC or by law, (ii) bring action for partition against the Springing LLC or (iii) demand or receive property other than cash in return for their capital contribution. The members will have the right to receive information required for federal income tax reporting and certain other financial information and to inspect certain records of the Springing LLC. The members will have only limited voting rights with respect to certain other matters.

Distributions and Tax Matters

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

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

Transfer of Units

No transfer of a unit or any interest in the Springing LLC may be made unless the Trust Manager, in its sole discretion as the manager of the Springing LLC, has consented in writing to such transfer. In addition, no transfer may be made (i) if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded partnership for federal income tax purposes, (ii) to any person who does not possess the required financial qualifications, (iii) to any minor or to any person who lacks the capacity to contract for themselves under applicable law, (iv) if the transfer will result in more than 1,980 members, (v) if the transfer was not made by a written instrument of assignment executed by the assignor of such units and accepted by the Trust Manager, (vi) if the transfer will result in employee benefit plans (as defined in the LLC Agreement) owning 25% or more of the units or (vii) unless the transferring member pays a transfer fee pursuant to the LLC Agreement. The Trust Manager, with advice of counsel, must determine that the transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act or any state securities laws relied upon by the Springing LLC and the Trust Manager in offering and selling the units or otherwise violate any federal or state securities laws. A transferee will not become a substituted member in the Springing LLC unless the Trust Manager, as the manager of the Springing LLC, consents and all of the following conditions are satisfied: (i) a duly executed and acknowledged written instrument specifying the number of units being assigned and the intention that the transfer take place has been filed with the Springing LLC, (ii) a transfer fee sufficient to cover all reasonable expenses required in connection with the transfer has been paid by or for the account of the transferee and (iii) all agreements and other instruments have been executed, acknowledged and delivered which the Trust Manager deems necessary to make the transferee a substituted member in the Springing LLC.

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

FMV Option

Beginning 2 years after the Offering Termination Date, in order to provide potential tax-efficient options for the disposition of the Project, the Trust Manager, as the manager of the Springing LLC, has the right, but not the obligation, to acquire the units in the Springing LLC for either cash or Units in an Exchange Entity. Holders will receive cash unless such Holder elects to receive Units in the Exchange Entity (and such Holder meets the investor suitability requirements for the Exchange Entity). The right to exercise the FMV Option will terminate on the earliest of (i) the closing of the transfer of all units in the Springing LLC pursuant to the FMV Option or (ii) the sale of the Project by the Springing LLC (the “Option Termination Date”).

If the Trust Manager, as the manager of the Springing LLC, determines to exercise the FMV Option, the Trust Manager will send a written notice to the members of the Springing LLC of its intent to exercise the FMV Option before the end of the Option Termination Date. If a member does not reply to the Trust Manager’s notice within 15 business day of receipt or does not meet the Exchange Entity’s investor suitability requirements, the member will receive cash for its units in the Springing LLC. The closing date for the purchase of the units in the Springing LLC will be selected by the Trust Manager, as manager of the Springing LLC, and will occur within 30 days of the determination of the Units FMV (as defined below).

The consideration to be paid to the Holders will be determined by multiplying the percentage interest in the Project represented by the member’s units in the Springing LLC by the value of the Project (“Units FMV”) at the time that the FMV Option is exercised. The value of the Project will be determined by (a) reducing the gross fair market value of the Project by (i) any and all secured or unsecured liabilities and accounts payable and (ii) any fee or other amount that would be payable to the Trust Manager, as manager of the Springing LLC, or its Affiliates, including any property management and related fees and disposition fees (which fees will be paid by the Springing LLC at the time that the units in the Springing LLC are transferred) and (b) increasing the value by any reserves, cash and accounts receivable. The gross fair market value of the Project will be the greater of 2 fair market values of the Project, determined within 90 days of the exercise of the FMV Option by a separate independent appraisal firm selected by the Trust Manager in its sole discretion. In the event the higher appraisal is 20% greater than the lower appraisal (the 20% to be based on the lower appraisal), then the Trust Manager will select a third independent appraisal firm in its

sole discretion to determine the fair market value of the Project. Under such circumstances, the Trust Manager will average the 2 highest of the 3 appraised values determined by the 3 independent appraisal firms and use such averaged amount for purposes of determining the fair market value of the Project. The appraisals must be completed prior to the exercise of the FMV Option. No discounts for lack of liquidity or minority interests shall be considered in determining the Interest FMV.

Each member of the Springing LLC will be required to execute and deliver any documents reasonably required by the Trust Manager in connection with the purchase of the units in the Springing LLC and to make certain representations, warranties and certifications to the Trust Manager with respect to the member's units in the Springing LLC. In addition, each member must agree to indemnify and hold the Trust Manager, as the manager of the Springing LLC, harmless from and against any and all liabilities, charges, costs and expenses relating to such member's units in the Springing LLC, including, without limitation, with respect to any liens, encumbrances or rights or interests of other persons in such units.

On the purchase date, the rights of the member as owners of the units in the Springing LLC acquired by the Exchange Entity will terminate other than the right to receive the Units FMV for the units in the Springing LLC.

The Trust Manager, as manager of the Springing LLC, will at all times have a special and limited power of attorney as the attorney-in-fact for each member in the Springing LLC, with power and authority to act in the name and on behalf of each member to execute, acknowledge, deliver and file any documents required in connection with the Trust Manager's exercise of the FMV Option and the issuance of any units in the Exchange Entity to such members of the Springing LLC.

Meetings of the Members

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

Termination and Winding Up

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

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

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

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

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

Certain aspects of the following summary of material federal income tax considerations are the subject of an opinion from DLA Piper LLP (US). The Trust has not received and will not request a private ruling from the IRS regarding the federal income tax classification of the Trust. There is always a risk that the IRS may not agree with such opinion. The opinion of counsel is predicated on all the facts, conditions and assumptions set forth in the opinion and is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts, conditions or assumptions set forth in the opinion prove incorrect, it is likely that the tax consequences would change. The issues on which counsel to the Trust issued the opinion to the Trust has not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a “should” opinion. A “should” opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed in the opinion will be accepted by the IRS or any state taxing authority, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Further, because counsel represents the Trust, the opinion has been rendered to the Trust. The Holders may rely on the opinion of counsel subject to the limitations set forth in the opinion. The opinion of counsel is not applicable as to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder. The opinion is not intended to be used by any taxpayer to avoid penalties. A copy of the opinion rendered to the Trust is attached hereto as Exhibit F.

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

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

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

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

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

tax purposes and (vi) they understand that the opinion of counsel issued to the Trust is only counsel's view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

Nature of Interests

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

The Trust obtained an opinion from counsel that for federal income tax purposes (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a "trust" for federal income tax purposes, (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust's assets, including the Project, in proportion to their Interests for purposes of Code Section 1031 and (iii) the "step transaction" doctrine should not be applicable to the FMV Option.

In General. Code Section 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment." Thus, a determination has to be made as to whether a Holder will be treated as acquiring an interest in real property.

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

Entity Determination. The initial determination is whether the Trust will be viewed as an entity. The IRS in Revenue Ruling 2004-86 (the "Revenue Ruling") held that the Delaware statutory trust ("DST") was an entity that was recognized as separate from its owners. The IRS made this determination based on the fact that (i) creditors of the beneficial owners of the DST could not assert claims directly against property owned by the DST, (ii) the DST could sue or be sued and the property held by the DST was subject to attachment and execution as if it were a corporation, (iii) the beneficial owners of the DST were entitled to the same limitation on personal liability because of actions of the DST that is extended to stockholders of Delaware corporations, (iv) the DST could merge or consolidate with or into 1 or more statutory entities or other business entities and (v) the DST was formed for investment purposes. The foregoing limitations also apply to the Trust. Thus, based on the above, the Trust should be recognized as a separate entity.

No Agent. The next determination that must be made is whether the Trust or the Trust Manager will be viewed as an agent of the Holders. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties. An entity that is formed to act as a mere agent of its owners will not be treated as an entity that is separate from its owners for federal income tax purposes.

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

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

exclusive control of the management, operation, rental, and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property and (ii) was required to file all tax returns, pay all taxes and satisfy any other liabilities with respect to the real property. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that a trust was not established.

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

The Trust Treated as an Investment Trust. The next determination is whether the Trust will be treated as a "business entity" or as an "investment trust" that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1). In general, the term "trust" refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries. The beneficiaries of such a trust may be the persons who created it and it will be recognized as a trust if it was created for the purpose of protecting or conserving the trust property for beneficiaries who stand in the same relation to the trust as they would if the trust had been created by others for them. Generally, an arrangement will be treated as a trust if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit. An "investment trust" will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders. An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust, will be classified as a trust if there is no power under the trust agreement to vary the investment of the certificate holders. An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose. A power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.

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

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

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

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

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

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

To determine whether the DST qualified as an investment trust that is classified as a trust for federal income tax purposes, the Revenue Ruling discussed whether the trust agreement granted the power to vary the investment held by the DST. The Revenue Ruling indicated that the financing and leasing arrangements related to Blackacre were made prior to the inception of the DST and were fixed for the entire life of the DST. Further, the trustee was permitted to only invest in short-term obligations that matured prior to the next quarterly distribution date and was required to hold the obligations until maturity. The Revenue Ruling concluded that because the trust agreement required that any cash from Blackacre, and any cash earned on short-term obligations held by the DST between distribution dates, be distributed quarterly and because the disposition of Blackacre resulted in the termination of the DST, no reinvestment of such monies was possible.

The Revenue Ruling emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short-term investments or accept any additional contributions of assets (including money) for the DST. The trustee could not renegotiate the terms of the loan and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z except in the case of Party Z's bankruptcy or insolvency. In addition, the trustee could only make minor nonstructural modifications to the property except to the extent required by law. The Revenue Ruling noted that the trustee had none of the powers which evidence an intent to carry on a profit-making business. The Revenue Ruling concluded that because the trustee had no power to vary the investment of the beneficiaries of the trust, the DST will be classified as a "trust" for federal income tax purposes.

The Revenue Ruling indicated that the trust arrangement would not have qualified as an investment trust, and therefore would not have been classified as a "trust," if the trustee had been given the power to do 1 or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Party Z, or enter into a lease with a tenant other than Party Z (other than in the case of the bankruptcy or insolvency of Party Z);

- renegotiate or refinance the loan used to purchase Blackacre (other than in the case of the bankruptcy or insolvency of Party Z);
- invest cash received to profit from market fluctuations; or
- make more than minor nonstructural modifications to Blackacre that were not required by law.

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

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

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

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

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

Pursuant to the Master Lease, the Trust must pay for the Landlord Costs. Thus, the Master Lease is not similar to the net lease described in the Revenue Ruling.

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

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

Even if the Master Lease were to be considered a gross lease (and not a net lease), there is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether the lease of real property under a lease that is not a net lease will have any effect on whether the Trust will be considered an investment trust. If the Trust were considered to be in an active trade or business, the Trust would not qualify as an investment trust. Certain rules have developed regarding whether the activities of a taxpayer will be sufficient to be considered engaging in an active trade or business when the taxpayer merely receives income from rental property. The majority of the case law regarding whether or not the ownership of real estate will be considered to be a trade or business is based on the activities of the taxpayer. For example, in Revenue Ruling 79-394, the IRS found that a corporation was considered to be engaged in an active trade or business if its conduct of its rental activities “demonstrates considerable day to day management and operational activity sufficient for purposes of distinguishing such conduct from passive investment in real estate. Furthermore, objective criteria such as acquiring, renovating, refurbishing, maintaining, leasing and servicing its rental property and its payment of salaries and expenses support this conclusion.” Further, in PLR 7904019 (October 24, 1978), an individual owned and leased property under a lease that required the landlord to pay for taxes, insurance and for certain operational expenses related to the property. The IRS indicated that, although the landlord was required to pay for certain expenses related to the property, the landlord did not supervise or participate in the operation or management of the property. Thus, the landlord was not engaged in a trade or business. Under Code Section 512(b)(3)(B)(ii), courts have held that a landlord’s payment of a number of expenses related to property subject to a sharecrop lease would not prevent the rent paid to the landlord from qualifying as “passive rent.” See, e.g., Trust U/W Emily Oblinger v. Commissioner, 100 T.C. 114 (1993); White’s Iowa Manual Labor Institute v. Comm’r, TCM 1993-364 (the landlord and tenant share some expenses equally, the tenant paid the “substantial” operating expenses, including machinery and labor costs, and the landlord “agreed to pay certain other costs which primarily affected the value of the farm; i.e., materials to repair buildings, fences, and other improvements, and lime to improve or maintain the quality of the soil”). When looking at the sharecrop leases, the courts focused on the fact that the lease terms were customary in the applicable market when finding that the leases were true leases for federal income tax purposes. Treasury Regulations Section 1.856-4(b)(3) (made applicable to leases by charitable organizations by Treasury Regulations Section 1.512(b)-1(c)(2)(iii)(b)) provides that “an amount will not qualify as ‘rents from real property’ if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits.” However, in AOD 1994-01, the IRS stated that it did not agree with the cases that had held the cropshare agreements to be true leases, but, in view of its lack of success in the courts, had decided that it would no longer litigate these issues with regard to the “typical crop sharing agreement.” Counsel has relied on the Certificate containing representations that the terms of the Master Lease are consistent with market terms of similar leases and is not an effort to share in income or profits.

In separate authority under the Subchapter S rules, the determination of whether the ownership of real estate will result in “passive investment income” looks at both the activities and the amount of funds expended

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

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

The Revenue Ruling also involved a lease that did not provide for any rent based on the gross revenues of the property. There is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether a trust will be considered an investment trust because it receives a portion of rent based on a percentage of receipts. However, real estate investment trusts (“REITs”), like investment trusts, must only be passive owners of real estate and, generally, must only receive rent from real property and other passive income. Under the REIT rules, rent from real property does not include any amount where the determination of the amount depends in whole or in part on the income or profits derived by any person from the property. However, amounts received under a lease will qualify as rent if the rent is based on a fixed percentage of gross receipts or sales. Treasury Regulations Section 1.856-4(b)(3) indicates that an amount will not be considered “rents from real property” if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits. Under the Master Lease, the Master Tenant must pay Percentage Rent based on the gross revenue of the Project over an established Baseline Amount. The amount of the Percentage Rent is fixed upon entering into the Master Lease and cannot be changed during the ownership of the Project by the Trust or the Master Tenant. Further, the Certificate includes representations that the terms of the Master Lease, considering the lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project. Therefore, based on the Certificate, amounts received by the Trust pursuant to the Master Lease should be considered rent and not a share in income from the Project.

The Revenue Ruling includes a requirement that the Delaware statutory trust will not make more than minor nonstructural modifications to the property held in the trust, unless required by law. It is anticipated that certain improvements will be made to the Project and the Trust is required to pay for the Landlord Capital Expenditures. It is possible that the IRS could consider the anticipated improvements to be more than minor, nonstructural changes to the Project. In such case, the Trust may not qualify as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1) which would cause the Interests to not qualify as like-kind property for purposes of Code Section 1031. However, the Trust is prohibited from taking any action that could cause the Trust

to fail to qualify as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1) and counsel has relied on the Certificate which indicates that the repairs will not violate the Revenue Ruling.

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

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

Risk of Loss. If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether "rent" payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Trust does not have any obligation to repair or maintain the Project, except with respect to the Landlord Costs. The Master Tenant is responsible for the payment of the day-to-day operating expenses and the ongoing maintenance of the Project. The Master Tenant is obligated to pay Base Rent and Percentage Rent based on gross revenue from the Project over the Baseline Amount regardless of whether the Project generates a profit. Counsel has relied on the Certificate which includes representations that the terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The assets of the Master Tenant consist only of (i) the Master Lease, (ii) \$50,000 in cash, (iii) a \$250,000 short term note and (iv) a \$500,000 demand promissory note. Counsel has relied on the Certificate which contains representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease. If the Master Lease is not respected as a true lease, the Master Tenant will be treated as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in the assets of the Trust.

The Master Lease and the Loan structure cannot create a partnership between the Trust and the Master Tenant for federal income tax purposes. Pursuant to the Loan Documents, the Trust established, in the Trust's name, the Clearing Account in which all rental and other income received from the Project will be deposited during the term of the Loan. The Clearing Account will be under the sole control of the Lender during the term of the Loan.

Until an Event of Default under the Loan Documents has occurred, all funds in the Clearing Account will be distributed on each business day to the Master Tenant. Upon the occurrence of an Event of Default under the Loan Documents, the Lender will institute a sweep of the funds in the Clearing Account into a cash management account established by and under the sole control of the Lender. During the continuation of an Event of Default under the Loan Documents, the Lender will have the right to collect all rental and other income and will only permit the payment of operating expenses and any capital or other expenses that are approved by the Lender in its sole discretion. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Clearing Account in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan Documents include certain provisions that should provide limitations on the Lender's right to take the Master Tenant's assets in excess of the Master Tenant's obligations under the Master Lease. It is unclear whether these provisions will limit the Lender's right to access funds held in the Clearing Account.

In order to prevent the Lender from capturing any Master Tenant funds in excess of the Master Tenant's obligations under the Master Lease, the Master Lease will automatically terminate in the event of a Master Lease Termination Event. Thus, the Lender should not be able to access the Master Tenant's funds while the Trust is intending to qualify as an investment trust for federal income tax purposes. Further, in the event the Lender takes any of Master Tenant funds in excess of the obligations of the Master Tenant to the Trust, the Trust is required to indemnify the Master Tenant for such amounts.

The IRS could take the position that the Clearing Account provisions described above could result in the Trust and the Master Tenant having entered into a loss sharing arrangement which is one of the factors that the IRS considers when determining whether a partnership has been created for federal income tax purposes. Although the Trust and the Master Tenant do not intend to form a partnership with each other, if a loss sharing arrangement has been created, it could cause the Trust and the Master Tenant to be considered to be in a partnership for federal income tax purposes. However, given the requirement in the Master Lease to terminate the Master Lease in the event of a Master Lease Termination Event and the indemnification in the Master Lease, the Master Tenant should not be required to fund any amount to the Trust in excess of its obligations to the Trust and the Master Lease should not be considered a partnership for federal income tax purposes. If the Master Tenant and the Trust were viewed to be a partnership for federal income tax purposes, the interest in the Trust would not qualify as real estate for purposes of Code Section 1031. Further, if a Master Lease Termination Event occurs and the Trust springs into a limited liability company the beneficial interest holders will not be able to participate in a Section 1031 exchange on the sale of the Project by the Springing LLC.

Revenue Procedure. Revenue Procedure 2001-28, 2001 C.B. 1156 sets forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes. Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified in the Certificate that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of 1 year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has a term that ends on July 31, 2036. The Needs Assessment dated March 30, 2026 indicates that the Project has a remaining useful life of not less than 35 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the term of the Master Lease.

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

It is possible that the IRS may assert that the redemption of the Class B beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class B beneficial interest owner otherwise will be identical to the rights of the Holders. Counsel has indicated that it believes that the redemption right should be treated

as existing simply to facilitate an investment in the Interests. The redemption simply replaces the Class B beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class B beneficial interests. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, counsel has indicated that it believes that the formal mechanism by which the Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

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

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

Similar to the Revenue Ruling, the Holders should be treated as "grantors" of the Trust. The Holders will transfer cash to the Trust in exchange solely for an Interest therein. Because receiving an Interest in the Trust is not treated as the receipt of property, the Holders should be treated as making a gratuitous transfer to the Trust. Thus, the Holders should be treated as "grantors" of the Trust.

Holders Treated as Owning an Undivided Interest in the Project. In order for the Holders to own an undivided direct interest in the Project, the Trust must be classified as a grantor trust. A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code is considered to own the trust asset attributable to that undivided fractional interest of the trust for all federal income tax purposes. A grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party, or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.

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

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

Treatment as Real Estate.

Other Securities. The provisions of Code Section 1031 do not apply to "(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest." This phrase has not been defined precisely; the exact connotation associated with the term "other securities" is not clear. The exclusion in Code Section 1031 for "other securities" was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities. There are other Sections of the Code that define "securities" under the Code including Code

Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term “securities.” However, it is not clear whether the definitions in these Sections of the Code apply or whether a broader view should be taken. In G.C.M. 35242, the IRS indicated after discussing the definition of “securities” in Code Sections 165(g)(2) and 1236(c), that “we believe it persuasive that Congress has consistently defined the term ‘securities’ in a limited sense.” The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were “securities” under Code Section 1031. This occurred even though the SEC believed they were securities under securities law. Further, in Plow Realty Co. of Texas, 4 T.C. 600 (1945), mineral deeds were not securities under the predecessor to Code Section 543 even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a “security” under applicable federal and state securities laws.

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

Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, *B* and *C* are each considered to own an undivided fractional interest in Blackacre for federal income tax purposes. See Rev. Rul. 85-13.

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

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

Rent Accrual Under the Master Lease. Code Section 467 provides that the lessor under a Code Section 467 rental agreement must include in such lessor’s income the amount of rent which accrues during the taxable year. Generally, such rent will be accrued as set forth in the lease agreement between the lessor and lessee. Thus, the Trust would accrue income from rent as set forth in the Master Lease. In the event that a lease arrangement is determined to be a tax avoidance transaction requiring treatment as a disqualified leaseback under Code Section 467, rent will be accrued on a constant accrual basis rather than accruing as set forth in the lease agreement. In determining whether a lease arrangement is a tax avoidance transaction, the IRS has established certain safe harbor tests. If a safe harbor test is met, rent is not accrued under the constant accrual basis. The Master Lease is intended to satisfy a safe harbor test. However, if the IRS makes a determination that the safe harbor is not met, that the lease arrangement is a disqualified leaseback and provides notice of such determination, the Trust will be required to accrue rent on a constant accrual basis. The IRS has not made such a determination nor provided notice with respect to the Master Lease.

Taxable Boot. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately \$317.68 per Interest. Of the total amount of reserves, \$303.96 is attributable to reserves funded by the Depositor and will be “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. Of the total amount of reserves, \$160,709 will be funded as a requirement of the Loan, comprising of lender controlled reserves of \$112,000, and lender insurance impound of \$48,709. It is possible that such amounts, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder’s prior investment, may not be treated as “boot.” The Trust also paid \$1,450,907 in loan and lender expenses, comprising of \$483,907 (\$41.31 per Interest) for lender loan/legal costs and fees and \$967,000 (\$82.54 per Interest) to buy down the interest rate on the Loan. These amounts will be treated as “boot” which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. In the event some or all of the \$160,709 in reserves were funded from Loan proceeds, then the debt allocable to Holders for their Code Section 1031 exchange will be reduced by such amounts funded from Loan proceeds. The use of Loan proceeds to fund cash reserves decreases the amount of Loan proceeds used to purchase the Project and, therefore, may result in an increase in boot for purposes of Code Section 1031. The amount of reserves held by the Trust will fluctuate over time. As a

result, the reserves held by the Trust when a prospective Holder acquires an Interest may vary from the amounts set forth herein. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders (which includes Loan fees and costs), over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder’s debt on the property exchanged, such difference will constitute “boot” and may be taxable depending on the Holder’s basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as “boot,” to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. The Trust Manager has certified that the value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project. In the event the Project consists of personal property that exceeds 15% of the value of the real property, an investment in the Trust could fail to qualify as replacement property in a Code Section 1031 exchange. In the event any item is determined to be “boot,” the taxpayer will have current income for any such “boot” up to the amount of gain on the exchange of the real property. No opinion is being provided with respect to the value of the personal property or the real estate or the amount of taxable “boot” in the transaction.

“Real property” for purposes of Code Section 1031. Section 1031 Exchanges only apply to “real property.” Thus, tangible personal property and intangible property (even if associated with the real property) are not eligible for Section 1031 Exchanges. Property is classified as real property for purposes of Code Section 1031 if the property is (i) classified as real property under the law of the state or local jurisdiction in which the property is located (subject to certain exceptions), (ii) specifically listed as real property in the Code Section 1031 regulations, such as land, improvements to land, unsevered natural products of land, water and air space superjacent to land, and certain intangible interests in real property or (iii) considered real property based on all the facts and circumstances under the various factors provided in the Code Section 1031 regulations. The Code Section 1031 regulations have also provided guidance for taxpayers receiving incidental personal property or paying for incidental personal property with funds being held by a qualified intermediary during a Section 1031 Exchange. Paying for or receiving personal property during a Section 1031 Exchange will not disqualify the entire transaction as long as the personal property is considered “incidental.” Personal property will be considered “incidental” to real property acquired in a Section 1031 Exchange if, (i) in standard commercial transactions, the personal property is typically transferred together with the real property, and (ii) the aggregate fair market value of the incidental personal property transferred with the real property does not exceed 15% of the aggregate fair market value of the replacement real estate. Each prospective Purchaser will have to determine with his, her, or its own tax advisors whether an exchange engaged in by the prospective Purchaser satisfies the requirements of Code Section 1031. Counsel to the Trust has relied on the Certificate certifying that the value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project.

Tax Consequences Related to the FMV Option.

Step Transaction Doctrine. If the FMV Option is exercised, the acquisition of an Interest subject to the FMV Option may be challenged by the IRS under “step transaction” principles which would treat the acquisition of Interests and the Units as a single transaction. In such case, a Holder would be treated for federal income tax purposes as having acquired the Units and not the Interests. As a result, the Holder would be deemed to never have held an undivided interest in the Project. Thus, the Units, and not the Interests, would be deemed to be the “replacement property” for purposes of Code Section 1031. The Units are partnership interests (as opposed to an interest in real estate) and would not qualify as “replacement property” for a Code Section 1031 exchange. Counsel believes that the “step transaction” doctrine should not be applicable to the FMV Option because there is no legal or economic compulsion requiring the FMV Option to be exercised.

Interests Held for Investments. Code Section 1031 requires that replacement property be held for productive use in a trade or business or for investment. Accordingly, property acquired for re-sale will not qualify for purposes of a Code Section 1031 exchange. The IRS could argue, based on the existence of the FMV Option, that a Holder acquired Interests for re-sale rather than for investment. If the Interests were acquired for re-sale and not for investment purposes, the Interests would not qualify for Code Section 1031 exchange treatment.

No Future Code Section 1031 Exchanges. In general, an exchange of a partnership interest for other property cannot qualify as a Code Section 1031 exchange. Accordingly, if the FMV Option were exercised, the Units that would be received by a Holder in exchange for the Holder's Interest could not thereafter be disposed of as part of a Code Section 1031 exchange.

Other Section 1031 Exchange Issues.

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

Property Qualifying Under Code Section 1031. The Trust may only sell the Project beginning 3 years following the Conversion Date, but not earlier than 2 years after the Offering Termination Date if the Trust Manager determines that it is appropriate to do so. Counsel has not rendered an opinion as to whether the Trust will hold the Project for investment or primarily for sale. In the event the Project is considered as held primarily for sale, the Project will not qualify as replacement property under Code Section 1031.

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

Opinion

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

Certain Tax Consequences Regarding Ownership of an Interest

20% QBI Deduction. The deduction for noncorporate taxpayers is generally equal to 20% of the taxpayer's domestic "qualified business income" derived from carrying on qualified businesses through partnerships, S corporations and sole proprietorships. This deduction (the "20% QBI Deduction") has the effect (subject to various limitations) of reducing the maximum Federal income tax rate on qualified business income from 37% to 29.6%. Qualified business income does not include items relating to investment activities, such as capital gains, dividends and interest income (other than interest income earned in a trade or business). The 20% QBI Deduction is subject to various limitations based on, among other things, (i) wages paid with respect to each qualified trade or business, (ii) the unadjusted basis of depreciable property used in each qualified trade or business and (iii) the taxable income of the taxpayer (determined without regard to the deduction).

Under the 20% QBI Deduction, (i) each beneficiary of a grantor trust, like the Trust, will be treated as if the beneficiary directly carried on the activities of trust, to the extent of the portion of the trust treated as owned by the beneficiary, and (ii) the deduction is only available for income that a taxpayer derives from carrying on a trade or business. The Treasury Regulations do not define what is a trade or business, but instead incorporate the standard for deducting ordinary and necessary expenses paid or incurred in carrying on a trade or business under Code Section 162. Because the application of this standard to rental real estate activities is unclear, the IRS issued a safe harbor

under which a rental real estate enterprise may be treated as a trade or business solely for purposes of the 20% QBI Deduction; however, property leased under a triple net lease is expressly not eligible for the proposed safe harbor. The activities of the Trust will be limited to leasing the Project to the Master Tenant under the Master Lease. It is not clear whether the Master Lease will be considered a triple net lease for federal income tax purposes. Although the Trust may not qualify under the safe harbor described above, it is possible that the Holders will still qualify for the 20% QBI Deduction. Holders should contact their own tax advisors regarding qualification for the 20% QBI Deduction.

Limitation on Deductibility of Business Interest. There is a limitation on the deductibility of interest incurred in carrying on a trade or business. The maximum deduction for business interest in any year is limited to the sum of (i) business interest income and (ii) 30% of adjusted taxable income. Adjusted taxable income is taxable income excluding (1) items not attributable to carrying on a trade or business, (2) business interest income and deductions, (3) the 20% deduction for qualified business income, (4) net operating losses and (5) any deduction allowable for depreciation, amortization, or depletion. Any disallowed interest may be carried forward indefinitely. Similar rules apply to certain capitalized interest.

Certain businesses are excluded from this limitation, including (i) a business having average annual gross receipts for the 3-taxable-year period below a threshold amount and (ii) a real property trade or business that irrevocably elects to be excluded. A real property trade or business is defined as “any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business.” A real property trade or business that elects to be excluded from the business interest limitation is required to depreciate its nonresidential real property, residential rental property and qualified improvement property (described above) under the alternative depreciation system of Code Section 168(g). Each Holder will be required to make a determination as to whether or not an election should be made with respect to such Holder’s ownership of an Interest.

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset “portfolio income,” i.e., interest, dividends, royalties, salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include (i) trade or business activities in which the taxpayer does not materially participate and (ii) rental activities. Thus, a Holder’s share of the Project’s income and loss will, in all likelihood, constitute income and loss from passive activities and will be subject to such limitation.

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

In the case of rental real estate activities in which an individual actively participates, up to \$25,000 of losses (and credits in a deduction-equivalent sense) from all such activities are allowed each year against portfolio income and salary and active business income of the taxpayer. Except as provided below with respect to “real estate professionals,” Holders will not, in all likelihood, be actively participating in the Project’s rental real estate activities and, therefore, will not be able to deduct any loss against their portfolio or active business income. In addition, the \$25,000 allowable loss is subject to a phase-out for any individual whose adjusted gross income is more than \$100,000. An individual whose gross adjustable income is greater than \$150,000 will not be permitted to use any of the off-set.

Certain taxpayers (“real estate professionals”) can deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (i) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates and (ii) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates. In the case of a joint return, 1 spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In

determining whether a taxpayer performs more than half of its personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer.

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

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

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

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

Income in Excess of Cash Receipts. It is possible that a Holder’s income from the Project may exceed the Holder’s cash flow from the Project and such Holder’s tax liability on that income may even exceed the cash flow. This may occur as a result of the payments of Landlord Capital Expenditures, payments of loan principal or funding of reserves or during a cash sweep event under the Loan and in the event there is little or no depreciation as a result of the investor’s adjusted tax basis in the Interest.

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

In determining the amount realized on the sale or exchange of an Interest, a Holder must include, among other things, its share of indebtedness on the Project assumed by such Holder. Therefore, it is possible that the gain realized on a Holder’s sale of an Interest may exceed the cash proceeds of the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds. If assets sold or involuntarily converted constitute Code Section 1231 assets, a Holder would combine its gain or loss attributable to the Project with any other Code Section 1231 gains or losses realized by such Holder in that year, and the resultant net Code Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be. This treatment may be altered depending on each Holder’s disposition of Code Section 1231 property over several years. In general, net Code Section 1231 gains are recaptured as ordinary income to the extent of net Code Section 1231 losses in the 5 preceding taxable years.

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

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

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

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

Deductibility of Interest. Interest will accrue and be payable on the Loan for the Project. The deduction of such interest is subject to limitations. See "Limitations on Losses and Credits from Passive Activities" and "Limitation on Deductibility of Business Interest" above.

Depreciation and Cost Recovery. Current federal income tax law permits an owner of improved real property to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of an Interest and the Holder's share of nonrecourse liabilities to which the Project is subject are in excess of the fair market value of the Interest, a Holder will not be entitled to take depreciation deductions to the extent the basis in the Interest is derived from nonrecourse liability. Each Holder will have to compute its own depreciation. Residential real estate can generally be depreciated on a straight-line method, over 27.5 years using the mid-month convention. Under the mid-month convention, property is treated as placed in service during the mid-point of the month.

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

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

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

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

Although each Holder is purchasing an Interest, it is possible the IRS may take the view that an increase in the price of an Interest over the cost to the Depositor for the Trust Estate is not to be treated as a sale of real estate, but instead as a nondeductible capitalized item.

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

Management Fees. The management fees paid to the Trust Manager should be deductible as ordinary and necessary business expenses to the extent that the fees represent ordinary and necessary expenses incurred in a trade or business and do not exceed the reasonable value of the services for which they are paid. Because the determination of whether these fees qualify as ordinary and necessary business expenses is inherently factual, there is no assurance that this determination may not be challenged by the IRS or that this determination would be upheld if challenged by the IRS. Notwithstanding the above, certain expenses, including the asset management fees, may not be deductible. Prospective Holders should consult their own tax advisors regarding the deductibility of any asset management fees paid by the Trust.

Investments by Tax-Exempt Entities - Unrelated Business Taxable Income

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

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

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

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

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

Alternative Minimum Tax

Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax. The alternative minimum tax applies to designated items of tax preference. The limitations and thresholds related to the

payment of the alternative minimum tax are subject to change on an annual basis. Holders should consult with their tax advisors regarding the alternative minimum tax thresholds to determine if it will apply to such Holder's investment in Interests. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income.

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

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax or (iii) any substantial valuation misstatement.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless or intentional disregard. Counsel for the Trust is rendering an opinion with respect to the treatment of Interests as interests in real estate for income tax purposes. However, the opinion is not intended to be used by any taxpayer to avoid penalties, and may not be relied upon by the Holders of Interests to avoid penalties. This opinion is not applicable to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder and each Holder should consult with its own independent tax advisor.

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

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

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and that the taxpayer acted in good faith.

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

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

3.8% Net Investment Income Tax

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

State and Local Taxes

In addition to the material federal income tax considerations described above, prospective Holders should consider the state tax consequences of an investment in an Interest. A Holder's share of income or loss generally will be required to be included in determining the Holder's reportable income for state and local tax purposes. The Project is located in Virginia. Each Holder that is not currently filing an income tax return in must now Virginia file an income tax return in Virginia with respect to such Holder's income or loss from the Project and pay tax on its respective state income, if any.

This Memorandum does not analyze or discuss state or local tax consequences to the Holders. Each prospective Holder should consult its own tax advisor regarding the tax consequences of the purchase of an Interest in both the state where they reside and where the Project is located.

Limitation on Deduction for State and Local Taxes. Itemized deductions of individuals for state and local taxes are subject to limitations. These limitations do not apply to property taxes that are incurred in carrying on a trade or business or an activity for the production of income.

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

Prospective Holders should note that a number of issues discussed in this Memorandum, including issues on which counsel has expressed an opinion, have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. In addition, the foregoing discussion does not provide any information regarding the tax consequences that may be applicable to non-United States investors, and any such foreign investors should consult with their own tax advisors. Prospective Holders are urged to consult their own tax counsel regarding the tax consequences of an investment in an Interest.

REPORTS

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

LITIGATION

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

LEGAL OPINION

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

ADDITIONAL INFORMATION

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

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

EXHIBIT A

PURCHASER QUESTIONNAIRE

PLEASE COMPLETE AND RETURN



PASSCO ALLURE DST PURCHASER QUESTIONNAIRE

Instructions For Purchase Of Beneficial Interest In the Passco Allure DST

Dear Investor:

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

- ☐ **Purchaser Questionnaire** (attached)
- ☐ **Purchase and Sale Agreement** (enclosed)
- ☐ **Entity Documentation** (i.e. trust document (Certificate of Trust), partnership agreements and certification of partnership, articles of incorporation and bylaws, articles of organization and operating agreement); **MUST INCLUDE DOCUMENTS AUTHORIZING SIGNING AUTHORITY.**

- ☐ **CLASS A OWNERSHIP CERTIFICATE TO BE ISSUED TO (please indicate legal title):**

- ☐ **My Equity Investment will be:** _____ **Interests in the Trust (1 Interest \$5,000)**

- ☐ **Funds to Close**

Please indicate how you will be purchasing your interest.

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

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

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

QUESTIONS

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

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

Please read carefully the Confidential Private Placement Memorandum for Class A Beneficial Interests (the “Interests”) in Passco Allure DST dated May 1, 2026, and all Exhibits and supplements thereto (the “Memorandum”) before deciding to subscribe.

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

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

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

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

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

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

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

As further consideration to induce the Trust to accept the Purchase Agreement, I hereby make the following acknowledgments, representations and warranties with the full knowledge that the Trust will expressly rely on the following in making a decision to accept or reject the Purchase Agreement:

1. **General Information.**

Name of Purchaser: _____
(The name of the Purchaser must match the relinquished property owner if this is a 1031 exchange)

Amount of Equity to be Invested: \$ _____

This represents a _____ % Interest

(Minimum Purchase Amount for an all-cash Purchaser is \$25,000)

(Minimum Purchase Amount for a Code Section 1031 Exchange Purchaser is \$100,000)

I will be paying the amount of the Purchase Price (check as applicable):

☐ Out of the 1031 Accommodator funds

☐ Directly (or as additional funds utilized in connection with a Code Section 1031 exchange)

I am conducting a 1031 tax-deferred exchange for this investment (check one): ☐ Yes ☐ No

If Yes, I closed on my relinquished property or will close on: _____

My 45 Day Deadline: _____

My 180 Day Deadline: _____

My Primary State of Residence (or if entity, state of primary business): _____

2. **Vesting Information.**

Ownership of the Interests is to be vested as follows (*please indicate by marking the appropriate box and print names **exactly** as you would like title to be vested*):

INDIVIDUALS

Name: _____

Social Security No.: _____ Date of Birth: _____

Name of Spouse or Co-investor: _____

Social Security No.: _____ Date of Birth: _____

Please check one:

☐ A Single Man / Woman ☐ A Married Man / Woman, as His / Her sole and separate property

☐ Joint Tenants (with right of survivorship) ☐ Husband and Wife, as community property

☐ Tenants in Common ☐ Other: _____

TRUST

Please check one: ☐ Grantor/Revocable ☐ Irrevocable ☐ Business Trust

Please enclose a COMPLETE copy of the trust documents, as amended to date.

Name of Trust: _____

Date of Trust: _____ Trust Tax ID Number (if applicable): _____

State of Trust Formation: _____

Individual Trustee

Trustee Name: _____

SSN: _____ Date of Birth: _____

Trustee Name: _____

SSN: _____ Date of Birth: _____

Entity Trustee

Trustee Name: _____

Trustee Signatory Name: _____

Signatory Title: _____

Entity Tax ID Number: _____ Signatory Date of Birth: _____

CORPORATION

Please enclose a **COMPLETE** copy of (i) the Articles of Incorporation, as amended to date, (ii) the Bylaws, as amended to date, (iii) a list of all shareholders of the corporation and (iv) the resolutions of the Board of Directors authorizing the purchase of the Interests and providing authority to execute documents on behalf of the corporation.

Name of Corporation: _____

Corporate Tax ID Number: _____ State of Corporate Formation: _____

Name of Signatory: _____

Title: ☐ President ☐ Vice President ☐ Secretary ☐ Other _____

Signatory Date of Birth: _____

PARTNERSHIP

Please enclose a **COMPLETE** copy of (i) the partnership agreement, as amended to date, (ii) a list of all partners (both general and limited) and (iii) the resolutions of the partnership authorizing the purchase of the Interests and providing authority to execute documents on behalf of the partnership.

Name of Partnership: _____

Partnership Tax ID Number: _____ State of Partnership Formation: _____

Individual General PartnerName: _____ Title: ☐ General Partner

Date of Birth: _____

Name: _____ Title: ☐ General Partner

Date of Birth: _____

Entity General Partner

Name of Entity: _____ Title: ☐ General Partner

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

LIMITED LIABILITY COMPANY

Please enclose a **COMPLETE** copy of (i) the operating agreement, as amended to date, (ii) the certificate of formation, as amended to date, (iii) a current and complete list of all members and managers and (iv) the resolutions of the members and/or managers authorizing the purchase of the Interests and providing authority to execute documents on behalf of the company.

Name of LLC: _____

LLC Tax ID Number: _____ State of LLC Formation: _____

Individual Manager/Member

Name: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Date of Birth: _____

Name: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Date of Birth: _____

Entity Manager/Member

Name of Entity: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Signatory Name: _____

Signatory Title: _____

Signatory Date of Birth: _____

3. **Contact Information.**

Please send all correspondence to (check one): ☐ Home Address ☐ Business/Other Address
(At least one street address (i.e. no P.O. Box) is required to send documents via overnight delivery)

Home Address:

Name: _____

Address: _____

City / State / Zip: _____

Phone: Home: (____) _____

Cell Phone: (____) _____

Email Address: _____

Business/Other Address (if applicable):

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (____) _____

Email Address: _____

Attorney's or CPA's Contact Information:

Name: _____

Firm: _____

Address: _____

City / State / Zip: _____

Phone: Business: (____) _____

Cell Phone: (____) _____

Email Address: _____

4. Distributions. See Attachment A.
5. Accredited Investor Certification and Tax Representation.

Accredited Investor Certification: I hereby represent and warrant that:

If a natural person (including most revocable grantor trusts) (check as appropriate):

- ☐ I have an individual net worth, or joint net worth with my spouse or spousal equivalent, in excess of \$1,000,000 exclusive of the value of my primary residence.

For purposes of determining net worth, exclude the value of your primary residence as well as the amount of indebtedness secured by your primary residence, up to the fair market value. Any amount in excess of the fair market value of your primary residence must be included as a liability. In the event the indebtedness on your primary residence was increased in the 60 days preceding the completion of this Purchaser Questionnaire, the amount of the increase must be included as a liability in the net worth calculation. For purposes of determining the joint "net worth" of natural persons, joint net worth can be the aggregate net worth of the Purchaser and spouse or spousal equivalent; assets need not be held jointly to be included in the calculation. Reliance on the joint net worth standard described herein does not require that the securities be purchased jointly. For purposes of this definition, "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

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

For purposes of determining the above, as of the date of the Memorandum, the SEC has posted the following qualifying professional certifications: holders in good standing of FINRA Series 7, Series 65, and Series 82 licenses.

If other than a natural person (check as appropriate):

- ☐ A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), 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.
- ☐ A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring an Interest and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in an Interest.
- ☐ A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

- ☐ An investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”) or a business development company as defined in section 2(a)(48) of the Investment Company Act.
- ☐ An investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”) or registered pursuant to the laws of a state.
- ☐ An investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act.
- ☐ An insurance company as defined in section 2(a)(13) of the Securities Act of 1933, as amended (the “Securities Act”).
- ☐ A Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958.
- ☐ A private business development company as defined in section 202(a)(22) of the Investment Advisers Act.
- ☐ 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.
- ☐ A Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act.
- ☐ An entity that is not listed in Rule 501(a)(1), (2), (3), (7) or (8) of the Securities Act not formed for the specific purpose of acquiring an Interest, owning Investments (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of \$5,000,000.
- ☐ A “family office” as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of \$5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- ☐ A “family client” as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements under the “family office” above and whose prospective investment in the issuer is directed by such family office as required pursuant to clause (c) in such definition.
- ☐ An entity in which all of the equity owners are Accredited Investors.
- ☐ A grantor revocable trust where the grantors meet the qualifications under “If a natural person” above.

Tax Representation: I have read the entire Memorandum, including the portion relating to federal income tax consequences, and I acknowledge that I (i) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related “1031 exchange” rules, are complex and vary with the facts and circumstances of each individual Purchaser, (ii) understand and am aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) have read the

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

Pennsylvania Resident Representation: By signing below, I acknowledge and understand (i) that I am prohibited from selling the Interests for a period of 12 months after the date of purchase, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, (ii) that the Interests have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom, and (iii) that no subsequent resale or other disposition of the Interests may be made within 12 months following their initial sale in the absence of an effective registration, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, and thereafter only pursuant to an effective registration or exemption.

Escrow Representation: I acknowledge that the Escrow Bank is acting solely as a depository in connection with the Offering of the Interests and makes no recommendation or endorsement with respect to such Offering, and the Escrow Bank has made no investigation regarding the Offering, the Trust or its affiliates, the Project or any other person or entity related thereto.

6. **1031 Exchange Qualified Intermediary/Accommodator Information and Authorization.**

I/we, the undersigned, hereby provide the following information pertaining to my/our Qualified Intermediary/Accommodator for this acquisition. I/we request and authorize my/our Qualified Intermediary/Accommodator to furnish the Trust any information requested regarding my/our 1031 exchange.

The following Qualified Intermediary/Accommodator is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (_____)_____

Cell Phone: (_____)_____

Email Address: _____

Is escrow closed (check one)? ☐ Yes ☐ No

7. **Release of Information to Registered Representative and Broker-Dealer.**

Approval of Release:

By signing below, I/we hereby authorize the Trust and its affiliates, as well as any master tenant, property manager or asset manager, to release the following information and related documentation to the registered representative named below and such registered representative's broker-dealer:

- ☐ Ongoing information related to the operation and performance of any assets held by the Trust.
- ☐ Tax reporting information related to my/our Interests.

The Trust and its affiliates, as well as any master tenant, property manager or asset manager, shall be authorized to release such information and documentation throughout the holding period of the Interests, which shall include the release of information regarding the eventual sale of my/our Interests.

Disapproval of Release:

If I/we have not checked any of the boxes above, the Trust, its affiliates, and any master tenant, property manager or asset manager, shall not be authorized to release any ongoing information to the registered representative named below or such registered representative's broker-dealer. I/we acknowledge that my/our registered representative and/or broker-dealer will receive all information regarding my/our initial purchase of the Interests.

Please note that you may revoke your authorization to release information to the registered representative by providing written notice of such revocation to the Trust.

Notwithstanding anything to the contrary contained herein, I/we acknowledge that all information regarding initial purchase of the Interests will be provided to my/our registered representative.

NOTE: Even if you elect to release financial information regarding your investment to your registered representative and broker-dealer, in no event will the names and contact information for other Holders be shared with any other Holder or with any registered representative or broker-dealer.

The undersigned hereby certifies that all of the information, representations, warranties and certifications set forth herein are true and correct in all respects.

Executed this ____ day of _____, 20__

If a Natural Person or Grantor Trust:

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second Purchaser): _____

Name (Print): _____

If other than a Natural Person (i.e. LLC, Partnership, Corporation):

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

8. **Broker-Dealer Representations and Warranties.**

Purchaser suitability requirements have been established by the Trust and are disclosed in the Memorandum under “Who May Invest” and in the Purchase Agreement. Before recommending the purchase of an Interest, we have reasonable grounds to believe, on the basis of information supplied by the Purchaser concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that (i) the Purchaser is an Accredited Investor as defined in Section 501(a) of Regulation D, (ii) the Purchaser meets the purchaser suitability requirements set forth in the Memorandum and the Purchase Agreement, (iii) the Purchaser has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity, (iv) the Interests are otherwise a suitable purchase for the Purchaser and (v) we have a pre-existing relationship with the Purchaser which was not established through any form of general solicitation or, if the pre-existing relationship was established through general solicitation, such pre-existing relationship complies with Rule 506(b) of Regulation D and was established prior to the contemplation of the Offering as set forth in FINRA Notice to Members 05-18. We will maintain in our files documents disclosing the basis upon which the suitability of this Purchaser was determined as well as documents establishing a pre-existing relationship with the Purchaser.

Name of Purchaser			
Broker/Dealer Firm Name			
Registered Representative			
Representative CRD Number			
Branch Office Address			
City/State		Zip Code	
Branch Telephone No.			
E-Mail Address			

We verify that the above subscription either does not involve a discretionary account or, if so, that the Purchaser's prior written approval was obtained relating to the limited liquidity and marketability of the Interests during the term of the purchase.

We hereby certify that the Registered Representative is not or has not been subject to any disqualified or disclosure events as set forth in Rule 506(d) and Rule 506(e) of Regulation D.

We affirm the Broker-Dealer and Registered Representative are properly licensed in the state of residence of the Purchaser.

Except as otherwise stated, the representations and warranties made herein are made as of the date hereof and shall be continuing representations and warranties. In the event that the Registered Representative or Broker-Dealer becomes aware that any of these representations or warranties becomes untrue or is incorrect, it shall promptly notify the Trust in writing of the fact which makes such representation or warranty untrue or incorrect.

Signature of Registered Representative

Date

Printed Name Registered Representative

Signature of Registered Supervisory Principal

Date

Printed Name of Registered Supervisory Principal

9. **Registered Investment Advisor Representations and Warranties**

Purchaser suitability requirements have been established by the Trust and are disclosed in the Memorandum under “Who May Invest” and in the Purchase Agreement. Before recommending the purchase of an Interest, we have reasonable grounds to believe, on the basis of information supplied by the Purchaser concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that (i) the Purchaser is an Accredited Investor as defined in Section 501(a) of Regulation D, (ii) the Purchaser meets the purchaser suitability requirements set forth in the Memorandum and the Purchase Agreement, (iii) the Purchaser has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity, (iv) the Interests are otherwise a suitable purchase for the Purchaser; and (v) we have a pre-existing relationship with the Purchaser which was not established through any form of general solicitation or, if the pre-existing relationship was established through general solicitation, such pre-existing relationship complies with Rule 506(b) of Regulation D and was established prior to the contemplation of the Offering as set forth in FINRA Notice to Members 05-18. We will maintain in our files documents disclosing the basis upon which the suitability of this Purchaser was determined as well as documents establishing a pre-existing relationship with the Purchaser.

Name of Purchaser			
Investment Advisor			
Advisor CRD Number			
Firm Name			
Office Address			
City/State		Zip Code	
Telephone No.			
E-Mail Address			

I acknowledge and agree that no compensation will be paid in respect of the subscription of Interests by the Trust or any person acting on its behalf.

☐ Discretionary Account Authority. If this Purchaser Questionnaire is being executed by a Registered Investment Advisor, please check the box and such Registered Investment Advisor must provide documentation evidencing the discretionary authority to execute this Purchaser Questionnaire.

Signature of Investment Advisor

Date

Printed Name of Investment Advisor

10. **Consent of Spouse**

(For individual Purchasers in community property states; namely, Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.)

I, _____, spouse of _____
have read and approved the foregoing Purchaser Questionnaire. I hereby appoint my spouse as my attorney-in-fact with respect to the exercise of any rights related to a purchase of a Class A Beneficial Interest in Passco Allure DST and agree to be bound by the provisions of the Purchase Agreement, Trust Agreement, and any other document related to the purchase of such Interest (collectively, the "Purchase Documents") insofar as I may have any rights in said Purchase Documents or any property subject thereto under the community property laws of the State of _____ or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of this Purchaser Questionnaire or the Purchase Documents.

Dated: _____, 20____ SIGNATURE: _____

**Request for Taxpayer
Identification Number and Certification**

Go to www.irs.gov/FormW9 for instructions and the latest information.

**Give form to the
requester. Do not
send to the IRS.**

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. ☐ Individual/sole proprietor ☐ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate ☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. ☐ Other (see instructions) _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ <i>(Applies to accounts maintained outside the United States.)</i>
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions ☐	
	5 Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)
6 City, state, and ZIP code		
7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number										
				-				-		
or										
Employer identification number										
				-						

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person	Date

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

CONSENT TO ELECTRONIC SIGNATURES AND/OR DELIVERY

Instead of (i) receiving paper copies of the Memorandum, this Agreement and any other exhibits, amendments and supplements thereto (collectively, the "Offering Documents"), as well as any annual reports and other investor communications and reports (collectively, "Investor Communications"), and (ii) providing wet signatures to the documents required for you to acquire Interests in the Trust as set forth in the Offering Documents, you may elect to receive electronic delivery of such materials and to provide your signatures electronically. If you would like to consent to electronic delivery of the Offering Documents and Investor Communications and/or the use of electronic signatures for the Offering Documents, please check the applicable box(es) below and sign where indicated.

By consenting to electronic delivery and/or electronic signatures, you will be responsible for your customary internet service provider charges and may be required to download software in connection with access to Offering Documents and Investor Communications and providing electronic signatures.

By consenting below to electronic delivery you (i) authorize the Trust and/or its agent to deliver the Offering Documents and Investor Communications directly to you electronically, including via email or the Trust's website and (ii) understand and agree that the Offering Documents and Investor Communications are confidential and you cannot send or discuss their contents with any other persons (other than your legal, tax or financial advisors in seeking advice on whether to make the investment). Your consent to electronic delivery will be of an unlimited duration and you will not receive paper copies of these electronic materials unless (a) specifically requested by you, (b) you inform the Trust that you revoke your consent to electronic delivery, (c) the delivery of electronic materials is prohibited or (d) the Company, in its sole discretion, elects to send paper copies of materials.

By consenting to use of electronic signatures, you understand and agree that (i) your electronic signature will constitute an "electronic signature" as defined in the Electronic Signatures in Global and National Commerce Act of 2000 and is the electronic representation of your signature for all purposes when executing documents, including legally binding contracts, just the same as a pen and paper signature or initial, (ii) no certification or other third party verification is necessary to validate your electronic signature and that the lack of such certification or third party verification will not in any way affect the enforceability of your signature and (iii) your electronic signature executed in conjunction with the electronic submission of this Agreement and any other Offering Documents shall be legally binding and such transaction shall be considered authorized by you and you consent to be legally bound by their terms and conditions.

You understand that you are not required to consent to electronic delivery and/or electronic signatures, and you may withdraw your consent at any time. You may request a paper copy of these electronic materials, update your email address and/or withdraw your consent to electronic delivery and/or signatures by written notice to the Trust at 2050 Main Street, Suite 650, Irvine, California 92614.

I consent to electronic delivery ☐

I consent to the use of electronic signatures ☐

Email Address: _____
(If blank, the email provided Contact Information of the Purchaser Questionnaire will be used.)

Date: _____

Signature

Print Name

Wire Instructions:

UMB Bank, N.A.
928 Grand Blvd
Kansas City, MO 64106

Wiring MUST Include ALL Info Below:
If not properly identified, wires may be rejected:

Bank Name: UMB Bank NA
ABA Routing No: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Ref/OBI/BBI: Passco Allure DST Esc 169350 Attn Lara Stevens
FBO: [Investor Name]

Additional Funds via Check Payable to:

UMB, as Escrow Bank for Passco Allure DST

Mailed Directly to:

Passco Companies, LLC
Attention: Chant Wynne
2050 Main Street, Suite 650
Irvine, CA 92614

**Please note should you need to use beneficiary address,
please use the address below:**

2050 Main Street, Suite 650
Irvine, CA 92614



DISTRIBUTION INSTRUCTION FORM

NAME OF INVESTMENT(S): PASSCO ALLURE DST

PLEASE NOTE: Investor Services must be in receipt of this form 20 days prior to declaration of the distribution.
This authorization will supersede any previous distribution instructions.

DISTRIBUTIONS

Direct Deposit. My distributions should be directly deposited into my bank account (attach voided check and please also complete financial institution information below).

Check Mailed to Financial Institution. My distributions should be sent to my financial institution listed below (complete financial institution information below).

Check Mailed to Investor. My distributions should be sent to the person or entity/address set forth in paragraph (3), pg. 6.

INVESTOR ACCOUNT INFORMATION:

Investor Name(s): _____

Phone Number: _____ E-mail: _____

DISTRIBUTION INSTRUCTIONS:

Name of Financial Institution: _____

Address: _____

City: _____ State: _____ Zip: _____

SELECT ONE: ☐ Checking Account ☐ Savings Account

ROUTING/ABA NUMBER:

Fill in the 9-digit routing number in the spaces provided below.

**ACCOUNT
NUMBER:** _____

Name	1002
Address	
City, State Zip	
Pay to the order of: _____	
\$ _____	Dollars
Bank Name	
Bank Address	
123 456 789	000123456789 1002
9 Digit Routing/ABA #	Account Number

Passco Companies, LLC or its agent (collectively "Passco Companies, LLC") is authorized to deposit my (our) distribution into the account specified on this form. The authority will remain in force until I (we) have given written notice that I (we) have terminated it, or until Passco Companies, LLC has notified me (us) that this deposit service has been terminated. In the event that Passco Companies, LLC deposits fund erroneously into my (our) account, they are authorized to debit my (our) account for an amount not to exceed the amount of the erroneous deposit.

Client Signature: _____ Date: _____

Client Signature: _____ Date: _____

RETURN FORM TO:

Passco Companies, LLC, Investor Services Department, 2050 Main Street, Suite 650, Irvine, CA 92614
Phone: (949) 442-1000 • Fax: (949) 263-7910 • investorservices@passco.com

EXHIBIT B

PURCHASE AGREEMENT



PASSCO ALLURE DST PURCHASE AGREEMENT

This Purchase Agreement (this “Agreement”) is made and effective as of the date the Seller executes this Agreement (the “Effective Date”) by and between Passco Allure 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 7.

RECITALS

A. The Seller owns that certain real property as set forth on Exhibit A attached hereto and incorporated herein and the improvements situated thereon (the “Project”).

B. The Project is subject to the Loan Documents and to the Lease.

C. The Seller desires to sell and the Buyer desires to buy Class A Beneficial Interests in the Seller (each Class A Beneficial Interest representing 0.0085360% of the outstanding beneficial interests, an “Interest”) on the terms and conditions set forth in this Agreement. This sale is made pursuant to the Memorandum.

D. The Buyer understands that the Purchase Price (as defined below) received by the Seller will be applied towards the redemption of the Class B beneficial interests in the Seller owned by the Depositor.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Agreement of Purchase and Sale.

1.1 **Purchase, Sale and Purchase Price.** In consideration of the covenants herein contained, the Seller hereby agrees to sell, and the Buyer hereby agrees to purchase, _____ Interest(s) (the “Buyer’s Interest”), at a purchase price of \$ _____ (the “Purchase Price”). One Interest is being sold at \$5,000 of equity for each Interest, which represents a 0.0085360% beneficial interest in the Seller. Each beneficial interest in the Seller also includes an allocation of \$4,127.16 in debt.

1.2 **Payment.** The Buyer shall pay the Purchase Price as follows:

1.2.1 If the Buyer’s subscription is accepted by the Seller, the Buyer shall deposit Cash with the Escrow Bank on or before 5 Business Days before the Closing Date (the first day of such 5-day

period being referred to as the “Funding Date”) in an amount equal to the Purchase Price. The Seller shall provide the Buyer written notice of the Funding Date at least 2 Business Days prior to the Funding Date. In the event the Buyer fails to deposit the Purchase Price in accordance with this Section 1.2.1, the Seller shall have the right to terminate this Agreement.

1.2.2 Concurrently with the execution and delivery of this Agreement, the Buyer shall execute, acknowledge (where appropriate) and deposit with the Seller (i) the Purchaser Questionnaire, (ii) the signature page for the Trust Agreement in the form attached to the Trust Agreement (and which is attached hereto as Exhibit B) and (iii) such other documents as may be required by the Seller or the Lender.

2. Closing.

2.1 Closing Conditions.

2.1.1 This Agreement and the obligations of the parties hereunder are subject to satisfaction or waiver (by the party in whose favor the condition precedent has been established) of all the conditions precedent set forth below. If any of the following conditions precedent are neither satisfied nor waived by the Closing Date, then the Seller may terminate this Agreement in accordance with Section 2.3.

2.1.2 The Manager and, if required by the Lender, the Lender shall have approved the Buyer’s entering into the Trust Agreement with respect to the purchase of the Buyer’s Interest.

2.2 Closing. The closing shall occur on the Closing Date.

2.3 Failure to Close without Default. If the Purchase Price as required under Section 1.2.1 is not received by the Seller by 5:00 p.m. Eastern Standard Time on the Funding Date for any reason other than the default of either the Buyer or the Seller under this Agreement, either the Buyer or the Manager, on behalf of the Seller, may terminate this Agreement by written notice to the other party. If this Agreement is so terminated, (i) the Escrow Bank shall return the Buyer’s deposit directly to the Buyer, and (ii) the Buyer and the Seller shall be released from their obligations under this Agreement, other than any obligations of the Buyer that survive the termination of this Agreement.

2.4 Seller’s Deliveries After Closing. The Seller shall deliver to the Buyer, within a reasonable time after the Closing Date, a confirmation statement reflecting the Buyer’s purchase of the Buyer’s Interest, which shall serve as evidence of the Buyer’s ownership interest in the Seller.

3. Distribution of Funds and Documents.

3.1 Deposit of Funds. After execution of this Agreement by the Buyer, all Cash, if any, received hereunder by the Escrow Bank, shall be kept on deposit by the Escrow Bank until the Seller instructs otherwise in accordance with Section 3.2.

3.2 Disbursements. The Escrow Bank, at the instruction of the Seller, on or before the Closing Date will hold for personal pickup, or if requested, wire transfer to an account designated by the party receiving such funds, (i) to the Seller, or order, the Purchase Price and (ii) to the Buyer, or order, any excess funds theretofore delivered to the Escrow Bank by the Buyer. All other disbursements by the Escrow Bank shall be made by checks of the Escrow Bank.

3.3 Documents. The Seller will, at the Closing Date, deliver by United States mail (or will hold for personal pickup, if requested) each document received hereunder by the Seller to the payee or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

4. Buyer Representations and Warranties.

4.1 PURCHASE AS-IS. AS FURTHER PROVIDED IN THE MEMORANDUM, THE BUYER REPRESENTS AND WARRANTS THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTIONS, INVESTIGATIONS AND ANALYSES OF THE PROJECT IN ENTERING INTO THIS AGREEMENT AND THE BUYER IS NOT RELYING IN ANY WAY UPON ANY REPRESENTATIONS, STATEMENTS, AGREEMENTS, WARRANTIES, STUDIES, REPORTS, DESCRIPTIONS, GUIDELINES OR OTHER INFORMATION OR MATERIAL FURNISHED BY THE SELLER, THE DEPOSITOR OR THE MANAGER OR ANY OF THEIR REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER REGARDING ANY SUCH MATTERS AND IS PURCHASING THE BUYER'S INTEREST IN AN "AS-IS," "WHERE-IS" CONDITION. THE BUYER IS A SOPHISTICATED, EXPERIENCED INVESTOR AND WILL RELY ENTIRELY ON ITS OWN REVIEW OF THE SELLER AND THE PROJECT. THE BUYER ACKNOWLEDGES THAT, PRIOR TO THE DATE OF THIS AGREEMENT, THE BUYER HAS HAD THE OPPORTUNITY TO CONDUCT ANY AND ALL PHYSICAL INSPECTIONS OF THE PROJECT AS THE BUYER DEEMS NECESSARY, TO REVIEW AND APPROVE EACH OF THE TRANSACTION DOCUMENTS, AND TO REVIEW AND APPROVE ANY OTHER INFORMATION THE BUYER HAS REQUESTED. THE BUYER ACKNOWLEDGES THAT THE SELLER ONLY RECENTLY ACQUIRED THE PROJECT AND THE SELLER AND THE MANAGER HAVE LIMITED KNOWLEDGE REGARDING THE CONDITION OF THE PROJECT.

4.2 FEDERAL INCOME TAX CONSEQUENCES.

4.2.1 AS FURTHER PROVIDED IN THE MEMORANDUM, THE BUYER REPRESENTS AND WARRANTS THAT (i) THE BUYER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN AN INTEREST, ESPECIALLY THE TREATMENT OF THE TRANSACTION UNDER CODE SECTION 1031 AND THE RELATED "1031 EXCHANGE" RULES, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER, (ii) THE BUYER UNDERSTANDS AND IS AWARE THAT THERE ARE SUBSTANTIAL UNCERTAINTIES REGARDING THE TREATMENT OF AN INTEREST AS REAL ESTATE FOR INCOME TAX PURPOSES, (iii) THE BUYER HAS READ THE ENTIRE MEMORANDUM AND FULLY UNDERSTANDS THAT THERE IS A SIGNIFICANT RISK THAT AN INTEREST WILL NOT BE TREATED AS REAL ESTATE FOR INCOME TAX PURPOSES, (iv) THE BUYER HAS INDEPENDENTLY OBTAINED ADVICE FROM ITS LEGAL COUNSEL AND/OR ACCOUNTANT REGARDING ANY TAX-DEFERRED EXCHANGE UNDER CODE SECTION 1031, INCLUDING, WITHOUT LIMITATION, WHETHER THE ACQUISITION OF AN INTEREST MAY QUALIFY AS PART OF A TAX-DEFERRED EXCHANGE, (v) THE BUYER UNDERSTANDS THAT THE SELLER WILL NOT OBTAIN A RULING FROM THE IRS THAT AN INTEREST WILL BE TREATED AS AN UNDIVIDED INTEREST IN REAL ESTATE FOR FEDERAL INCOME TAX PURPOSES AND (vi) THE BUYER UNDERSTANDS THAT THE OPINION OF COUNSEL ISSUED TO THE SELLER (THE "TAX OPINION") IS ONLY COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THAT THERE IS NO GUARANTY THAT THE IRS WILL AGREE WITH SUCH OPINION.

4.2.2 THE BUYER ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT THE BUYER AND ANY OTHER PERSON WHO HAS ACQUIRED AN INTEREST IN THE

SELLER BRINGS ANY CLAIM OR CAUSE OF ACTION AGAINST DLA PIPER LLP (US) WITH RESPECT TO THE MATTERS SET FORTH IN THE TAX OPINION OR OTHERWISE RELATING TO THE OFFERING, THAT DLA PIPER LLP (US) SHALL HAVE THE RIGHT, AT ITS ELECTION, TO CONSOLIDATE SUCH CLAIMS AND/OR CAUSES OF ACTION INTO ONE CLAIM OR CAUSE OF ACTION AND IN SUCH EVENT DLA PIPER LLP (US) SHALL NOT BE OBLIGATED TO SEPARATELY LITIGATE ANY SUCH CLAIMS OR CAUSES OF ACTION WITH THE HOLDERS OF THE INTERESTS IN THE SELLER. THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE BUYER IS RESPONSIBLE FOR ITS INDIVIDUAL TAX CIRCUMSTANCES AND ONLY THE OPINION SET FORTH IN THE TAX OPINION MAY BE RELIED UPON BY THE BUYER.

4.3 Commissions. The parties mutually warrant and covenant that, other than commissions and fees described in the Memorandum, to be paid by the Depositor in accordance with a separate agreement, no brokerage commissions, finder's fees or similar commissions or fees shall be due or payable on account of this transaction. Each party shall indemnify, protect, defend (with legal counsel acceptable to the other) and hold the other harmless from the claims for such commission or finder's fees or similar commissions or fees arising out of the actions of the indemnifying party, including, without limitation, attorneys' fees incurred in connection therewith or to enforce this indemnity, which indemnities shall survive the Closing Date (or if none the purchase of the Interest).

4.4 Additional Buyer Representations and Warranties. The Buyer hereby represents and warrants to the Seller that all representations and warranties contained in the Purchaser Questionnaire and all of the following representations and warranties contained in this Section 4.4, are true and correct as of the date of this Agreement and as of the Closing Date.

4.4.1 That (i) to the extent applicable, the execution, delivery and performance of this Agreement and the Trust Agreement (a) have been duly authorized by the Buyer, (b) do not require the Buyer to obtain any consent or approval that have not been obtained and (c) do not contravene or result in a default under (1) any provision of any law or regulation applicable to the Buyer, (2) the governing documents of the Buyer or (3) any agreement or instrument to which the Buyer is a party or by which the Buyer is bound and (ii) this Agreement and the Trust Agreement are valid, binding and enforceable against the Buyer in accordance with their terms.

4.4.2 The Buyer acknowledges that it has received, read and fully understands the Memorandum and all attachments and exhibits thereto. The Buyer acknowledges that it is basing its decision to invest in the Buyer's Interest on the Memorandum and any exhibits and attachments thereto and the Buyer has relied only on the information contained in said materials and has not relied upon any representations made by any other person. The Buyer recognizes that an investment in the Buyer's Interest is speculative and involves substantial risk and the Buyer is fully cognizant of and understands all of the risks related to the purchase of the Buyer's Interest, including, but not limited to, those risks set forth in the section of the Memorandum entitled "Risk Factors."

4.4.3 The Buyer's overall commitment to investments that are not readily marketable is not disproportionate to its individual net worth, and its investment in the Buyer's Interest will not cause such overall commitment to become excessive. The Buyer has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. The Buyer can bear and is willing to accept the economic risk of losing its entire investment in the Buyer's Interest.

4.4.4 All information that the Buyer has provided to the Seller concerning the Buyer's suitability to invest in the Buyer's Interest is complete, accurate and correct as of the date of its signature

on the last page of this Agreement. The Buyer hereby agrees to notify the Seller immediately of any material change in any such information occurring prior to the Closing Date, including any information about changes concerning its net worth and financial position.

4.4.5 The Buyer has had the opportunity to ask questions of, and receive answers from, the Seller and its officers, directors, members and employees concerning the Project and the terms and conditions of the offering of the Buyer's Interest, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. The Buyer has been provided with all materials and information requested by either the Buyer or others representing the Buyer, including any information requested to verify any information furnished to the Buyer.

4.4.6 The Buyer is purchasing the Buyer's Interest for the Buyer's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Buyer's Interest. The Buyer understands that, due to the restrictions referred to in Section 4.4.9, and the lack of any market existing or to exist for the Buyer's Interest, the Buyer's investment in the Buyer's Interest will be highly illiquid and may have to be held indefinitely.

4.4.7 The Buyer understands that the Interests are subject to restrictions on distribution, transfer, resale, assignment or subdivision of the Buyer's Interest imposed by applicable federal and state securities laws. The Buyer is fully aware that the Buyer's Interest has not been registered with the Securities and Exchange Commission in reliance on the exemption specified in Regulation D which reliance is based in part upon the Buyer's representations set forth herein. The Buyer understands that the Buyer's Interest has not been registered under applicable state securities laws and is being offered and sold pursuant to the exemptions specified in said laws, and unless it is registered, it may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. The Buyer further understands that the specific approval of such resales by the state securities administrator may be required in some states.

4.4.8 The Buyer understands that none of the Seller, the Depositor or the Manager, or their respective officers, directors, employees, members or affiliates, nor any of their respective legal counsel or advisors, represents the Buyer in any way in connection with the purchase of the Buyer's Interest and the entering into any of the related agreements associated with the purchase, including, but not limited to, this Agreement and the Trust Agreement. The Buyer also understands that legal counsel to the Seller, the Depositor, the Manager and their affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, the Buyer. The Buyer has been afforded the opportunity to retain the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Seller, the Depositor or the Manager both to the Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on the Buyer's behalf.

4.4.9 THE BUYER'S INTEREST OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CERTAIN STATES AND IS BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE BUYER'S INTEREST IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE BUYER'S INTEREST HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES

PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

4.4.10 The Buyer is an “accredited investor” as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

4.4.11 The Buyer is not and shall not be (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury (“OFAC”) pursuant to Executive Order No. 133224, 66 Fed. Reg. 49079 (September 25, 2001) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable enabling legislation or other Executive Orders in respect thereof (such lists are collectively referred to as “Lists”), (ii) owned or controlled by, nor act for or on behalf of, any person or entity on the Lists or (iii) transfer or permit the transfer of any of the Buyer’s Interest to any person who is or whose beneficial owners are listed on the Lists.

4.4.12 The Buyer (i) has such knowledge and experience in financial and business matters that the Buyer is personally capable of evaluating the Project and the merits and risks of an investment in the Buyer’s Interest and the Project and has the ability to protect its own interests in connection with such investment, and the Buyer has not relied on an investment advisor in evaluating such risks and merits or (ii) has employed the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Seller or the Manager both to the Buyer and all other prospective investors and to evaluate the merits and risks of such an investment on the Buyer’s behalf.

4.4.13 Within 5 days after receipt of a written request from the Seller, the undersigned agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which the Seller is subject.

4.4.14 The Buyer acknowledges that the sale of the Buyer’s Interest has not been accompanied by the publication of any advertisement or by any general solicitation as prohibited by Rule 506(b) of Regulation D.

4.4.15 The Buyer is not (i) directly or indirectly affiliated in any way with Maxus, (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus. In the event the Seller determines that the Buyer is in breach of this Section 4.4.15, the Buyer acknowledges that the Seller will have the right to repurchase all Interests held by the Buyer at a price equal to the Purchase Price, less any distributions received by the Buyer and any costs incurred by the Seller in connection with repurchase of the Interests. Any sale, transfer or assignment by the Buyer to Maxus, whether directly or indirectly, shall be null and void.

4.5 Survival. The representations and warranties of the Buyer set forth herein above shall survive the Closing Date or termination of this Agreement.

4.6 Indemnification. The Buyer hereby agrees to indemnify, defend and hold harmless the Seller, the Depositor, the Manager and all of their shareholders, officers, directors, affiliates, members and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys’ fees) that they may incur by reason of the Buyer’s failure to fulfill all of the terms and conditions of this Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Buyer has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any

damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Seller, the Depositor or the Manager, or any of their shareholders, officers, directors, members, affiliates or advisors, defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Buyer has furnished to any of the foregoing in connection with this transaction.

5. Seller's Representations and Warranties.

5.1 Status. The Seller is a validly formed and existing statutory trust under the laws of the State of Delaware.

5.2 Issuance. When issued, authenticated and delivered by the Seller and paid for by the Buyer pursuant to the provisions of this Agreement and of the Trust Agreement, the Buyer's Interest will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

6. General Provisions.

6.1 Interpretation. The use herein of (i) the neuter gender includes the masculine and the feminine, (ii) the singular number includes the plural, whenever the context so requires and (iii) the words "I" and "me" include "we" and "us" if the Buyer is more than one person. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms hereof. All exhibits referred to herein and attached hereto are incorporated by reference. This Agreement together with the other Transaction Documents contain the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

6.2 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

6.3 Cooperation. The Buyer and the Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein to complete the acquisition of the Buyer's Interest as provided herein. The Buyer and the Seller agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the parties' intent evidenced in this Agreement.

6.4 Assignment of Agreement. The Buyer shall not assign its rights under this Agreement without first obtaining the Seller's written consent, which consent may be withheld in the Seller's sole and absolute discretion. No such assignment shall operate to release the assignor from the obligation to perform all obligations of the Buyer hereunder.

6.5 Notices. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be addressed as follows:

If to the Seller:

Passco Allure DST
c/o Passco Allure Manager, LLC
2050 Main Street, Suite 650
Irvine, California 92614

If to the Buyer, to the Buyer's Address.

Either party may change such address by written notice to the other party. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be deemed to have been duly given and received (i) upon personal delivery, (ii) as of the third Business Day after mailing by United States mail, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding Business Day after deposit with Federal Express or other similar overnight delivery system.

6.6 Eminent Domain. If, prior to the Closing Date, (i) all of the Project is taken or appropriated by any public or quasi-public authority under the power of eminent domain, (ii) there is a partial taking of the Project that materially and adversely affects the ability to operate the Project or (iii) the Seller, the Depositor or the Manager receives actual notice of any pending or threatened condemnation proceedings that will materially and adversely affect the ability to operate the Project, then the Buyer may terminate this Agreement without further liability hereunder and the parties shall proceed in accordance with Section 2.3.

6.7 Loss or Damage. The Buyer shall have the right to terminate this Agreement in the event of any loss or damage to the Project, without further liability hereunder, and the parties shall proceed in accordance with Section 2.3.

6.8 Periods of Time. All time periods referred to in this Agreement include all Saturdays, Sundays and state or United States holidays, unless Business Days are specified, provided that if the date or last date to perform any act or give any notice with respect to this Agreement falls on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding Business Day.

6.9 Counterparts. This Agreement may be executed in counterparts, all of which when taken together shall be deemed fully executed originals.

6.10 Attorneys' Fees. Except with respect to Section 6.19, if either party commences litigation for the judicial interpretation, enforcement, termination, cancellation or rescission hereof, or for damages for the breach hereof against the other party, then, in addition to any or all other relief awarded in such litigation, the prevailing party therein shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The prevailing party shall be determined by either the officiating judge in the matter or by the presiding judge of the Orange County, California Superior Court.

6.11 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

6.12 Choice of Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without regard to conflict of laws principles that would result in the application of any other law, except as otherwise provided herein or as to the type of registration of

ownership of the Buyer's Interest, which shall be construed in accordance with the state of principal residence of the Buyer.

6.13 Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Orange County, California.

6.14 Time. Time is of the essence to this Agreement.

6.15 Third Party Beneficiaries. The Buyer and the Seller do not intend to benefit any party that is not a party to this Agreement other than the Depositor and the Manager, each of whom shall be a third-party beneficiary of this Agreement with respect to Section 4, and, except as so provided, no party that is not a party to this Agreement shall be deemed to be a third party beneficiary of this Agreement or any provision hereof.

6.16 Severability. If any term, covenant, condition, provision or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Agreement.

6.17 Election to Effect a Code Section 1031 Exchange. In the event the Buyer so elects, the Seller agrees to accommodate the Buyer in effecting a tax-deferred exchange under Code Section 1031, as amended. The Buyer shall have the right to elect a tax-deferred exchange at any time prior to the Closing Date. If the Buyer elects to effect a tax-deferred exchange, the Seller agrees to execute revised or additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that the Seller shall incur no additional costs, expenses, fees or liabilities, nor shall the closing be delayed, as a result of the exchange. The Buyer may assign this Agreement to an accommodator in order to effect such exchange and thereafter, such assignee will perform the Buyer's obligations under this Agreement.

6.18 Binding Agreement. Subject to any limitation on assignment set forth herein, all terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

6.19 ARBITRATION OF DISPUTES.

6.19.1 ALL CLAIMS SUBJECT TO ARBITRATION. ANY DISPUTE, CONTROVERSY OR OTHER CLAIM ARISING UNDER, OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY AMENDMENT THEREOF, OR THE BREACH OR INTERPRETATION HEREOF OR THEREOF, SHALL BE DETERMINED AND SETTLED BY BINDING ARBITRATION IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, IN ACCORDANCE WITH TITLE 9 OF THE CALIFORNIA CIVIL CODE AND THE CODE OF CIVIL PROCEDURE, INCLUDING SPECIFICALLY CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 1283.05 AND 1283.1, AND THE RULES AND PROCEDURES OF THE AMERICAN ARBITRATION ASSOCIATION. THE PREVAILING PARTY SHALL BE ENTITLED TO AN AWARD OF ITS REASONABLE COSTS AND EXPENSES INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES. ANY AWARD RENDERED THEREIN SHALL BE FINAL AND BINDING ON EACH AND ALL OF THE PARTIES THERETO AND THEIR PERSONAL REPRESENTATIVES, AND JUDGMENT MAY BE ENTERED THEREON IN ANY COURT OF COMPETENT JURISDICTION.

6.19.2 WAIVER OF LEGAL RIGHTS. BY INITIALING IN THE SPACE BELOW, THE PARTIES ACKNOWLEDGE AND AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS ARTICLE DECIDED BY NEUTRAL ARBITRATION AS PROVIDED UNDER CALIFORNIA LAW AND THAT THEY ARE KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVING ANY RIGHTS THEY MAY POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR BY JURY TRIAL. THE PARTIES FURTHER ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING THEIR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL EXCEPT TO THE EXTENT SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION. IF EITHER PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER EXECUTION OF THIS AGREEMENT AND INITIALING BELOW, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. EACH PARTY'S AGREEMENT TO THIS SECTION IS VOLUNTARY. THE PARTIES HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION TO NEUTRAL ARBITRATION.

Seller's Initials

Buyer's Initials

Buyer's Initials

6.20 ACCEPTANCE OR REJECTION OF BUYER'S OFFER. THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER OF ANY KIND BY THE SELLER AND SHALL NOT BIND THE SELLER UNLESS DULY EXECUTED AND DELIVERED BY THE MANAGER ON BEHALF OF THE SELLER. TO SUBMIT AN OFFER, THE BUYER SHALL DELIVER TO THE SELLER AN EXECUTED COPY OF THE PURCHASER QUESTIONNAIRE AND SHALL DELIVER TO THE SELLER 3 COMPLETED AND EXECUTED ORIGINALS OF THIS AGREEMENT. THE SELLER SHALL HAVE 30 DAYS TO EITHER ACCEPT OR REJECT THE BUYER'S OFFER. IF THE SELLER DOES NOT ACCEPT THE BUYER'S OFFER WITHIN SUCH 30-DAY PERIOD, THE OFFER SHALL BE DEEMED REJECTED, AND THIS AGREEMENT SHALL NOT BECOME EFFECTIVE.

6.21 Legal Counsel. The Buyer acknowledges and agrees that counsel representing any of the Seller, the Manager, the Depositor and their respective affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing the Buyer in any respect. In addition, the Buyer consents to the Manager hiring counsel for the Project who is also counsel to the Seller and its affiliates.

7. Definitions.

"Agreement" shall have the meaning set forth in the introductory paragraph.

"Business Day" means any day other than a Saturday or Sunday or legal holiday in the State of California.

"Buyer" shall have the meaning set forth in the introductory paragraph.

"Buyer's Address" shall be the address set forth on the signature page to this Agreement.

"Buyer's Interest" shall have the meaning set forth in Section 1.1.

"Cash" shall mean (i) currency of the United States of America, (ii) cashier's check(s) currently dated and payable to the Seller, as required under this Agreement, drawn and paid through a California

banking or savings and loan institution, tendered to the Seller, as required under this Agreement at least 1 additional Business Day before funds are otherwise required to be delivered under this Agreement or (iii) an amount credited by wire transfer to the Seller's bank account, as required under this Agreement.

"Closing Date" means that certain date selected by the Seller in its sole discretion as the date the purchase of the Interests is final.

"Code" means the Internal Revenue Code of 1986, as amended.

"Depositor" means Passco Allure Depositor, LLC, a Delaware limited liability company.

"Effective Date" shall have the meaning set forth in the introductory paragraph.

"Escrow Bank" means UMB Bank, N.A.

"Funding Date" shall have the meaning set forth in Section 1.2.1.

"Interest" shall have the meaning set forth in the Recitals.

"Lease" means the master lease agreement between the Seller, as landlord, and Passco Allure MT, LLC, as master tenant, relating to the Project, together with all amendments, supplements and modifications thereto.

"Lender" means KeyBank National Association and its successors and assigns.

"Loan Documents" means the Note, the loan agreement, the mortgage and the other documents related to or securing the Note.

"Manager" means Passco Allure Manager, LLC, a Delaware limited liability company and the manager of the Seller in accordance with the Trust Agreement. The Manager is acting solely in its capacity as manager of the Seller and not on its own behalf.

"Maxus" means Maxus Properties, Inc. or any of its Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries.

"Memorandum" means that certain Passco Allure DST Confidential Private Placement Memorandum dated May 1, 2026, as supplemented or amended.

"Note" means that certain promissory note in the original principal amount of approximately \$48,350,000, executed by the Seller in favor of the Lender.

"OFAC" means the Office of Foreign Asset Control, Department of the Treasury.

"Project" shall have the meaning set forth in the Recitals.

"Purchase Price" shall have the meaning set forth in Section 1.1.

"Purchaser Questionnaire" means the Purchaser Questionnaire in the form attached to the Memorandum.

“Seller” means Passco Allure DST, a Delaware statutory trust.

“Transaction Documents” means this Agreement, the Purchaser Questionnaire, the Loan Documents and the Trust Agreement, as applicable.

“Trust Agreement” means that certain Amended and Restated Trust Agreement of Passco Allure DST in the form attached to the Memorandum.

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

SELLER:

Passco Allure DST, a Delaware statutory trust

By: Passco Allure Manager, LLC, a Delaware limited liability company, its Manager

By: _____
Larry K. Sullivan, President

Dated: _____

BUYER:

Executed this ____ day of _____, 20__.

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)
Title: _____

Signature: _____

Name: _____
(Print)
Title: _____

Buyer's Address:

**PARTIES MUST ALSO INITIAL SECTION 6.19.2 AND EXECUTE THE SIGNATURE PAGE
FOR THE TRUST AGREEMENT OF THE SELLER ATTACHED AS EXHIBIT B.**

EXHIBIT A

THE PROJECT

The Project is the multifamily apartment complex known as Allure at Edinburgh located at 249 Allure Lane, Chesapeake, Virginia 23322, and is more particularly described on Exhibit A of the Trust Agreement.

EXHIBIT B

SIGNATURE PAGE FOR CLASS A OWNERS OF PASSCO ALLURE DST

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Amended and Restated Trust Agreement of Passco Allure DST dated April 30, 2026 by and among Passco Allure Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Allure Manager, LLC, a Delaware limited liability company, as Manager, and Sorensen Entity Services LLC, a Delaware limited liability company, as Trustee (the "Trust Agreement"), as may be further amended or supplemented from time to time, and hereby covenants and agrees to be bound by the Trust Agreement as an Owner. All capitalized terms used herein, and not defined herein shall have the meanings given to such terms in the Trust Agreement.

In connection with the purchase of the Class A Interest, the undersigned hereby represents and warrants that the undersigned is:

(a) (1) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (4) a trust, if (i) the administration of the trust is subject to the primary supervision of a U.S. court and a U.S. person has authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person;

(b) not an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended; and

(c) an Accredited Investor, unless the undersigned is not required to be an Accredited Investor pursuant to the applicable state and federal securities laws (to be determined in the sole discretion of the Manager).

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)

Title: _____

Signature: _____

Name: _____
(Print)

Title: _____

EXHIBIT C
TRUST AGREEMENT

AMENDED AND RESTATED TRUST AGREEMENT

OF

PASSCO ALLURE DST

DATED AS OF

APRIL 30, 2026

BY AND AMONG

PASSCO ALLURE DEPOSITOR, LLC

AS THE DEPOSITOR

AND

PASSCO ALLURE MANAGER, LLC

AS THE MANAGER

AND

SORENSEN ENTITY SERVICES LLC

AS THE TRUSTEE

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

TABLE OF CONTENTS

	Page
1. Definitions	2
2. General Matters.....	6
2.1 Organizational Matters	6
2.2 Declaration of Trust and Statement of Intent.....	6
2.3 Purposes.....	7
3. Provisions Relating to Tax Treatment and the Loan.....	7
3.1 Section 3 Controls Over All Other Provisions of this Agreement.....	7
3.2 Provisions Relating to Tax Treatment	7
3.3 Provisions Relating to the Loan.....	8
4. Concerning the Trustee	10
4.1 Power and Authority.....	10
4.2 Indemnification.....	10
4.3 Removal; Resignation; Succession.....	11
4.4 Fees and Expenses	11
4.5 Designated Trustee	12
5. Concerning the Manager.....	12
5.1 Power and Authority.....	12
5.2 Manager's Capacity	12
5.3 Duties	12
5.4 Indemnification.....	14
5.5 Fees and Expenses	15
5.6 Sale of Trust Estate by Manager is Binding	15
5.7 Removal; Resignation; Succession.....	15
5.8 Rights and Powers of Class B Owner Prior to Conversion Notice.....	15
5.9 Issuance of Conversion Notice	16
5.10 Reports by Manager.....	16
6.2 Rights and Powers of Class A Owners	16
6.3 Contributions by the Class A Owners: Issuance of Class A Interests and Reduction in Class B Interest.....	17
6.4 Agreement to be Bound	17
6.5 Ownership Records.....	17
6.6 Restrictions on Transfer.....	17
6.7 Conditions to Admission of New Owners	17
6.8 Limit on Number of Owners.....	17
6.9 Representations, Warranties, Acknowledgements and Agreements of Owners	18
6.10 Status of Relationship	18
6.11 Owners and the Trust.....	18
6.12 Right of First Refusal.....	19
7. Distributions.....	19

TABLE OF CONTENTS

(continued)

7.1	Distributions in General	19
7.2	Distributions upon Dissolution	19
7.3	Cash and Other Accounts.....	19
8.	Reliance; Representations; Covenants	20
8.1	Good Faith Reliance	20
8.2	No Representations or Warranties as to Certain Matters	20
9.	Termination.....	20
9.1	Termination in General	20
9.2	Transfer Distribution.....	21
9.3	Sale of the Project.....	22
9.4	Liability of Manager	22
9.5	Manager's Fee on Sale.....	22
9.6	Certificate of Cancellation	23
10.	FMV Option.....	23
10.1	Option to Acquire	23
10.2	Interest FMV	23
10.3	Cash Investors.....	23
10.4	Prorations.....	24
10.5	Assignment; Investor Suitability Requirements	24
10.6	Execution of Documents.....	24
10.7	Termination.....	24
10.8	Power of Attorney.....	24
10.9	Continued Existence of the Trust.....	24
10.10	Lender Consent	25
11.	Miscellaneous	25
11.1	Limitations on Rights of Other Persons.....	25
11.2	Successors and Assigns	25
11.3	Usage of Terms	25
11.4	Headings	25
11.5	Amendments	25
11.6	Notices	25
11.7	Governing Law	26
11.8	Venue	26
11.9	Counterparts.....	27
11.10	Severability	27
11.11	Signature of Class A Owners.....	27

EXHIBITS:

EXHIBIT A	–	REAL ESTATE
EXHIBIT B	–	OWNERSHIP RECORDS
EXHIBIT C	–	FORM OF SIGNATURE PAGE FOR CLASS A OWNERS

TABLE OF CONTENTS

(continued)

EXHIBIT D	–	FORM OF LIMITED LIABILITY COMPANY AGREEMENT
EXHIBIT E	–	TRUSTEE AND MANAGER FEES
EXHIBIT F	–	CONVERSION NOTICE
EXHIBIT G	–	NOTICE OF EXERCISE

AMENDED AND RESTATED TRUST AGREEMENT
OF
PASSCO ALLURE DST
A DELAWARE STATUTORY TRUST

This Amended and Restated Trust Agreement (this “Agreement”), dated as of April 30, 2026 (the “Effective Date”) (as the same may be amended or supplemented from time to time), is made by and among Passco Allure Depositor, LLC, a Delaware limited liability company as the depositor (the “Depositor”), Passco Allure Manager, LLC, a Delaware limited liability company, as the Manager, and Sorensen Entity Services LLC, a Delaware limited liability company, as Trustee. Except as otherwise provided in this Agreement, defined terms shall have the meanings set forth in Section 1.

RECITALS

A. On March 17, 2026, the Depositor and the Trustee formed a statutory trust in accordance with the Act.

B. The Depositor, the Manager and the Trustee entered into a Trust Agreement dated as of March 17, 2026 (the “Original Agreement”).

C. The Trust agreed to acquire the Project from the Seller.

D. The Depositor is (i) contributing funds for operating reserves and (ii) contributing a promissory note to the Trust all in the amounts set forth in the books and records of the Trust in exchange for 100% of the Class B Interests.

E. To enable the Trust to complete the purchase of the Project, the Loan will be obtained from the Lender and the Lease will be entered into with the Tenant.

F. It is anticipated that Investors will acquire Class A Interests in the Trust in exchange for the payment of cash to the Trust and become Class A Owners in accordance with the provisions of this Agreement, which cash will be used by the Trust to redeem the Depositor’s Class B Interests on a proportionate basis. Upon the sale of all of the remaining Class A Interests, the Depositor will no longer have any interest in the Trust and no Class B Interests will remain outstanding.

G. The Project will be acquired by the Trust on the Project Acquisition Date and afterwards will be owned solely by the Trust.

H. The Trust has appointed the Trustee to undertake certain actions and perform certain duties pursuant to this Agreement.

I. The Trust has appointed the Manager to undertake certain actions and perform certain duties pursuant to this Agreement.

J. The parties now desire to amend and restate in its entirety the Original Agreement.

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

1. Definitions. Capitalized terms used in this Agreement that are not defined elsewhere in this Agreement have the following meanings:

“Accredited Investor” has the meaning ascribed to it in Rule 501 of Regulation D promulgated by the U.S. Securities and Exchange Commission under its authority pursuant to the Securities Act.

“Acquisition Agreement” means the agreement to purchase the Project between the Trust (as successor buyer via assignment) and the Seller, and all amendments and supplements thereto, and all other documents and agreements executed in connection therewith or contemplated thereby.

“Act” means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §§ 3801 et seq., as the same may be amended from time to time.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, “control,” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing.

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Beneficial Interest” means a beneficial interest in the Trust, as such term is used in the Act, which interests shall be Class A Interests and/or Class B Interests.

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

“Certificate of Trust” means the certificate of trust of the Trust, filed with the Delaware Secretary of State on March 17, 2026.

“Class A Interests” means the Beneficial Interests held by the Investors.

“Class A Owners” means the registered holders of the Class A Interests.

“Class B Interests” means the Beneficial Interests initially held by the Depositor.

“Class B Owners” means the registered holders of the Class B Interests.

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

“Conversion Date” means the date of the Conversion Notice.

“Conversion Notice” means the notice, in substantially the form of Exhibit F, issued by the Depositor to the Manager.

“Depositor” has the meaning set forth in the introductory paragraph hereof.

“Designated Trustee” has the meaning set forth in Section 4.5.

“Divide” means the filing of a certificate of division, adoption of a plan of division, amending of any organizational documents, or any other actions taken, permitted, or consented to in order to divide a Person into two or more Persons pursuant to a plan of division such as contemplated under the Delaware Limited Liability Company Act or any other similar requirement of law in any jurisdiction.

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

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Default Springing Event” means the Landlord has converted to the Springing LLC pursuant to Section 9.2.3.

“Exchange Entity” has the meaning set forth in Section 10.5.

“Exchange Entity Units” has the meaning set forth in Section 10.1.

“FMV Option” has the meaning set forth in Section 10.1.

“Independent Trustee” means Sorensen Entity Services LLC, a Delaware limited liability company, the trustee serving as the Independent Trustee in compliance with the terms of the Loan Agreement.

“Interest FMV” has the meaning set forth in Section 10.2.

“Investors” mean the purchasers of the Class A Interests.

“Lease” means the Master Lease Agreement entered into between the Tenant and the Trust.

“Lender” means KeyBank National Association, and its successors and assigns.

“Lender’s Termination Notice” has the meaning set forth in Section 9.2.1(b).

“LLC Agreement” has the meaning set forth in Section 9.2.1(b).

“Loan” means that certain loan from the Lender to the Trust in the principal amount of \$48,350,000 as evidenced and secured by the Loan Documents.

“Loan Agreement” means the Multifamily Loan and Security Agreement (Non-Recourse) between the Trust and the Lender, as amended from time to time.

“Loan Documents” means the (i) Loan Agreement, (ii) Multifamily Note, (iii) Security Instrument, (iv) Environmental Indemnity Agreement, (v) Assignment of Management Agreement, (vi) Property Level Assignment of Leases and Rents, (vii) Subordination Agreement (Delaware Statutory Trust Master Lease), (viii) Deposit Account Control Agreement and (ix) any other documents at any time executed by the Trust or any other Person to evidence or secure, or otherwise provide support for, the Loan, as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Manager” means Passco Allure Manager, LLC, a Delaware limited liability company, or any successor Manager appointed pursuant to the terms of this Agreement, which entity shall be considered to be a trustee of the Trust.

“Manager Expenses” has the meaning set forth in Section 5.4.

“Manager Indemnified Persons” has the meaning set forth in Section 5.4.

“Master Lease Event of Default” means (i) a default by the Tenant with respect to any of the Operating Covenants that continues uncured beyond the expiration of applicable notice and cure periods

and/or (ii) an Event of Default (as such term is used in the Loan Documents) based on a default, breach or failure by the Tenant under the Lease.

“Master Lease Termination Event” means any event in which (i) a Master Lease Event of Default has occurred and is continuing, (ii) the Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise or (iv) upon the occurrence of an Event of Default Springing Event.

“Maxus” means Maxus Properties, Inc. or any of its direct or indirect Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries and any of their Affiliates, principals, owners, executive officers, directors, partners, managers, members, officers, employees, agents, representatives or subsidiaries.

“Offering” means the offering and sale of the Class A Interests pursuant to the Confidential Private Placement Memorandum for Class A Interests in the Trust.

“Offering Termination Date” means the Trust will offer the Interests until the earliest of (i) the sale of all of the Class A Interests, (ii) the first anniversary of the effective date of the Conversion Notice which may be extended for an additional 12 months in the sole discretion of the Trust or (iii) the Trust terminates the Offering.

“Operating Covenants” means all terms, conditions, provisions, requirements, representations, and affirmative and negative covenants of the Loan Documents relating to the use and operation of the Project.

“Option Notice” has the meaning set forth in Section 10.1.

“Option Termination Date” has the meaning set forth in Section 10.7.

“Original Agreement” has the meaning set forth in the Recitals.

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

“Ownership Records” means the records maintained by the Manager, substantially in the form as set forth on Exhibit B, indicating from time to time the name, mailing address and Percentage Share of each Owner, which records shall be revised by the Manager contemporaneously to reflect the issuance of Beneficial Interests in accordance with this Agreement, changes in mailing addresses or other changes.

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

“Permitted Encumbrances” means only the easements, restrictions and other matters listed in a schedule of exceptions to coverage in the title policy and taxes with respect to the Project for the current tax year that are not yet due and payable.

“Permitted Equipment Financing” means equipment lease or other purchase money financing incurred in the ordinary course for acquisition of additional or replacement equipment or other personal property, or to refinance Permitted Equipment Financing, in an amount not to exceed, at any time, the Maximum Permitted Equipment Financing (as defined in the Loan Documents).

“Permitted Investment” means short-term obligations of (or guaranteed by) the United States or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust companies having a minimum stated capital and surplus of \$100,000,000. All such obligations must mature prior to the next distribution date, and be held to maturity.

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

“Project” means that certain real property and improvements commonly known as Allure at Edinburgh, located at 249 Allure Lane, Chesapeake, Virginia 23322, and more particularly described on Exhibit A to this Agreement.

“Project Acquisition Date” means the date on which the Project is acquired by the Trust.

“Purchase Agreement” means the agreement to be entered into by the Trust and each Investor with respect to the acquisition of the Class A Interests.

“Reserves” has the meaning set forth in Section 7.1.

“Secretary of State” means the Delaware Secretary of State.

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

“Security Instrument” means the Consolidated, Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing.

“Seller” shall mean Allure Chesapeake LLC, a Virginia limited liability company.

“Signature Page” has the meaning set forth in Section 6.7.

“Single Asset Entity” has the meaning set forth in Section 3.3.2.

“Special Offer Period” has the meaning set forth in Section 6.12.

“Special Option Period” has the meaning set forth in Section 6.12.

“Special ROFR Notice” has the meaning set forth in Section 6.12.

“Special Selling Owner” has the meaning set forth in Section 6.12.

“Springing LLC” has the meaning set forth in Section 9.2.1 or Section 9.2.2, as applicable.

“Tenant” means Passco Allure MT, LLC, a Delaware limited liability company.

“Termination Date” means the end of the day on July 31, 2036.

“Transaction Documents” mean this Agreement, the Purchase Agreement, the Acquisition Agreement, the Lease and the Loan Documents, together with any other documents to be executed in furtherance of the investment activities of the Trust.

“Transfer Distribution” has the meaning given to such term in Section 9.2.1(b).

“Treasury Regulations” means the Treasury Regulations promulgated by the U.S. Department of Treasury pursuant to its authority under the Code.

“Trust” means Passco Allure DST, a Delaware statutory trust continued by and in accordance with, and governed by, this Agreement.

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

“Trustee” means Sorensen Entity Services LLC, a Delaware limited liability company, not in its individual capacity but solely as a trustee, or any successor trustee appointed as “Trustee” pursuant to this Agreement.

“Trustee Expenses” has the meaning set forth in Section 4.2.

“Trustee Indemnified Persons” has the meaning set forth in Section 4.2.

2. General Matters.

2.1 Organizational Matters.

2.1.1 Sorensen Entity Services LLC is hereby appointed as the Trustee, and Sorensen Entity Services LLC hereby accepts such appointment.

2.1.2 The Trustee has executed and filed the Certificate of Trust in the office of the Secretary of State on March 17, 2026. The Trustee is authorized to execute and file in the office of the Secretary of State such additional certificates as may from time to time be required under the Act or any other Delaware law and to execute, in such forms as may be furnished to the Trustee from time to time, and deliver to the Manager such additional certificates and documents, including an additional original Certificate of Trust, as the Manager determines are required by the state and local laws of the jurisdictions in which the Project is located, so that the Manager may have such additional certificates and documents filed with the appropriate governmental entities.

2.1.3 The name of the Trust is “Passco Allure DST.” Any reference to the Trust shall be a reference to the statutory trust formed pursuant to the Certificate of Trust and this Agreement and not to the Trustee, or the Manager individually or to the officers, agents or employees of the Trust, the Trustee, or the Manager.

2.1.4 The principal office of the Trust, and such additional offices as the Manager may establish, shall be located at such places inside or outside of the State of Delaware as the Manager shall designate from time to time. As of the Effective Date, the principal office of the Trust is located c/o the Manager at 2050 Main Street, Suite 650, Irvine, California 92614.

2.1.5 Legal title to the Trust Estate shall be vested in the Trust as a separate legal entity.

2.2 Declaration of Trust and Statement of Intent.

2.2.1 The Trustee hereby declares that the Trust Estate shall be held in trust for the benefit of the Owners upon the terms set forth in this Agreement.

2.2.2 It is the intention of the parties that the Trust constitute a “statutory trust,” each Trustee (or Designated Trustee) is a “trustee,” the Manager is an “agent” of the Trust, the Owners are “beneficial owners,” and this Agreement is the “governing instrument” of the Trust, each within the respective meaning provided in the Act.

2.3 Purposes. The purposes of the Trust are to engage in the following activities: (i) to acquire the Project and enter into the Lease and the Loan Documents, (ii) to hold the Project for investment and to sell, transfer or exchange the Project as required or permitted under Section 9, (iii) to make monthly distributions to the Owners from cash generated by ownership of the Project (iv) preserve the capital of the Owners and (v) to take such other actions as the Manager deems necessary to carry out the foregoing as are permitted in this Agreement.

3. Provisions Relating to Tax Treatment and the Loan.

3.1 Section 3 Controls Over All Other Provisions of this Agreement. This Section 3 contains certain provisions required by the Lender or intended to achieve the desired treatment of the Trust and the Beneficial Interests for federal income tax purposes. To the extent of any inconsistency between this Section 3 and any other provision of this Agreement, this Section 3 shall be controlling; provided, however, that nothing in this Section 3 shall limit or impair the Trust’s power and authority to execute and deliver, and to perform its obligations under, the Transaction Documents, and further provided that the requirements of this Section 3 shall be enforceable to the maximum extent permissible under the Act.

3.2 Provisions Relating to Tax Treatment.

3.2.1 Prior to the effective date of the Conversion Notice, the sole Owner of the Trust will be the Depositor. The rights of the Depositor (as the Class B Owner) with respect to the assets and property held by the Trust are such that the Trust will be characterized as a “business entity” within the meaning of Treasury Regulations Section 301.7701-2. Because the Depositor will be the sole Owner, the Trust will be characterized prior to the effective date of the Conversion Notice as a disregarded entity, and all assets and property of the Trust will be treated for federal income tax purposes as assets and property of the Depositor.

3.2.2 On the effective date of the Conversion Notice, all prior special rights of the Depositor (as the Class B Owner), as set forth in Section 5.8 will terminate and the Depositor will have the same rights as a Class A Owner. At such time the Depositor will be deemed for federal income tax purposes to have transferred all assets and liabilities in the Trust to a separate entity (the Trust), which will be classified for federal income tax purposes as specified in Section 3.2.3. The Depositor shall assume the obligation to pay all offering and organizational expenses, acquisition and closing costs and expenses, loan and lender costs and expenses, selling commissions and expenses, and carrying costs related to the acquisition of the Project by the Trust and the offering of Class A Interests to Investors.

3.2.3 It is the intention of the parties hereto that upon and at all times after the effective date of the Conversion Notice that the Trust constitute an investment trust pursuant to Treasury Regulations Section 301.7701-4(c) and each Owner be treated as a “grantor” within the meaning of Code Section 671. The parties further intend that each Owner be treated for federal income tax purposes as if it held a direct ownership interest in the assets comprising the Trust Estate. Each Owner agrees to report its interest in the Trust in a manner consistent with the foregoing and not to take any action that would be inconsistent with the foregoing. Upon and after the effective date of the Conversion Notice, none of the Trustee, the Manager, the Owners and/or the Trust shall have any power or authority to take, and each of them is hereby expressly prohibited from taking, and none of them shall take, any of the following actions:

(a) sell, transfer or exchange the Project except as required or permitted under Section 9;

(b) invest or reinvest any cash held by the Trust (including Reserves) in anything other than Permitted Investments;

(c) reinvest any monies of the Trust, except to make minor nonstructural modifications or repairs to the Project as permitted under this Agreement;

(d) reinvest the proceeds from the sale of the Project;

(e) renegotiate or refinance the Loan, except in the case of the Tenant's bankruptcy or insolvency;

(f) renegotiate, alter or extend the Lease or enter into new leases, except in the case of the Tenant's bankruptcy or insolvency;

(g) make any modifications to the Project other than minor nonstructural modifications or as required by law;

(h) accept any capital contributions from an Owner or other Person (other than capital from an Investor that will be distributed to the Depositor and reduce the Depositor's Percentage Share pursuant to this Agreement); or

(i) take any other action that would, in the opinion of tax counsel to the Trust, cause the Trust to be treated as a business entity for federal income tax purposes, if the effect of the action would be to create a power under the Agreement to "vary the investment of the certificate holders" under Treasury Regulations Section 301.7701-4(c)(1) and Rev. Rul. 2004-86, 2004-2 C.B. 191.

3.2.4 The Trust shall hold the Trust Estate for investment purposes and shall lease the Project only to the Tenant except as set forth in Section 3.2.3(f). Except as set forth in Sections 3.2.3(e), (f) or (to the extent required by law) (g), the activities of the Trust with respect to the Trust Estate after the effective date of the Conversion Notice shall be limited to activities that are customary services in connection with the maintenance and repair of the Project, and none of the Trustee, the Owners, the Manager and their respective agents shall provide non-customary services, as such term is defined in Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust shall conduct no business other than as specifically set forth in Section 2.3 and this Section 3.2. Without limiting the generality of the foregoing, (i) none of the Trustee, the Manager, the Owners and the Trust shall have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within the meaning of Treasury Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Treasury Regulations Section 301.7701-2 and (ii) this Agreement shall be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191. For federal income tax purposes upon and after the effective date of the Conversion Notice, the Trust is intended to be and shall constitute an investment trust pursuant to Treasury Regulations Section 301.7701-4(c) and shall not constitute a "business entity."

3.3 Provisions Relating to the Loan.

3.3.1 This Section 3.3 is intended to qualify the Trust as a "Single Asset Entity" for purposes of the Loan. So long as any portion of the Loan is outstanding, the provisions of this Section 3.3 shall be in full force and effect and the Trust shall comply with the requirements set forth below for a

“Single Asset Entity;” provided, however, that the provisions of this Section 3.3 shall cease to be of force or effect upon the repayment or defeasance of the Loan in full, in accordance with the Loan Documents.

3.3.2 “Single Asset Entity” shall mean a Delaware statutory trust that at all times on and after the date hereof that:

(a) shall not acquire, lease or operate any real property, personal property, or assets other than, pursuant to the Lease, the fee or leasehold interest in the Project, as applicable;

(b) shall not acquire, own, operate, or participate in any business other than, as lessor pursuant to the Lease, the leasing, ownership, management (if the Lease is terminated), operation, and maintenance of the Project;

(c) shall not commingle its assets or funds with those of any other Person, unless such assets or funds can easily be segregated and identified in the ordinary course of business from those of any other Person;

(d) shall maintain its financial statements, accounting records, and other real estate investment trust or corporate documents, as the case may be, separate from those of any other Person (unless the Trust’s assets are included in a consolidated financial statement prepared in accordance with generally accepted accounting principles); provided the beneficial interest holders of the Trust may also include their share of the assets on their personal financial statements;

(e) shall have no material financial obligation under any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, other agreement or instrument to which it is a party or by which it is otherwise bound, or to which the Project is subject or by which it is otherwise encumbered, other than:

(i) Permitted Equipment Financing or unsecured trade payables incurred in the ordinary course of the operation of the Project (exclusive of amounts (a) to be paid out of the Replacement Reserve Account (as defined in the Loan Documents) or Repairs Escrow Account (as defined in the Loan Documents) or (b) for rehabilitation, restoration, repairs, or replacements of the Project or otherwise approved by Lender) so long as such trade payables (1) are not evidenced by a promissory note, (2) are payable within 60 days of the date incurred and (3) as of any date, do not exceed, in the aggregate, 2% of the original principal balance of the Loan; provided, however, that otherwise compliant outstanding trade payables may exceed 2% up to an aggregate amount of 4% of the original principal balance of the Loan for a period (beginning on or after the Effective Date) not to exceed 90 consecutive days;

(ii) if the Security Instrument grants a lien on a leasehold estate, the Trust’s obligations as lessee under the ground lease creating such leasehold estate;

(iii) obligations under the Loan Documents and obligations secured by the Project to the extent permitted by the Loan Documents; and

(iv) obligations under the Permitted Encumbrances;

(f) shall not assume, guaranty or pledge its assets to secure the liabilities or obligations of any other Person (except in connection with the Loan or other mortgage loans that have been paid in full or collaterally assigned to Lender, including in connection with any consolidation, extension and modification agreement or similar instrument) or hold out its credit as being available to satisfy the obligations of any other Person;

(g) other than any demand note which has been approved by Lender, shall not make loans or advances to any other Person;

(h) other than the Lease, shall not enter into, or become a party to, any transaction with any the Trust Affiliate (or Affiliate of the Tenant), except in the ordinary course of business and on terms which are no more favorable to any such the Trust Affiliate (or Affiliate of the Tenant) than would be obtained in a comparable arm's-length transaction with an unrelated third party, provided that neither the Trust's acquisition of the Project nor the Trust's entry into and performance of its obligations under the Lease documents shall be deemed to breach this covenant;

(i) shall have throughout the term of the Loan an Independent Trustee; and

(j) shall not Divide.

Failure to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Trust as a separate legal entity or the limited liability of the Owners.

4. Concerning the Trustee.

4.1 Power and Authority. The Trustee shall have the power and authority, and is hereby authorized and empowered, to (i) accept legal process served on the Trust in the State of Delaware and (ii) execute any certificates that are required to be executed under the Act and file such certificates in the office of the Secretary of State, and take such action or refrain from taking such action under this Agreement as may be directed in a writing delivered to the Trustee by the Manager. Except as expressly provided herein, the Trustee shall not be entitled to exercise any powers. The Trustee shall not have any of the duties or responsibilities of the Manager described in this Agreement and no such duties shall be implied. Subject to the preceding sentences of this Section 4.1, the Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Act. The Trustee shall also maintain its authority and power to act as the Trustee in the State of Delaware. In particular, but not by way of limitation:

4.1.1 Under no circumstances shall the Trustee be personally liable for any representation, warranty, covenant, agreement or indebtedness of the Trust;

4.1.2 Except as expressly provided in this Section, in accepting and performing for the Trust hereby created, the Trustee acts solely as Trustee hereunder and not in its individual capacity, and all Persons having any claim against the Trustee by reason of the transactions contemplated by this Agreement shall look only to the Trust's property for payment or satisfaction thereof; and

4.1.3 Under no circumstances shall the Trustee be liable for any punitive, exemplary, consequential, special or other damages for a breach of this Agreement.

4.2 Indemnification. The Manager shall cause the Trust, to the full extent of the Trust Estate, (i) to reimburse the Trustee and the Designated Trustee, in its individual capacity and as Trustee or Designated Trustee, for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals) incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Trustee, in its individual capacity and as Trustee, and the officers, directors, employees, agents, managers and owners of the Trustee, in its individual capacity and as Trustee (collectively, the "Trustee Indemnified Persons"), from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including reasonable fees and expenses of counsel and other professionals), taxes and penalties, of any kind and nature whatsoever, arising out of or imposed

upon or asserted at any time against such Trustee Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Trustee Indemnified Person, with respect to or in connection with this Agreement, the Trust, or any transaction or document contemplated hereby (collectively, the “Trustee Expenses”); provided, however, that the Trust shall not be required to indemnify a Trustee Indemnified Person for any Trustee Expenses to the extent such Trustee Expenses result from the fraud, gross negligence or willful misconduct of any Trustee Indemnified Person and (iii) to the fullest extent permitted by law, advance to each such Trustee Indemnified Person the Trustee Expenses incurred by such Trustee Indemnified Person in defending any claim, demand, action, suit or proceeding in connection with this Agreement, the Trust or any transaction or document contemplated hereby prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Trust of an undertaking, by or on behalf of such Trustee Indemnified Person, to repay such amount if a court of competent jurisdiction renders a final, non-appealable judgment that includes a specific finding of fact that such Trustee Indemnified Person is not entitled to be indemnified therefor under this Section 4.2. The obligations of the Trust under this Section 4.2 shall survive the resignation or removal of the Trustee and the amendment, supplement and/or restatement of this Agreement.

4.3 Removal; Resignation; Succession. The Trustee may resign at any time by giving at least 60 days’ prior written notice to the Manager and the Lender. The Manager may at any time remove the Trustee for cause by written notice to the Trustee. For purposes of this Section 4.3, “cause” shall only result from the willful misconduct, bad faith, fraud or negligence of the Trustee. Such resignation or removal shall be effective upon the acceptance of appointment by a successor trustee as hereinafter provided. In case of the removal or resignation of the Trustee, the Manager may appoint a successor trustee by written instrument. In case of the resignation or removal of the Trustee, if a successor trustee is not appointed within 60 days after the Trustee gives notice of its resignation or is removed, the Trustee, or any of the Owners, may apply to any court of competent jurisdiction in the United States to appoint an interim successor trustee to act until such time, if any, as a successor trustee is appointed as provided above and provided the consent of the Lender, if required, is obtained if the Loan is outstanding. Any successor trustee so appointed by such court shall immediately and without further act be superseded by any successor trustee appointed as provided above within one year from the date of the appointment by such court. Any successor trustee, however appointed, shall execute and deliver to its predecessor trustee an instrument accepting such appointment, and thereupon such successor trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts under this Agreement with like effect as if originally named the Trustee herein. Upon the written request of such successor trustee, such predecessor trustee shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor trustee, and such predecessor trustee shall duly assign, transfer, deliver and pay over to such successor trustee all monies or other property then held by such predecessor trustee upon the trusts herein expressed. Any rights of the Owners against a predecessor trustee in its individual capacity shall survive the resignation or removal of such predecessor trustee, shall survive the dissolution and termination of the Trust and shall survive the termination, amendment, supplement and/or restatement of this Agreement. Any successor trustee, however appointed, shall be a bank or trust company, with trustee powers, satisfying the requirements of Section 3807(a) of the Act. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall, subject to the preceding sentence, be the Trustee under this Agreement without further act.

4.4 Fees and Expenses. The Trustee shall receive as compensation for its services hereunder the amount set forth on Exhibit E. The Manager shall cause the Trust to pay to the Trustee the fees as set forth on Exhibit E. The Trustee shall not have any obligation by virtue of this Agreement to spend any of its own funds or to take any action that could result in it incurring any cost or expense.

4.5 Designated Trustee. The Manager may appoint in its sole discretion, from time to time, a co-trustee to serve with the Trustee for the limited purpose of executing any documentation that may require the signature of more than one trustee of the Trust (the “Designated Trustee”). The Trust hereby grants the Designated Trustee the power to act and sign documents on behalf of the Trust pursuant to the terms of this Section 4.5. The Manager may appoint an additional Designated Trustee, replace any Designated Trustee and/or eliminate this position in its entirety in its sole discretion. The Designated Trustee shall not receive any compensation for its services.

5. Concerning the Manager.

5.1 Power and Authority. The activities and affairs of the Trust shall be managed exclusively by or under the direction of the Manager. Except as otherwise provided in this Agreement, the Manager shall have full power and authority, and is hereby authorized and empowered, to manage the Trust Estate and the activities and affairs of the Trust, subject to and in accordance with the terms and provisions of this Agreement; provided, however, that the Manager shall have no power to engage on behalf of the Trust in any activities that the Trust could not engage in directly. The Manager shall have the power and authority, and is hereby authorized, empowered and directed by the Trust, to enter into, execute and deliver, and to cause the Trust to perform its obligations under, each of the Transaction Documents to which the Trust is or becomes a party or signatory and, in furtherance thereof, the Class B Owner, at any time prior to the effective date of the Conversion Notice, may confirm such authorization, empowerment and direction and otherwise direct the Manager in connection with the management of the activities and affairs of the Trust. The Manager may, in its sole discretion, employ such Persons (on its own behalf or on behalf of the Trust), including Affiliates of the Manager, as it deems necessary for the efficient operation of the Trust.

5.2 Manager’s Capacity. The Manager acts solely as an agent of the Trust and not in its individual capacity, and all Persons having any claim against the Manager by reason of the transactions contemplated by this Agreement, the Transaction Documents or any other document shall look only to the Trust Estate for payment or satisfaction thereof. Notwithstanding any provision of this Agreement to the contrary, the Manager shall not have any liability to any Person except for its own fraud, gross negligence or willful misconduct, and shall have no other duties or obligations, fiduciary or otherwise, except as set forth in this Agreement.

5.3 Duties.

5.3.1 The Manager has primary responsibility for performing the administrative actions set forth in this Section 5.3. In addition, the Manager shall have the obligations with respect to a Transfer Distribution and a potential sale of the Trust Estate as set forth in Section 9. The Manager shall not have any duty or obligation under or in connection with this Agreement or the Trust, or any transaction or document contemplated hereby, except as expressly provided by the terms of this Agreement, and no implied duties or obligations shall be read into this Agreement against the Manager. The right of the Manager to perform any discretionary act enumerated herein shall not be construed as a duty. To the fullest extent permitted by law, including without limitation Section 3806 of the Act, the Manager’s duties (including fiduciary duties) and liabilities relating thereto to the Trust and the Owners shall be restricted to those duties (including fiduciary duties) expressly set forth in this Agreement and liabilities relating thereto. The Manager expressly reserves the right to invest in, pursue, develop, own, manage, operate or otherwise participate in all business opportunities of any nature for its own account, including opportunities that may directly or indirectly compete with the Trust or the Project.

5.3.2 Without limiting the generality of Section 5.3.1, upon and after the effective date of the Conversion Notice, the Manager is hereby authorized and directed, as agent of the Trust, to take each of the following actions as necessary to conserve and protect the Trust Estate:

- (a) comply with the terms of the Lease and the Loan Documents;
- (b) make, or cause to be made, any repairs necessary to maintain the Project;
- (c) collect rents and make distributions in accordance with Section 7;
- (d) enter into any agreement for purposes of enabling an Owner to complete a like-kind exchange;
- (e) notify 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 Tenant or any other tenant at the Project, if the Trust has not terminated under Section 9.2, enter into a new lease with respect to the Project or renegotiate or refinance any debt secured by the Project (including, without limitation, the Loan); and
- (g) any action that, in the opinion of tax counsel to the Trust, should not have an adverse effect on either the treatment of the Trust as an “investment trust” within the meaning of Treasury Regulations Section 301.7701-4(c) or of each Owner as a “grantor” within the meaning of Code Section 671.

The foregoing notwithstanding, on and after the effective date of the Conversion Notice, under no circumstances shall the power or authority of the Manager include the ability to take any action that would cause the Trust to cease to constitute an “investment trust” within the meaning of Treasury Regulations Section 301.7701-4(c). On and after the effective date of the Conversion Notice, the power and authority of the Manager shall be strictly and narrowly construed so as to preserve and protect the status of the Trust as an “investment trust” for federal income tax purposes.

5.3.3 The Manager shall keep customary and appropriate books and records relating to the Trust and the Trust Estate and shall certify such reports to the Lender if required by the Loan Documents. The Manager will obtain annual audited financial reports for the Trust which will be provided to the Owners upon the written request of the Owner. The Manager shall keep customary and appropriate books and records of account for the Trust at the Manager’s principal place of business; provided, however, any inspection, examination and copying of the Trust’s books and records (i) shall only be for any purpose reasonably related to the Owner’s interest as an Owner of the Trust as determined by the Manager in the Manager’s sole and absolute discretion and (ii) shall be limited to information regarding the business and financial condition of the Trust and shall specifically exclude any and all personal information with respect to the Owners, including, but not limited to, the names, addresses, email addresses and phone numbers of the Owners. The Owners may inspect, examine and copy the Trust’s books and records other than any information related to any other Owner at any time during normal business hours. The Manager shall maintain appropriate books and records in order to provide reports of income and expenses with respect to the Trust Estate to each Owner as necessary for such Owner to prepare such Owner’s income tax returns. Notwithstanding the foregoing, no Owner shall have the right to information regarding the other Owners and the Manager shall not disclose such information to any Owner and no personal information concerning any of the Owners, such as names and addresses, shall be disclosed by the Manager. Other than with respect to the limitations on the dissemination of Owner information provided herein, nothing in this Section 5.3.3 shall constitute a waiver or modification of any of the rights of the Manager provided in Section 3819 of the Act.

5.3.4 The Manager shall promptly furnish (i) to the Owners copies of all notices and other items required to be distributed to them pursuant to the Transaction Documents (unless the Manager

believes them to have been sent directly to the Owners) and (ii) to the Lender all documents required by the Loan Documents.

5.3.5 The Manager shall not be required to act or refrain from acting under this Agreement or the Loan Documents if the Manager determines, or has been advised by counsel, that such action or lack of action may result in personal liability, unless the Manager is indemnified by the Trust against any liability and costs (including reasonable legal fees and expenses) in a manner and form reasonably satisfactory to the Manager.

5.3.6 The Manager shall not, on its own behalf (as opposed to actions that the Manager is required to perform on behalf of the Trust), have any duty to (i) (A) file, record or deposit any document, (B) maintain any filing, recording or deposit of any document or (C) refile, rerecord or redeposit any such document, (ii) obtain or maintain any insurance on the Project, (iii) maintain the Project, (iv) pay or discharge any tax levied against any part of the Trust Estate, (v) confirm, verify, investigate or inquire into the failure to receive any reports or financial statements from any party obligated under the Loan Documents to provide such reports or financial statements, (vi) inspect the Project at any time or (vii) ascertain or inquire as to the performance or observance of any of the covenants of any Person under the Loan Documents.

5.3.7 Subject to the other provisions of this Agreement, the Manager shall manage, control, dispose of or otherwise deal with the Trust Estate consistent with its duties to conserve and protect the Trust Estate.

5.3.8 The Manager shall provide to each Person who becomes an Owner a copy of this Agreement.

5.3.9 Upon written request by the Trustee, the Manager shall provide to the Trustee a copy of the Ownership Records.

5.3.10 All payments to be made by the Manager under this Agreement shall be made from the Trust Estate.

5.3.11 All prior acts of the Manager relating to any filings or documents to permit the Trust to transact business in the state in which the Project is located, or otherwise relating to the organization of the Trust, are hereby ratified and approved.

5.4 Indemnification. The Trust, to the full extent of the Trust Estate, shall (i) reimburse the Manager for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals) incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, this Agreement, (ii) to the fullest extent permitted by law, indemnify, defend and hold harmless the Manager and the officers, directors, employees, agents, managers and owners of the Manager (collectively, the “Manager Indemnified Persons”), from and against any and all losses, damages, liabilities, claims, actions, suits, costs, expenses, disbursements (including the reasonable fees and expenses of counsel and other professionals), taxes and penalties, of any kind and nature whatsoever, arising out of or imposed upon or asserted at any time against such Manager Indemnified Persons, including without limitation on the basis of ordinary negligence on the part of any such Manager Indemnified Person, with respect to or in connection with this Agreement, the Trust, or any transaction or document contemplated hereby (the “Manager Expenses”); provided, however, that the Trust shall not be required to indemnify a Manager Indemnified Person for any Manager Expenses to the extent such Manager Expenses result from the fraud, gross negligence or willful misconduct of any Manager Indemnified Person and (iii) to the fullest extent permitted by law, advance to each such Manager Indemnified Person the Manager Expenses incurred by such Manager Indemnified Person in defending any claim, demand, action, suit or

proceeding, in connection with this Agreement, the Trust, or any transaction or document contemplated hereby prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Trust of an undertaking, by or on behalf of such Manager Indemnified Person, to repay such amount unless a court of competent jurisdiction renders a final, non-appealable judgment that includes a specific finding of fact that such Manager Indemnified Person is not entitled to be indemnified therefor under this Section 5.4. The obligations of the Trust under this Section 5.4 shall survive the resignation or removal of the Manager and the termination, amendment, supplement and/or restatement of this Agreement.

5.5 Fees and Expenses. The Manager shall receive as compensation for its services hereunder the fees set forth on Exhibit E. The Manager shall not have any obligation by virtue of this Agreement to spend any of its own funds, or to take any action that could result in its incurring any cost or expense.

5.6 Sale of Trust Estate by Manager is Binding. Any sale or other conveyance of the Trust Estate or any part thereof by the Manager pursuant to the terms of this Agreement shall bind the Trust and the Owners and be effective to transfer or convey all rights, title and interest of the Trust and the Owners in and to the Trust Estate.

5.7 Removal; Resignation; Succession. The Manager may resign at any time by giving at least 60 days' prior written notice to the Trustee. Upon receiving a court order issued as a result of a final, non-appealable decision of a court of competent jurisdiction, the Trustee may at any time remove the Manager for cause by written notice to the Manager. For purposes of this Section 5.7, "cause" shall result only from the fraud, gross negligence or willful misconduct of the Manager as evidenced by a final, non-appealable decision of a court of competent jurisdiction; provided that under no circumstances shall "cause" result from any action or omission of the Manager intended to preserve the rights of Owners to effect like-kind exchanges in respect of their respective Beneficial Interests. Such resignation or removal shall be effective upon the acceptance of appointment by a successor manager as hereinafter provided. In case of the removal or resignation of the Manager, the Trustee, with the prior written consent of the Lender, if required, may appoint a successor manager by written instrument. Notwithstanding anything to the contrary herein, if upon the resignation of the Manager it designates a successor Manager within 10 days of its notice of resignation, such designated Manager shall become the successor Manager without further action by the Trustee. If a successor manager shall not have been appointed within 60 days after the Manager gives notice of its resignation or is removed, the Trustee, or any of the Owners, may apply to any court of competent jurisdiction in the United States to appoint a successor manager to act until such time, if any, as a successor manager shall have been appointed as provided above and provided that, if required, the consent of the Lender is obtained if the Loan is outstanding. Any successor manager so appointed by such court shall immediately and without further act be superseded by a successor manager appointed as provided above within one year from the date of the appointment by such court. Any successor manager, however appointed, shall execute and deliver to its predecessor Manager an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the rights, powers and duties of the predecessor Manager in the trusts hereunder with like effect as if originally named the Manager herein. Upon the written request of such successor manager, such predecessor Manager shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the rights, powers and duties of such predecessor Manager. Any right of the Owners against a predecessor Manager in its individual capacity shall survive the resignation or removal of such predecessor Manager, the dissolution and termination of the Trust and the termination, amendment, supplement and/or restatement of this Agreement.

5.8 Rights and Powers of Class B Owner Prior to Conversion Notice. Prior to the effective date of the Conversion Notice, the Class B Owner shall have the right and power, in its sole discretion (but subject to the restrictions in Section 3), to:

5.8.1 Contribute additional assets to the Trust;

5.8.2 Cause the Trust to negotiate or renegotiate loans or leases; and

5.8.3 Cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

It is expressly understood by the Class B Owner that these powers are inconsistent with the ability to classify the Trust as an “investment trust” under Treasury Regulations Section 301.7701-4(c), and the Trust shall not be so classified prior to the effective date of the Conversion Notice.

5.9 Issuance of Conversion Notice. The Class B Owner may, at any time in its sole discretion as long as any Class B Interests are outstanding, issue the Conversion Notice to the Manager, with a copy to the Trustee; provided, however, that the Conversion Notice must be issued no earlier than the Project Acquisition Date which Conversion Notice will cause the Trust to constitute an investment trust beginning on the effective date of the Conversion Notice. On the effective date of the Conversion Notice, the Class B Owner shall no longer have any of the rights or powers set forth in Section 5.8. Instead, the Class B Owner shall have the same rights and powers as apply to a Class A Owner (as set forth in Section 6.2). In no event may any Class A Interests be issued to Investors until at least the next Business Day after the Conversion Date.

5.10 Reports by Manager. The Manager shall furnish annual reports to each of the Owners as to the amounts of rent received from the Tenant, the expenses incurred by the Trust, the amount of any Reserves and other amounts applied to meet requirements under the Loan Documents, and the amount of cash distributed by the Trust to the Owners.

6. Beneficial Interests.

6.1 Confirmation of Purchase of Class A and Class B Interests.

6.1.1 On the Effective Date, 100% of the Class B Interests shall be issued to the Depositor in exchange for its contribution. The Percentage Share of the Class B Owner prior to the issuance of any Class A Interests shall be 100%.

6.1.2 No earlier than the next Business Day after the Conversion Date, a Class A Interest shall be issued to each Investor who has executed a Purchase Agreement, been accepted and admitted as an Investor by the Trust and has paid to the Trust all cash required to acquire an Interest. No portion of the purchase price paid by the Investors to the Trust will be placed into any Reserves with respect to the Project. The amount paid by, and the Percentage Share of, each Investor shall be determined by the Manager and shall be set forth in the Purchase Agreement for each Investor. In no event shall the Trust accept any Investor who is (i) directly or indirectly affiliated in any way with Maxus, (ii) directly or indirectly an agent that is acting on behalf of Maxus or (iii) directly or indirectly acting on behalf of and/or under the direction of Maxus.

6.2 Rights and Powers of Class A Owners. The sole right of the Class A Owners shall be to receive distributions from the Trust as a result of the Trust’s ownership or sale of the Project. The Class A Owners shall not have the right or power to direct in any manner the actions of the Trust, the Trustee, the Tenant, the Depositor or the Manager in connection with the management or operation of the Trust or the Project. The Class A Owners shall have no voting rights, including as to whether or not the Project is sold pursuant to this Agreement. In addition, the Class A Owners shall not have the right or power to:

6.2.1 Contribute additional assets to the Trust;

6.2.2 Cause the Trust to negotiate or renegotiate loans or leases; or

6.2.3 Cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

6.3 Contributions by the Class A Owners: Issuance of Class A Interests and Reduction in Class B Interest. All cash paid by Investors for Class A Interests shall be used by the Trust to repurchase a corresponding portion of the Class B Interest then held by the Depositor. In no event may such repurchase result in a net increase or decrease in the corpus of the Trust. With respect to each contribution by a Class A Owner and related repurchase of a portion of the Class B Interest then held by the Depositor, the reduction of the Percentage Share of the Depositor shall be equal to the Percentage Share granted by the Trust to the purchasing Class A Owner. With respect to acquisitions of Class A Interests by Investors after the first day of any month, the pro rata portion of distributions attributable to the repurchased Class B Interest for such month shall be paid to the Depositor, and distributions attributable to the Class A Interest shall begin on the date of the acquisition of the Class A Interests. The Manager agrees to use its best efforts to cause the Trust to sell all Class A Interests within 365 days from the Conversion Date, which may be extended for an additional 365 days in the discretion of the Manager. Any Class B Interests held by the Class B Owner on the one-year anniversary (or the extended time if elected by the Manager) of the Conversion Date will convert to Class A Interests and the Class B Owner shall transfer such Class A Interests to a newly formed, separate taxpayer.

6.4 Agreement to be Bound. Any Owner shall be deemed, by virtue of executing the Signature Page to be bound by the provisions of this Agreement.

6.5 Ownership Records. The Manager shall at all times be the Person at whose office a request for transfer or for exchange and where notices and demands to or upon the Trust in respect of a Beneficial Interest may be served. The Manager shall keep Ownership Records, which shall include records of the transfer and exchange of Beneficial Interests. Notwithstanding any provision of this Agreement to the contrary, transfer of a Beneficial Interest in the Trust, or of any right, title or interest therein, shall occur only upon and by virtue of the entry of such transfer in the Ownership Records.

6.6 Restrictions on Transfer. Subject to compliance with applicable federal and state securities laws, the terms of this Agreement and any requirements in the Loan Documents, all or any portion of the Beneficial Interest of any Owner may be assigned or transferred without the prior consent of any of the Trust, the Trustee, the Depositor, the Manager and the other Owners. All expenses of any such transfer shall be paid by the assigning or transferring Owner. Any transfer that results in a violation of this Section 6.6 shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

6.7 Conditions to Admission of New Owners. An assignee or transferee of the Beneficial Interest of an Owner shall only become an Owner upon such assignee's or transferee's written acceptance and adoption of this Agreement, as manifested by its execution and delivery to the Manager of a counterpart signature page substantially in the form of Exhibit C (the "Signature Page"). The Manager shall provide copies of such documents to the Trustee upon request.

6.8 Limit on Number of Owners. Notwithstanding anything to the contrary in this Agreement, (i) at no time shall the number of Owners exceed 1,980 Persons and (ii) at no time shall the Trust permit any of the Beneficial Interests to be acquired by retirement and other plans subject to ERISA. Any transfer that results in a violation of this Section 6.8 shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

6.9 Representations, Warranties, Acknowledgements and Agreements of Owners.

6.9.1 Each Owner hereby accepts and reconfirms the representations and warranties contained in that certain Purchase Agreement, including but not limited to, Section 5 in the Purchase Agreement.

6.9.2 Each Owner hereby represents and warrants that (i) to the extent applicable, the execution, delivery and performance of this Agreement (A) has been duly authorized by such Owner, (B) does not require such Owner to obtain any consent or approval that has not been obtained and (C) does not contravene or result in a default under (1) any provision of any law or regulation applicable to such Owner, (2) the governing documents of such Owner or (3) any agreement or instrument to which such Owner is a party or by which such Owner is bound and (ii) this Agreement is valid, binding and enforceable against such Owner in accordance with its terms.

6.9.3 Each Owner hereby represents and warrants that it is (i) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (iv) a trust, if (A) the administration of the trust is subject to the primary supervision of a U.S. court and the trust has one or more U.S. persons with authority to control all substantial decisions or (B) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

6.9.4 Each Class A Owner hereby represents and warrants that it shall, for federal income tax purposes, report the purchase of its Class A Interest as a purchase by it of a direct ownership interest in the Project.

6.9.5 Each Owner hereby (i) acknowledges and agrees that it has no ability to (A) seek partition of the Trust Estate, a division of the Trust or petition for a portion of the assets of the Trust or (B) file, or consent to the filing of, a petition in bankruptcy on behalf of the Trust and (ii) consents that it shall not take any action that consents to, aids, supports, solicits or otherwise cooperates in the filing of an involuntary bankruptcy proceeding involving the Trust.

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

6.11 Owners and the Trust. The Owners shall not have legal title to the Trust Estate. The death, incapacity, dissolution, termination or bankruptcy of any Owner shall not result in the termination or dissolution of the Trust. No Owner has (i) an interest in specific Trust property or (ii) except as expressly provided herein, any right to demand and receive from the Trust an in-kind distribution of the Trust Estate or any portion thereof. Each Owner expressly waives any right, if any, under the Act to seek a judicial dissolution of the Trust, to terminate the Trust or, to the fullest extent permitted by law, to seek a partition of the Trust Estate (or any portion thereof), a division of the Trust (or any portion thereof) or a transfer of the Trust Estate (or any portion thereof).

6.12 Right of First Refusal. If any Owner desires to transfer all or any portion of their Interests to Maxus, such Owner (the “Special Selling Owner”) shall give the Manager written notice of such proposed transfer (the “Special ROFR Notice”) and shall offer to sell such Interests to the Manager or its Affiliates, or any assignee of the Manager or its Affiliates, at the price at which such Interests are intended to be transferred by the Special Selling Owner to Maxus. The Special ROFR Notice shall set forth the intended terms, conditions, price and the name and address of the Maxus purchaser. The Manager or its Affiliates or any assignee shall have the option for a period of 15 business days from the date of receipt of such written offer (the “Special Offer Period”) to accept such offer, and 2 months from the date of the receipt of such written offer to purchase the Interests (the “Special Option Period”) on the terms and conditions set forth in the Special ROFR Notice. If the offer has not been accepted in writing prior to the expiration of the Special Offer Period, or, if so accepted in writing, the closing of the purchase of the Interests has not occurred within the Special Option Period, the Special Selling Owner shall have the right for a period of 90 days following the end of the Special Offer Period (where no acceptance has been delivered by the Manager or its Affiliates or any assignee) or the Special Option Period (where acceptance of the offer has been delivered but the applicable Interests have not been purchased on or prior to the expiration of the Special Option Period), as applicable, to sell its Interests to Maxus on the terms set forth in the Special ROFR Notice. If the sale to Maxus is not completed within such 90-day period, the Special Selling Owner must again provide the Manager with a Special ROFR Notice as set forth in this Section 6.12 if the Special Selling Owner wishes to sell its Interests to Maxus.

7. Distributions.

7.1 Distributions in General. The Manager shall distribute the Trust’s net cash flow to the Owners in accordance with their Percentage Shares on a monthly basis (beginning with the month after acquiring the Project), after (i) paying or reimbursing the Manager for any fees or expenses incurred by the Manager on behalf of the Trust (including fees of the Trustee and the Manager), (ii) retaining such additional amounts as the Manager determines are necessary to pay anticipated ordinary current and future Trust expenses and taxes (“Reserves”) and (iii) satisfying debt service and related expenses on the Loan and any other requirements imposed under the Loan Documents. Reserves and any other cash retained pursuant to this Section 7.1 shall be invested by the Manager only in Permitted Investments. All amounts distributable to the Owners pursuant to this Agreement shall be paid by check or in immediately available funds by transfer to a banking institution with bank wire transfer facilities for the account of such Owner, as instructed from time to time by such Owner on or before the last Business Day of each calendar month.

7.2 Distributions upon Dissolution. In the event of the Trust’s dissolution in accordance with Section 9, all of the Trust Estate as may then exist after the winding up of its affairs in accordance with the Act (including, without limitation, subsections (d) and (e) of Section 3808 of the Act) and providing for all costs and expenses, including any income or transfer taxes which may be assessed against the Trust, whether or not by reason of the dissolution of the Trust shall be distributed to those Persons (or on behalf of the Owners as set forth in Section 9.2) who are then Owners in proportion to their respective Percentage Shares. Upon winding up the affairs of the Trust, the Manager shall provide the Trustee written confirmation of the dissolution and the completion of winding up of the Trust and shall authorize and direct the Trustee to execute and file in the office of the Secretary of State a certificate of cancellation in accordance with the Act.

7.3 Cash and Other Accounts. Subject to the Loan Documents, the Manager shall be responsible for receiving all cash from the Tenant and placing such cash into one or more accounts as required under the distribution and investment obligations of the Trust under Section 7.1.

8. Reliance; Representations; Covenants.

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

8.2 No Representations or Warranties as to Certain Matters.

8.2.1 NEITHER THE TRUSTEE NOR THE MANAGER, EITHER WHEN ACTING HEREUNDER IN ITS CAPACITY AS A TRUSTEE OR MANAGER OR IN ITS INDIVIDUAL CAPACITY, MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH REGARD TO THE TRUST ESTATE OR ANY PART THEREOF, AS TO (i) TITLE, LOCATION, VALUE, CONDITION, WORKMANSHIP, DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE, (ii) ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, (iii) ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, (iv) ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR (v) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED.

8.2.2 NEITHER THE TRUSTEE NOR THE MANAGER, EITHER WHEN ACTING HEREUNDER AS A TRUSTEE OR MANAGER OR IN ITS INDIVIDUAL CAPACITY, MAKES ANY REPRESENTATION, WARRANTY OR COVENANT AS TO THE VALIDITY OR ENFORCEABILITY OF TRANSACTION DOCUMENTS OR AS TO THE CORRECTNESS OF ANY STATEMENT CONTAINED THEREIN, EXCEPT AS EXPRESSLY MADE BY SUCH TRUSTEE OR THE MANAGER IN ITS INDIVIDUAL CAPACITY. EACH OF THE TRUSTEE AND THE MANAGER REPRESENTS AND WARRANTS TO THE OWNERS THAT IT HAS AUTHORIZED, EXECUTED AND DELIVERED THIS AGREEMENT.

9. Termination.

9.1 Termination in General. The Trust shall not have perpetual existence and instead shall be dissolved and wound up in accordance with Section 3808 of the Act after the effective date of the Conversion Notice, upon the first to occur of (i) the Termination Date, (ii) a Transfer Distribution or (iii) the sale of the Project pursuant to Section 9.3, at which time each Owner's Percentage Share of the Trust Estate

shall be distributed to such Owner in accordance with Section 7.2 in full and complete satisfaction and redemption of its Beneficial Interests.

9.2 Transfer Distribution.

9.2.1 Subject to the terms and conditions of the Loan Documents and, if applicable, Section 3.3, and upon

(a) (i) a determination by the Manager, in writing, that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Owners because (A) the Tenant has failed to timely pay rent due under the Lease after the expiration of any applicable notice and cure provisions in the Lease, if any, (B) the Trust Estate is in jeopardy of being lost due to a default on the Loan (and in the case of either foregoing clause (A) and/or (B), the Manager is prohibited pursuant to Section 3.2 from taking action that it believes necessary or appropriate to address such situation), (C) the Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (D) the Trust Estate or any portion thereof is subject to a casualty, condemnation or similar event or (E) the Manager determines that it is necessary to take one of the actions enumerated in Section 3.2.3 to avoid the loss or potential loss of all or a portion of the Trust Estate or its value, or (ii) the occurrence of a Master Lease Termination Event, then

(b) if the Loan, or any portion thereof, is outstanding, and written notice to the Lender is sent by the Manager via overnight courier or hand delivery in accordance with Section 11.6 at least 5 Business Days before the date of the intended action (“Lender’s Termination Notice”), the Trust shall dissolve and wind up in accordance with Section 3808 of the Act, and each Owner’s Percentage Share of the Trust Estate shall be distributed to such Owner in accordance with this Section 9.2 in full and complete satisfaction of their Beneficial Interests. Subject to the requirements of Section 3808 of the Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Owners under this Section 9.2, the Owners hereby irrevocably direct the Manager to transfer title to the assets comprising the Trust Estate, and subject to all Trust liabilities, on behalf of each Owner to a newly formed Delaware limited liability company (the “Springing LLC”) that has a limited liability company agreement substantially similar to that set forth on Exhibit D (the “LLC Agreement”) in complete satisfaction of their Beneficial Interests in order to consummate the dissolution of the Trust (such distribution, or, if applicable, a conversion pursuant to Section 9.2.2, a “Transfer Distribution”). The Springing LLC shall have the Owners as its members and the Manager as its manager. The limited liability company interests in the Springing LLC shall be issued to the Owners in proportion to their respective Percentage Shares of the Trust Estate. Within 30 days of any Transfer Distribution, each Owner shall provide information regarding such Owner’s tax basis in the applicable Interests in such form as reasonably requested by the Manager.

9.2.2 It is the express intent of this Agreement that the Trust will not terminate pursuant to a Transfer Distribution except in the circumstances enumerated above in Section 9.2.1, which the parties hereto agree constitute rare and unexpected situations in which such transfer and distribution will be necessary to prevent the loss of the Trust Estate due to such circumstances. If a determination has been made to terminate the Trust under Section 9.2.1, then, provided that (i) the Manager determines that a conversion of the Trust into a limited liability company would not adversely affect the status of the Trust prior to the conversion as an “investment trust” for income tax purposes, (ii) such alternative form of transaction is entered into to preserve and protect the Trust Estate and (iii) such conversion is permitted under the terms and conditions of the Loan Documents (or is otherwise consented to by the Lender), the Manager may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into a limited liability company having a limited liability company agreement substantially similar to that set forth on Exhibit D (and the resulting limited liability company shall, for purposes of this Agreement,

constitute the “Springing LLC”). In the case of such a conversion, the Springing LLC shall have the Owners as its members and the Manager as its manager, and the limited liability company interests in the Springing LLC shall be issued to the Owners in proportion to their respective Percentage Shares of the Trust Estate.

9.2.3 In addition to the provisions set forth above, upon the occurrence of an Event of Default (as defined in the Loan Documents) under the Loan Documents, the Trust shall convert into a limited liability company having a limited liability company agreement substantially similar to the LLC Agreement. In the case of such a conversion, the Springing LLC shall have the Owners as its members and the Manager as its manager, and the limited liability company interests in the Springing LLC shall be issued to the Owners in proportion to their respective Percentage Shares of the Trust Estate.

9.3 Sale of the Project.

9.3.1 The Trust may sell the Project (which for purposes of this Section 9.3 shall mean all of the underlying properties that comprise the Project) at any time beginning 3 years after the Conversion Date, but in no event earlier than 2 years after the sale of the last Class A Interest in the sole discretion of the Manager; provided, however, the Trust may sell the Project at any time after the Effective Date in the event the Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Manager shall sell the Trust Estate, and is hereby authorized and directed to sell the Trust Estate, at any time after the date described above upon a determination by the Manager (in its sole discretion) that a sale of the Trust Estate is appropriate. In connection with any sale of the Project under this Section 9.3, the Manager shall be responsible for (i) providing notice to the Trustee that a sale of the Trust Estate is appropriate, (ii) conducting the sale of the Project and (iii) subject to Section 3808 of the Act, after paying all amounts due to the Trustee and Manager hereunder, and the Lender, if any, distributing the balance of the Trust Estate (net of any closing costs and fees due to the Manager) to the Owners in full and complete satisfaction of their Beneficial Interests. The Manager is expressly instructed to take all reasonable action that would enable the sale to qualify with respect to each Owner as a like-kind exchange within the meaning of Section 1031 of the Code. Any sale of the Project shall be on an “as is, where is” basis and without any representations or warranties by the Trust, any Trustee or the Manager (other than as to ownership of the Project and authority to enter into the sale). The Trust may engage third-party real estate brokers to assist in the sale of the Project and pay customary fees in addition to any fees paid pursuant to Section 9.5.

9.3.2 If the Manager is considering a sale of the Project, the Manager may provide written notice to the Class A Owners and solicit suggestions from the Class A Owners regarding the disposition of the Project. The failure to give any such notice to all or any of the Class A Owners will not be a default under this Agreement and will not in any way affect the authority of the Manager or the Trustee. The Manager will review and consider any responses from the Class A Owners. However, the Manager will have no obligation whatsoever to proceed in accordance with any suggestions of the Class A Owners and will retain the authority to determine in its sole discretion whether or not to sell the Project and the terms of any such sale.

9.3.3 The Trust may not sell the Project to an Affiliate of the Manager at a price below the value of the Project as determined by an independent third-party appraiser.

9.4 Liability of Manager. To the fullest extent permitted by law, the Manager shall be fully protected in any determination made in good faith pursuant to Sections 9.2 and 9.3 and shall have no liability to any Person, including without limitation the Owners, Trust or the Trustee, with respect thereto.

9.5 Manager’s Fee on Sale. The Manager shall receive the fees set forth on Exhibit E upon any sale of the Project under Section 9.3 (not including a sale in foreclosure). The Manager may also

engage third-party real estate brokers to assist in the sale of the Project and the Manager will be required to pay such real estate broker.

9.6 Certificate of Cancellation. Upon the completion of the dissolution and winding up of the Trust and upon receipt of a signed direction from the Manager, the Trustee shall, as appropriate, cancel the Certificate of Trust or reflect the conversion contemplated by Section 9.2.2 by executing and causing a certificate of cancellation or certificate of conversion to be filed in the office of the Secretary of State (as well as undertaking any other means then required under applicable law).

10. FMV Option.

10.1 Option to Acquire. Subject to Sections 10.5 and 10.10, beginning 2 years after the Offering Termination Date and continuing until the Option Termination Date, the Manager or its assignee shall have the right, but not the obligation, to acquire the Class A Interests from every Class A Owner on the terms set forth herein (the “FMV Option”). If the Manager desires to exercise the FMV Option, the Manager must provide to the Class A Owners written notice of its election to exercise the FMV Option (in the form attached as Exhibit G, the “Option Notice”) before the end of the Option Termination Date. The FMV Option price for the Class A Interests shall be equal to the Interest FMV. The consideration will be paid in cash in an amount equal to the Interest FMV or, if the Manager has assigned its FMV Option rights under this Agreement to an Exchange Entity, the Class A Owners may elect to receive securities in such Exchange Entity equal to the Interest FMV divided by the then current price of the partnership or other interests in the Exchange Entity being offered to the Class A Owners (the “Exchange Entity Units”). The closing of the contribution or sale of the Class A Interests to the Manager (or the Exchange Entity) will occur within 30 days of the determination of the Interest FMV. The acquisition for cash is intended to be treated as a sale of the Class A Interests and the exchange of the Class A Owner’s Class A Interests in the Trust for the Exchange Entity Units is intended to qualify as a tax-deferred exchange under Internal Revenue Code Section 721.

10.2 Interest FMV. “Interest FMV” shall mean the fair market value of the Class A Interests determined by multiplying the percentage interest in the Project represented by the Class A Interests by the value of the Project at the time that the FMV Option is exercised. The value of the Project shall be determined by (a) reducing the gross fair market value of the Project (determined without regard to the Lease) by (i) any and all secured or unsecured liabilities and accounts payable and (ii) any fee or other amount that would be payable to the Manager or its Affiliates, including any property management and related fees and disposition fees (which fees shall be paid by the Trust at the time that the Class A Interests are transferred) and (b) increasing the value by any (i) cash, (ii) reserves and (iii) accounts receivable. The Interest FMV shall be determined as of the date the Option Notice is sent by the Manager to the Class A Owners. The gross fair market value of the Project shall be determined without regard to the Lease and shall be the greater of 2 fair market values of the Project, each determined within 90 days of the exercise of the FMV Option by a separate independent appraisal firm selected by the Manager in its sole discretion. In the event the higher appraisal is more than 20% greater than the lower appraisal (the 20% to be based on the lower appraisal), then the Manager shall select a third independent appraisal firm in its sole discretion to determine the fair market value of the Project. Under such circumstances, the Manager shall average the 2 highest of the 3 appraised values determined by the 3 independent appraisal firms and use such averaged amount for purposes of determining the fair market value of a Class A Owner’s Class A Interest to be acquired by the Manager (or the Exchange Entity) pursuant to this Section 10. The appraisals shall have been completed prior to the exercise of the FMV Option. No discounts for lack of liquidity or minority interests shall be considered in determining the Interest FMV.

10.3 Cash Investors. In the event the Manager exercises the FMV Option, a Class A Owner may elect to receive cash or Exchange Entity Units in exchange for its Class A Interests in the Trust. If any

Class A Owner (i) fails to reply to the Option Notice within 10 business days of receipt, (ii) does not meet the investor suitability requirements for acquiring the Exchange Entity Units or (iii) does not meet any applicable lender requirements, such Class A Owner shall receive cash for its Class A Interests.

10.4 Prorations. All prorations will be allocated in a manner that is standard practice where the Project is located, taking into consideration all accounts payable and accounts receivable before and after the closing date.

10.5 Assignment; Investor Suitability Requirements. The Manager shall have the right to assign the rights and obligations of the Manager under this Section 10 to another entity, including an entity that is managed or sponsored by the Manager or its Affiliates or a third party (such party, the “Exchange Entity”). The Exchange Entity shall have the right, but not the obligation, to offer to the Class A Owners as consideration for the acquisition of the Class A Interests, Exchange Entity Units. The FMV Option, in the case of exchanging for Exchange Entity Units, may not be exercised unless the Class A Owner meets the applicable investor suitability requirements as determined by the Exchange Entity in accordance with applicable law. If a Class A Owner does not meet such investor suitability requirements, the Class A Owners will receive cash for its Class A Interests.

10.6 Execution of Documents. In order to complete the contribution of the Class A Interests as set forth in this Section 10, the Manager (or the Exchange Entity) and the Class A Owners will execute, notarize and deliver any and all documents required to effectuate such transfer as determined by the Manager (or the Exchange Entity).

10.7 Termination. The FMV Option shall continue until the earliest of (i) the closing of the transfer of all Class A Interests pursuant to the FMV Option, (ii) the Termination Date or (iii) the sale of the Project by the Trust or the Springing LLC (the “Option Termination Date”).

10.8 Power of Attorney. The Manager (or the Exchange Entity) shall, at all times during term of this Agreement, have a special and limited power of attorney as the attorney-in-fact for any Class A Owner to effect the FMV Option and related transactions set forth in this Section 10, with the power and authority to act in the name and on behalf of each Class A Owner to execute, acknowledge and swear to in the execution, acknowledgement and filing of documents that are not inconsistent with the provisions of this Section 10 and which may include, but shall not be limited to, any instrument or document that may be required to effectuate the sale of the Class A Interests or the Project.

10.8.1 This power of attorney may be exercised by the Manager (or the Exchange Entity) for such Class A Owner by the signature of the Manager (or the Exchange Entity) acting as attorney-in-fact for such Class A Owner, or by such method as may be required or requested in connection with the recording or filing of any instrument or other document so executed.

10.8.2 This power of attorney is coupled with an interest and shall be irrevocable and shall survive an assignment by the Class A Owner of all or any portion of its Class A Interests. Furthermore, this power of attorney shall survive the bankruptcy, death, dissolution, liquidation, termination, incapacity, lapse of time or incompetency of the Class A Owner.

10.8.3 The Manager (or the Exchange Entity) shall promptly furnish to the Class A Owners a copy of any document executed by the Manager (or the Exchange Entity) pursuant to this power of attorney.

10.9 Continued Existence of the Trust. Notwithstanding anything to the contrary in this Agreement, the Trust shall survive the exercise of the FMV Option.

10.10 Lender Consent. No transfer of Class A Interests may occur unless the Lender has provided prior written consent to such transfer, if required.

11. Miscellaneous.

11.1 Limitations on Rights of Other Persons. Nothing in this Agreement, whether express or implied, shall provide to any Person, other than the Depositor, the Trustee, the Manager, the Owners and the Trust, any legal or equitable right, remedy or claim hereunder.

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

11.3 Usage of Terms. With respect to all terms in this Agreement: (i) the singular includes the plural and the plural includes the singular, (ii) words importing any gender include the other gender; references to “writing” include printing, typing, lithography and other means of reproducing words in a visible form, (iii) references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein, (iv) references to Persons include their successors and permitted assigns and (v) the term “including” means “including without limitation.”

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

11.5 Amendments. To the fullest extent permitted by applicable law, neither this Agreement nor any term or provision hereof may be amended, supplemented, waived, discharged or terminated orally, but, subject to Section 3.3, only by a signed writing executed by and among the Manager and the parties adversely affected, if any.

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

If to the Depositor:

Passco Allure Depositor, LLC
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

with a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, CA 92121-2133
Attention: Darryl Steinhouse, Esq.
Email: Darryl.Steinhouse@us.dlapiper.com

If to the Manager:

Passco Allure Manager, LLC
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

with a copy to:

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, CA 92121-2133
Attention: Darryl Steinhouse, Esq.
Email: Darryl.Steinhouse@us.dlapiper.com

If to the Trust: Passco Allure DST
2050 Main Street, Suite 650
Irvine, CA 92614
Attention: Larry K. Sullivan

If to the Trustee: Sorensen Entity Services LLC
1201 N. Orange St, Suite 7044
Wilmington, DE 19601
Attention : Chris Sorensen
Email: chris@sorensenes.com

If to the Lender: KeyBank National Association
c/o KeyBank Real Estate Capital – Servicing Department
11501 Outlook Street, Suite 300
Overland Park, Kansas 66211, Mailcode KS-01-11-0501
Attention: Servicing Department

with a copy to:

Sameer Upadhya, Esq.
Krooth & Altman LLP
1850 M Street, N.W., Suite 400
Washington, D.C. 20036

If to an Owner, at such Person's address as specified in the most recent Ownership Records.

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

11.7 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware (without regard to conflict of law principles). The laws of the State of Delaware pertaining to trusts (other than the Act) shall not apply to this Agreement.

11.8 Venue. Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Orange County, California; provided, however, that in the event the Trustee is a defendant in an action relating to or arising out of this Agreement, such action shall, at the election of the Trustee, be brought in a court of competent jurisdiction located in New Castle County, Delaware.

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

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

11.11 Signature of Class A Owners. Each Investor will execute the Signature Page for Owners of the Trust in substantially the form set forth on Exhibit C in connection with its acquisition of Class A Interests. By executing this Agreement or the Signature Page, as applicable, each Owner hereby (x) acknowledges and agrees to be bound by the terms of this Agreement and the LLC Agreement when and if the Springing LLC is formed and (y) in furtherance of the foregoing, hereby grants to the Manager (including any successor to the initial Manager named herein), a special and limited power of attorney, as the attorney-in-fact for such Investor, with full power and authority, in the name and on behalf of such Owner: (i) to execute and acknowledge, and to swear to the execution and acknowledgment of, the LLC Agreement, (ii) to execute and acknowledge, and to swear to the execution and acknowledgment of, any documents required to be signed by a Class A Owner with respect to the FMV Option as provided in Section 10, (iii) to execute and acknowledge, and to swear to the execution and acknowledgment of, any documents required to be signed by a Special Selling Owner with respect to the right of first refusal set forth in Section 6.12, and (iv) to execute and deliver such other documents, and to take such other acts, as are not inconsistent with the provisions of this Agreement and the Manager deems necessary or desirable for the purpose of effecting a Transfer Distribution and the formation and organization of the Springing LLC in connection therewith. The foregoing power of attorney may be exercised by the Manager, as manager of the Springing LLC, for such Owner by the signature of the Manager acting as attorney-in-fact for such Owner or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed. In light of such Owner's agreement to be bound by the LLC Agreement pursuant to this Section 11.11, each Owner hereby acknowledges and agrees that (i) such Owner shall be deemed to have executed the LLC Agreement when executed by its attorney-in-fact named herein and (ii) the LLC Agreement shall be fully enforceable against such Owner, notwithstanding the lack of such Owner's actual signature thereon.

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

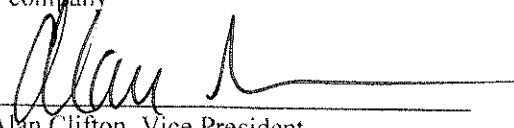
THE TRUSTEE:

Sorensen Entity Services LLC, a Delaware
limited liability company

By: 
Chris Sorensen, Manager

THE DEPOSITOR:

Passco Allure Depositor, LLC, a Delaware limited
liability company

By: 
Alan Clifton, Vice President

THE MANAGER:

Passco Allure Manager, LLC, a Delaware limited
liability company

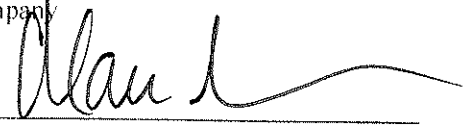
By: 
Alan Clifton, Vice President

EXHIBIT A

REAL ESTATE

Legal Description of Property

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Chesapeake, Virginia and being more particularly described as follows:

All that certain lot, piece or parcel of land, lying and being in the City of Chesapeake, Virginia, shown and designated as "Parcel C", on subdivision plat entitled "Subdivision Plat of Edinburgh Farms", recorded in the Clerk's Office of the Circuit Court of the City of Chesapeake, Virginia in Map Book 180 at Pages 65-70.

EXHIBIT B
OWNERSHIP RECORDS

Last Revised _____, 20__.

<u>Name</u>	<u>Mailing Address</u>	<u>Phone Number</u>	<u>Class of Beneficial Interests</u>	<u>Number of Beneficial Interests</u>
_____	_____	_____	_____	_____

_____	_____	_____	_____	_____

_____	_____	_____	_____	_____

_____	_____	_____	_____	_____

_____	_____	_____	_____	_____

_____	_____	_____	_____	_____

The undersigned hereby certifies that the foregoing Ownership Records are complete and accurate as of the date set forth above.

Passco Allure Manager, LLC, not in its individual capacity, but solely as Manager

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF SIGNATURE PAGE FOR CLASS A OWNERS

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Amended and Restated Trust Agreement of Passco Allure DST dated April 30, 2026 by and among Passco Allure Depositor, LLC, a Delaware limited liability company, as Depositor, Passco Allure Manager, LLC, a Delaware limited liability company, as Manager, and Sorensen Entity Services LLC, a Delaware limited liability company, as Trustee (the “Trust Agreement”), as may be further amended or supplemented from time to time, and hereby covenants and agrees to be bound by the Trust Agreement as an Owner. All capitalized terms used herein, and not defined herein shall have the meanings given to such terms in the Trust Agreement.

In connection with the purchase of the Class A Interest, the undersigned hereby represents and warrants that the undersigned is:

(a) (1) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (4) a trust, if (i) the administration of the trust is subject to the primary supervision of a U.S. court and a U.S. person has authority to control all substantial decisions of the Trust or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person;

(b) not an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended; and

(c) an Accredited Investor, unless the undersigned is not required to be an Accredited Investor pursuant to the applicable state and federal securities laws (to be determined in the sole discretion of the Manager).

[Signature Page Follows]

If a Natural Person or Grantor Trust:

Signature: _____

Name: _____
(Print)

Signature: _____

Name: _____
(Print)

If other than a Natural Person:

Full Name of Entity: _____

Signature: _____

Name: _____
(Print)

Title: _____

Signature: _____

Name: _____
(Print)

Title: _____

EXHIBIT D

FORM OF LIMITED LIABILITY COMPANY AGREEMENT

FORM OF LIMITED LIABILITY COMPANY AGREEMENT

LIMITED LIABILITY COMPANY
AGREEMENT OF
PASSCO ALLURE SPRINGING, LLC

THIS DOCUMENT WILL BE PROVIDED TO
YOU BY REQUEST, PLEASE EMAIL:

Lauren Vuylsteke
lvuylsteke@passco.com

EXHIBIT D

EXHIBIT E

TRUSTEE AND MANAGER FEES

Pursuant to Section 4.4, the Trustee shall receive an annual fee of \$900.

Pursuant to Section 5.5, the Manager shall receive an annual administration fee of \$25,000, payable monthly.

Pursuant to Section 9.5, the Manager shall receive a fee in an amount equal to 3% of the gross proceeds of the sale of the Project, payable at the closing of the transaction. The Trust will be responsible for paying any third-party real estate broker; provided, however, that the disposition fee to the Manager will be reduced to the extent to the outside third-party fee exceeds 0.5%.

EXHIBIT F

CONVERSION NOTICE

Passco Allure Depositor, LLC, a Delaware limited liability company, as the Class B Owner and holder of 100% of the Class B Interests in Passco Allure DST hereby provides the Conversion Notice pursuant to Section 5.9 of the Amended and Restated Trust Agreement of Passco Allure DST dated April 30, 2026. This Conversion Notice shall be effective as of the beginning of the day on May 11, 2026.

Date: May 11, 2026

PASSCO ALLURE DEPOSITOR, LLC, a
Delaware limited liability company

By: 
Alan Clifton, Vice President

EXHIBIT G

NOTICE OF EXERCISE

In accordance with Section 10 of the Amended and Restated Trust Agreement (the “Agreement”) of Passco Allure DST (the “Trust”), the undersigned hereby exercises its FMV Option under Section 10 of the Agreement in relation to _____ (the “Investor”) and its _____% interest in the Trust. The Investor may, within 10 business days of the date of this Notice of Exercise, notify the undersigned in writing (the “Exchange Notice”) that, pursuant to the terms of Section 10.3 of the Agreement, Investor is exercising its right to accept the Units (as defined in the Agreement) instead of cash for its Class A Interests in the Trust (the “Interest”). Should the Investor not provide the undersigned with an Exchange Notice within 10 business days of the date of this Notice of Exercise, the Investor shall be deemed to have surrendered its Interest and all rights, title and interest therein in exchange for cash. The undersigned shall deliver the Units or cash, whichever is applicable to the Investor in accordance with the terms of Section 10 of the Agreement and to the address specified in Exhibit D of the Agreement (or such other address provided by the Investor to the Trust and which is included in the books and records of the Trust).

Dated: _____, 20____

Passco Allure DST, a Delaware statutory trust

By: Passco Allure Manager, LLC, a
Delaware limited liability company, its
Manager

By: _____
Name: _____
Title: _____

EXHIBIT D

MASTER LEASE AGREEMENT

EXHIBIT D
MASTER LEASE AGREEMENT

THIS DOCUMENT WILL BE PROVIDED TO
YOU BY REQUEST, PLEASE EMAIL:

Lauren Vuylsteke

lvuylsteke@passco.com

EXHIBIT E

PROJECTIONS OF OPERATIONS FOR THE PROJECT

EXHIBIT E

PROJECTIONS OF OPERATIONS FOR THE PROJECT

This Exhibit E contains forward-looking statements that involve risks and uncertainties. These statements are only predictions and are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in these forward-looking statements. The forward-looking statements included in this Exhibit are based upon the Trust Manager's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Although the Trust Manager believes that the expectations reflected in such forward-looking statements set forth in this Exhibit are based on reasonable assumptions, the actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those described in this Memorandum. Any assumptions underlying the forward-looking statements set forth in this Exhibit could be inaccurate. Prospective Holders are cautioned not to place undue reliance on any forward-looking statements contained in this Exhibit. The actual results may differ significantly from the results discussed in the forward-looking statements.

The Projections of Operations for the Project in this Exhibit are forward-looking statements and have been prepared as of the date of this Memorandum and represent estimates for the Project over the approximate 10-year period beginning April 30, 2026 (the "Projections").

The Projections are based, in part, upon specific assumptions described in this Exhibit and this Memorandum. These estimates and assumptions represent the Trust Manager's best judgment as to what the actual experiences of the prospective Holder will be. Because of the impossibility of making meaningfully precise, predictive assumptions, some of the assumptions may not accurately reflect operations of the Project in all years. Changes in these assumptions could cause actual operating results to vary substantially from those which have been forecasted. If such assumptions are incorrect, the Projections would likewise be incorrect. No assurance can be given that the assumptions will prove to be correct. Prospective Holders should closely review the more detailed information set forth in this Exhibit and this Memorandum.

This Exhibit has been prepared by the Trust Manager and no independent public accountants or other third parties have examined, compiled, reviewed or agreed upon the procedures used to prepare the Projections. The Projections have not necessarily been prepared with the guidelines of the American Institute of Certified Public Accountants or any other accounting profession self-regulatory or governing body. **There is no assurance that the Project will perform as set forth in the Projections.** The ability to achieve the results set forth in the Projections are subject to a number of risks including, without limitation, those described in the Risk Factors in this Memorandum.

ASSUMPTIONS

Analysis Period: April 30, 2026 – April 30, 2036

Expenses									
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expense Growth Rate (%)	12.73%	4.72%	2.90%	2.88%	2.92%	2.92%	2.93%	2.95%	2.94%
Real Estate Taxes Growth Rate (%)	10.89%	4.05%	3.30%	3.37%	3.32%	3.31%	3.32%	3.32%	3.32%

Revenues										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Growth Rate (%)		3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
<u>Economic Vacancy Assumptions:</u>										
Loss-to-Lease (%)	1.30%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Vacancy (%)	3.97%	4.00%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Submarket Concessions (%)	0.09%	0.10%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	0.75%	0.75%
Non Revenue Units (%)	0.60%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Collection Loss/Bad Debt (%)	0.33%	0.33%	0.50%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Total Financial Vacancy (%)	6.30%	5.55%	6.87%	6.97%	7.72%	7.72%	7.72%	7.72%	7.47%	7.47%

*Each projection year is a 12-month fiscal year

Operating Expenses*:

Lease Period**	Months	<u>Master Tenant Expenses</u>	<u>Trust Expenses</u>
1	Months 1 through 12	\$998,376	\$1,415,489
2	Months 13 through 24	\$1,168,715	\$1,552,322
3	Months 25 through 36	\$1,241,628	\$1,607,848
4	Months 37 through 48	\$1,273,210	\$1,658,893
5	Months 49 through 60	\$1,304,384	\$1,712,283
6	Months 61 through 72	\$1,337,774	\$1,766,994
7	Months 73 through 84	\$1,372,029	\$1,823,443
8	Months 85 through 96	\$1,407,174	\$1,881,815
9	Months 97 through 108	\$1,443,754	\$1,942,181
10	Months 109 through 120	\$1,480,762	\$2,004,612

* Lease period 1 is prorated and begins on April 30, 2026 and ends on April 30, 2027. All other lease periods have a term beginning on May 1 and ending on April 30.

** Includes a property management fee of \$40,000 in Lease Period 1 and 2.25% of the gross revenues per year thereafter. Tax projections are based on a third-party opinion prepared by Ryan, LLC.

Property Management Fee

The property management fee is \$40,000 in Lease Period 1 and 2.25% of the gross revenues per year thereafter.

Capital Reserves

The Lender required an initial replacement reserve of \$0 and requires ongoing monthly deposits throughout the term of the Loan in the amount of \$4,667. The Lender also required a Lender controlled reserve in an amount equal to \$112,000 and an insurance impound in an amount equal to \$48,709.

Date of Sale

It is anticipated that the Trust will own the Project for approximately 10 years.

Loan Terms

Loan terms are outlined in detail in this Memorandum, see “Financing Terms.”

For additional information, see “Estimated Use of Proceeds” in this Memorandum.

Allure at Edinburgh

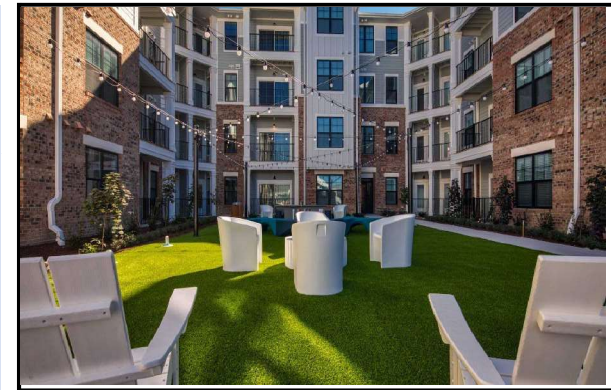
Passco Companies, LLC
Property Detail

May 4, 2026

10 Year Holding Period

Property Information:

Address:	249 Allure Ln, Chesapeake, VA 23322	Construction Type:	Wood Frame Construction
Style:	Garden-Style	Roof:	Pitched with Composition
Year Built:	2024/2025	Property Management:	Arlington
Property Age:	2 Year(s)		
Net Rentable Area (NRA):	272,338 SF	Parking Ratio:	2.01 Spaces/Unit
# of Units:	280 Units	Uncovered Spaces:	552
Average SF:	973 SF	Covered Spaces:	0
Acres (Net):	11.74 Acres	Attached Garages:	0
# of Buildings:	7 Building(s)	Detached Garages:	10
# of Floors:	4 Floors	Non-Striped Spaces:	0
Density:	23.85 Units/Acre	Total Spaces:	562 Spaces



Acquisition Information:

Price Per SF:	\$337 /SF	Acquisition Cap Rate:	5.36%
Price Per Unit:	\$327,857 /Unit	Acquisition NOI Per Unit:	\$18,347 NOI/Unit

Unit Mix:

Unit Type:	Percent (%):	Units:	Total SQFT:	SQFT/Unit:
1698g11a	13.93%	39	24,570 SF	630 SF
1698g11b	18.57%	52	36,452 SF	701 SF
1698g11c	3.21%	9	6,939 SF	771 SF
1698g11d	1.07%	3	2,325 SF	775 SF
1698g22a	31.43%	88	93,104 SF	1,058 SF
1698g22b	11.43%	32	34,848 SF	1,089 SF
1698g22c	3.21%	9	11,268 SF	1,252 SF
1698g32a	17.14%	48	62,832 SF	1,309 SF
Total:	100%	280 Units	272,338 SF	973 SF

Passco Companies, LLC - Proprietary & Confidential Information

Allure at Edinburgh
 Passco Companies, LLC
 Property Cash Flow Projection

May 4, 2026
 10 Year Holding Period

Year Start Year Ending Period # of Months Year	May-26 Apr-27 Year 1 12 Months FISCAL	May-27 Apr-28 Year 2 12 Months FISCAL	May-28 Apr-29 Year 3 12 Months FISCAL	May-29 Apr-30 Year 4 12 Months FISCAL	May-30 Apr-31 Year 5 12 Months FISCAL	May-31 Apr-32 Year 6 12 Months FISCAL	May-32 Apr-33 Year 7 12 Months FISCAL	May-33 Apr-34 Year 8 12 Months FISCAL	May-34 Apr-35 Year 9 12 Months FISCAL	May-35 Apr-36 Year 10 12 Months FISCAL
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Growth Rate Assumptions

Rent Growth		3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
ADU/WDU Units		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense Growth		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance Growth		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Loss to Lease	1.30%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%	0.76%
Vacancy	3.97%	4.00%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Submarket Concessions	0.09%	0.10%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	0.75%	0.75%
Non Revenue Units (employee/models)	0.60%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Collection Loss/Bad Debt	0.33%	0.33%	0.50%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Total Economic Vacancy	6.30%	5.55%	6.87%	6.97%	7.72%	7.72%	7.72%	7.72%	7.47%	7.47%
Property Management Fee	0.53%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

Property Income

Gross Potential Rents	7,380,796	7,602,219	7,830,286	8,045,619	8,266,873	8,494,212	8,727,803	8,967,818	9,214,433	9,467,830
Interior Unit Upgrades / Replacements	67,493	87,468	87,468	87,468	87,468	87,468	87,468	87,468	87,468	87,468
Gain/(Loss) to Lease	(97,036)	(58,209)	(59,936)	(61,566)	(63,241)	(64,962)	(66,730)	(68,547)	(70,414)	(72,332)
Gross Scheduled Rents	7,351,253	7,631,478	7,857,818	8,071,521	8,291,101	8,516,719	8,748,541	8,986,739	9,231,487	9,482,966
Effective Rent Growth (%)	3.81%	2.97%	2.72%	2.72%	2.72%	2.72%	2.72%	2.72%	2.72%	2.72%
Physical Vacancy	(293,253)	(304,048)	(356,299)	(365,989)	(417,717)	(429,084)	(440,764)	(452,764)	(465,095)	(477,765)
Move in/Ongoing Concessions	(6,954)	(7,581)	(59,383)	(60,998)	(85,543)	(85,817)	(88,153)	(88,153)	(69,764)	(71,665)
Non Revenue Units (employee/models)	(44,549)	(27,588)	(28,406)	(29,179)	(29,973)	(30,788)	(31,626)	(32,487)	(33,372)	(34,281)
Collection Loss/Bad Debt	(24,765)	(25,650)	(39,589)	(48,799)	(50,126)	(51,490)	(52,892)	(54,332)	(55,811)	(57,332)
Total Financial Vacancy	(369,521)	(364,867)	(483,677)	(504,964)	(581,359)	(597,179)	(613,434)	(630,136)	(624,043)	(641,043)

Total Collected Rental Income	6,981,732	7,266,611	7,374,141	7,566,557	7,709,742	7,919,540	8,135,107	8,356,603	8,607,444	8,841,923
Annual Growth Rate (%)		4.08%	1.48%	2.61%	1.89%	2.72%	2.72%	2.72%	3.00%	2.72%

Other Income

Garage	23,521	24,109	24,833	25,515	26,217	26,938	27,679	28,440	29,222	30,026
Parking	13,750	35,750	36,823	37,835	38,876	39,945	41,043	42,172	43,332	44,523
Cable	4,225	-	-	-	-	-	-	-	-	-
Utility Reimbursement (Water/Sewer/Trash/Pest)	251,562	254,860	261,231	267,762	274,456	281,318	288,351	295,559	302,948	310,522
Other Income	276,251	283,157	291,652	299,672	307,913	316,381	325,082	334,021	343,207	352,645
Total Other Income	569,309	597,877	614,539	630,785	647,462	664,582	682,154	700,193	718,709	737,716

Effective Gross Revenue (EGR)	7,551,041	7,864,488	7,988,680	8,197,342	8,357,204	8,584,121	8,817,262	9,056,796	9,326,153	9,579,640
Annual Growth Rate (%)		4.15%	1.58%	2.61%	1.95%	2.72%	2.72%	2.72%	2.97%	2.72%

Property Expenses

<u>Tenant Responsibility</u>	<u>Per Unit:</u>									
Payroll	1,797	503,039	515,615	528,505	541,718	555,261	569,142	583,371	597,955	612,904
Repairs & Maintenance	165	46,220	56,496	57,908	59,356	60,839	62,360	63,919	65,517	67,155
Make Ready	140	39,220	40,201	86,206	88,361	90,570	92,834	95,155	97,534	99,972
Recreation Amenities	42	11,880	12,177	12,481	12,793	13,113	13,441	13,777	14,122	14,475
Contract Services	565	158,116	162,069	166,121	170,274	174,530	178,894	183,366	187,950	192,649
Marketing Expense	299	83,700	85,793	87,937	90,136	92,389	94,699	97,066	99,493	101,980
Office	243	68,070	69,771	71,516	73,304	75,136	77,015	78,940	80,913	82,936
Other General & Admin	128	35,774	36,669	37,585	38,525	39,488	40,475	41,487	42,524	43,587
Insurance (Business Loss)	44	12,357	13,624	13,624	14,305	15,020	15,771	16,560	17,388	18,257
Management	143	40,000	176,951	179,745	184,440	188,037	193,143	198,388	203,778	209,838
Total Master Tenant Operating Expenses		998,376	1,168,715	1,241,628	1,273,210	1,304,384	1,337,774	1,372,029	1,407,174	1,443,754

Total Master Tenant Operating Expenses		998,376	1,168,715	1,241,628	1,273,210	1,304,384	1,337,774	1,372,029	1,407,174	1,443,754
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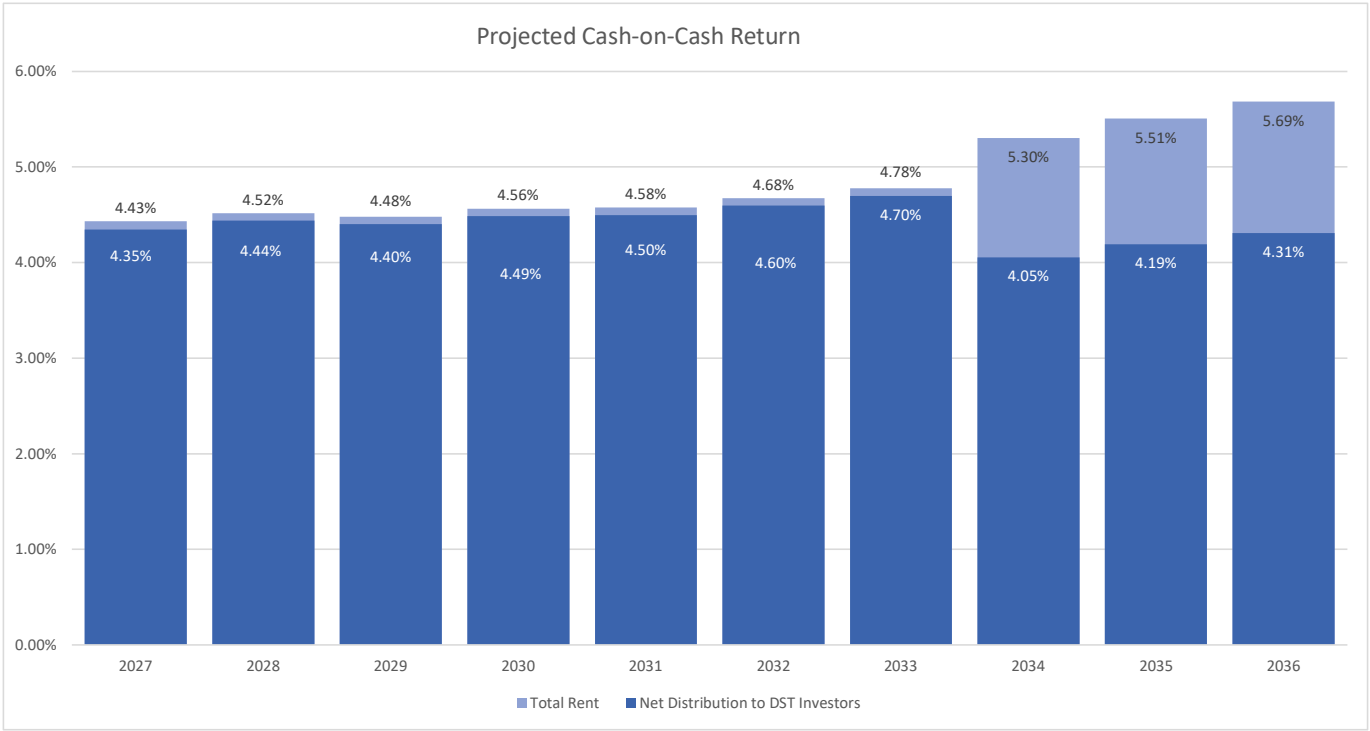
Landlord Property Operating Expenses											
Utilities	1,840	515,105	561,943	575,991	590,391	605,151	620,280	635,787	651,681	667,973	684,673
Real Estate Taxes	2,726	763,313	846,455	880,736	909,825	940,521	971,773	1,003,968	1,037,261	1,071,692	1,107,297
Real Estate Tax Growth (%)			10.89%	4.05%	3.30%	3.37%	3.32%	3.31%	3.32%	3.32%	3.32%
Annual Licenses / Fees / Permits	-	-	-	-	-	-	-	-	-	-	-
Insurance	490	137,071	143,925	151,121	158,677	166,611	174,941	183,688	192,873	202,516	212,642
Total Landlord Operating Expenses		1,415,489	1,552,322	1,607,848	1,658,893	1,712,283	1,766,994	1,823,443	1,881,815	1,942,181	2,004,612
Total Property Expenses		2,413,865	2,721,037	2,849,476	2,932,103	3,016,667	3,104,768	3,195,472	3,288,989	3,385,935	3,485,374
Total Property Expenses Growth Rate (%)			12.73%	4.72%	2.90%	2.88%	2.92%	2.92%	2.93%	2.95%	2.94%
Net Operating Income (NOI)		5,137,176	5,143,451	5,139,204	5,265,239	5,340,537	5,479,354	5,621,789	5,767,806	5,940,218	6,094,266
<i>NOI Growth (%)</i>			0.12%	-0.08%	2.45%	1.43%	2.60%	2.60%	2.60%	2.99%	2.59%
Debt Service Payment		2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	3,107,551	3,107,551	3,107,551
Debt Service Coverage Ratio (DSCR)		2.10x	2.11x	2.11x	2.16x	2.19x	2.24x	2.30x	1.86x	1.91x	1.96x
Cash Flow After Debt Service (CFADS)		2,695,904	2,702,179	2,697,932	2,823,967	2,899,265	3,038,082	3,180,517	2,660,255	2,832,667	2,986,715
Corporate Costs		10,000	10,275	10,558	10,848	11,146	11,453	11,768	12,091	12,424	12,765
Ownership Costs											
Delaware Statutory Trustee Fees		2,000	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873
Manager Fee		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Accounting/Owners Expenses		24,000	18,375	18,834	19,305	19,788	20,283	20,790	21,309	21,842	22,388
Total Ownership Costs		51,000	44,913	45,410	45,921	46,444	46,980	47,529	48,092	48,670	49,261
Net Cash Flow (NCF)		2,634,904	2,646,991	2,641,964	2,767,199	2,841,676	2,979,649	3,121,220	2,600,071	2,771,574	2,924,688
<i>As a % of Equity</i>		4.50%	4.52%	4.51%	4.72%	4.85%	5.09%	5.33%	4.44%	4.73%	4.99%

Footnotes to the Property Cash Flow/Comments to Proforma Operating Statements

- 1 Year 1 is 12 months and year 10 is 12 months
- 2 2.50% growth for most expenses for years 2-10
- 3 The economic vacancy may appear to be low due to the budgeted incorporation of the revenue management system "Yieldstar," which establishes market rent on a "net" basis and eliminated the use of rental concessions.
- 4 Disposition year income is capitalized for sale in the 11th year of the holding period
- 5 The first 10 years of Property Taxes were projected by a 3rd party tax consultant (Most likely scenario)
- 6 Property insurance expenses are projected to grow annually at 5%

Passco Companies, LLC - Proprietary & Confidential Information

Year Start	May-26	May-27	May-28	May-29	May-30	May-31	May-31	May-32	May-33	May-34	May-35
Year Ending	Apr-27	Apr-28	Apr-31	Apr-30	Apr-31	Apr-32	Apr-33	Apr-33	Apr-34	Apr-35	Apr-36
Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 7	Year 8	Year 9	Year 10
# of Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Year	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL
Trust											
Total Base Rent	5,608,154	5,608,154	5,608,154	5,608,154	5,608,154	5,608,154	5,608,154	5,608,154	5,950,459	5,950,459	5,950,459
Percentage Rent Calculations											
Projected Effective Gross Revenue (EGR)		7,864,488	7,988,680	8,197,342	8,357,204	8,584,121	8,817,262	9,056,796	9,326,153	9,579,640	
Baseline Amount (Year 1 EGR grown at 1.25% annually and re-adjusted in Year 8)	6,493,896	6,575,069	6,657,258	6,740,473	6,824,729	6,910,038	6,996,414	7,230,154	7,320,531	7,412,038	
Percentage Rent (% of EGR Growth over Base EGR)	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Percentage Rent	845,717	1,031,535	1,065,138	1,165,495	1,225,980	1,339,266	1,456,678	1,461,313	1,604,498	1,734,081	
Total Rent Paid	6,453,871	6,639,689	6,673,292	6,773,649	6,834,134	6,947,420	7,064,832	7,411,772	7,554,957	7,684,540	
Less: Debt Service Payment (Interest)	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,422,686	2,387,141	2,349,752	
Less: Landlord Property Operating Expenses (Uncontrollable)	1,415,489	1,552,322	1,607,848	1,658,893	1,712,283	1,766,994	1,823,443	1,881,815	1,942,181	2,004,612	
Less: Rents Held in Reserve	-	-	-	-	-	-	-	-	-	-	
Less: Annual Lender Replacement Reserve Deposit	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	
Add: Release of Reserves by Lender	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	
Distribution to DST Investors	2,597,109	2,646,095	2,624,171	2,673,484	2,680,579	2,739,154	2,800,117	3,107,270	3,225,634	3,330,176	
As a Percent (%) of Equity	4.43%	4.52%	4.48%	4.56%	4.58%	4.68%	4.78%	5.30%	5.51%	5.69%	
Less: Debt Principal Payment	-	-	-	-	-	-	-	684,865	720,410	757,799	
Less: Ownership Costs	51,000	44,913	45,410	45,921	46,444	46,980	47,529	48,092	48,670	49,261	
Net Distribution to DST Investors	2,546,109	2,601,182	2,578,761	2,627,564	2,634,135	2,692,175	2,752,588	2,374,313	2,456,555	2,523,116	
Investor-Level Yield as a Percent (%) of Equity	4.35%	4.44%	4.40%	4.49%	4.50%	4.60%	4.70%	4.05%	4.19%	4.31%	
Master Tenant											
Gross Revenues	7,551,041	7,864,488	7,988,680	8,197,342	8,357,204	8,584,121	8,817,262	9,056,796	9,326,153	9,579,640	
Master Tenant Capital Reserves	67,800	22,500	27,800	14,000	67,800	10,000	22,800	27,500	21,900	7,500	
Rent Under Master Lease	(6,453,871)	(6,639,689)	(6,673,292)	(6,773,649)	(6,834,134)	(6,947,420)	(7,064,832)	(7,411,772)	(7,554,957)	(7,684,540)	
Expenses	(1,008,376)	(1,178,990)	(1,252,185)	(1,284,058)	(1,315,530)	(1,349,227)	(1,383,797)	(1,419,265)	(1,456,178)	(1,493,527)	
MT Capital Improvement Funded by MT Reserves	(67,800)	(22,500)	(27,800)	(14,000)	(67,800)	(10,000)	(22,800)	(27,500)	(21,900)	(7,500)	
Net Income	88,795	45,809	63,203	139,635	207,540	287,474	368,632	225,759	315,019	401,572	



Allure at Edinburgh
Passco Companies, LLC
Financing

May 4, 2026
10 Year Holding Period

Acquisitions Financing

Loan Type:	Fixed		
Lender:	Fannie Mae	Rate Add-on	Adjustment
Maximum Loan Amount:	\$48,350,000		Effective Rate
Total Loan Term:	10 Years	Year 1	0.00%
Interest Only Term:	7 Years	Year 2	0.00%
Amortization:	30 Years	Year 3	0.00%
Date:	5/4/2026	Year 4	0.00%
Index:	10-Year Treasury	Year 5	0.00%
Rate as of 5/4/2026:	4.30%	Year 6	0.00%
Spread:	0.98%	Year 7	0.00%
Green Spread Reduction:	-0.05%	Year 8	0.00%
Interest Rate Cushion:	0.00%	Year 9	0.00%
7 Year Yield Maintenance:	0.00%	Year 10	0.00%
Interest Rate Buydown:	-0.25%	Year 11	0.00%
Total Loan Term	4.98%		

Amortization Rate 4.98%

Loan Payment Schedule

Period (Years)	1	2	3	4	5	6	7	8	9	10
Amortization Period	0	0	0	0	0	0	0	1	2	3
Effective Rate	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%
Interest Payment	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,422,686	2,387,141	2,349,752
Principal Payment	0	0	0	0	0	0	0	684,865	720,410	757,799
Total Debt Service Payment	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	2,441,272	3,107,551	3,107,551	3,107,551
Ending Principal Balance	48,350,000	48,350,000	48,350,000	48,350,000	48,350,000	48,350,000	48,350,000	47,665,135	46,944,725	46,186,926

Passco Companies LLC - Proprietary & Confidential Information

Year Start	May-26	May-27	May-28	May-29	May-30	May-31	May-32	May-33	May-34	May-35
Year Ending	Apr-27	Apr-28	Apr-29	Apr-30	Apr-31	Apr-32	Apr-33	Apr-34	Apr-35	Apr-36
Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
# of Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Year	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL	FISCAL

Projected Landlord Capital Improvements Budget										
Breezeway	-	-	10,000	-	219,509	-	-	10,000	-	-
Building Exterior	60,000	-	-	-	-	-	-	-	-	-
Building Interior	-	-	-	-	-	102,000	-	-	-	-
Concrete/Parking Lot	-	7,500	-	-	7,500	-	-	7,500	-	-
Construction Management Fee	27,206	13,647	9,290	39,091	32,269	18,379	9,400	11,209	11,329	5,468
Dog Park/ Dog Spa	5,000	-	2,500	-	5,000	-	-	5,000	-	-
Elevators LC	-	-	5,000	-	40,000	-	5,000	-	-	-
Exercise Equipment	5,000	-	-	-	-	25,000	-	-	-	-
Exterior Lighting	-	5,000	-	-	-	10,000	-	-	-	-
Exterior Painting	-	-	-	400,000	-	-	-	-	-	-
Fitness Center Improvements	5,000	-	5,000	-	10,000	-	-	7,500	-	-
Golf Carts	7,500	-	-	-	10,000	-	-	-	-	-
HVAC	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Install Keytrack System	-	-	-	70,000	-	-	-	-	-	-
Key Fobs	2,500	-	-	2,500	-	2,500	-	-	-	-
Landscaping	75,000	-	10,000	85,000	25,000	-	10,000	-	10,000	-
Leasing Office	-	-	-	-	50,000	-	-	-	-	-
Life/Safety	12,000	12,000	12,000	37,000	12,000	12,000	12,000	12,000	97,000	12,000
Mold & Moisture	-	10,000	-	-	-	-	-	-	-	-
Outdoor Kitchen/Grill	35,000	5,000	-	5,000	-	10,000	-	5,000	-	-
Parking Lot Restriping	10,000	-	-	60,000	-	-	5,000	-	-	-
Plumbing	-	10,000	-	-	-	-	-	-	-	-
Pool Furniture	7,500	-	-	-	55,000	-	-	-	-	-
Pressure Wash	15,000	15,000	15,000	-	15,000	15,000	15,000	15,000	15,000	15,000
Recreational Facilities	-	10,000	5,000	15,000	25,000	15,000	5,000	15,000	5,000	-
Roof Replacement	40,000	10,000	-	-	-	15,000	-	-	-	-
Security System	-	-	10,000	-	-	-	7,500	-	-	-
Signage	5,000	-	-	-	10,000	-	-	-	-	-
Structure/Foundation	-	10,000	-	-	-	-	-	-	-	-
Swimming Pool Resurfacing	-	5,000	-	5,000	-	50,000	-	5,000	-	-
Termite Treatment	47,560	-	-	-	-	-	-	-	-	-
Subtotal Landlord Capital Improvements	384,266	138,147	108,790	743,591	541,278	299,879	93,900	118,209	163,329	57,468

Tenant Improvement Allowances										
Blinds/Drapes	1,664	1,920	2,176	2,560	2,816	3,328	3,328	3,648	1,984	1,984
Carpet	20,340	21,470	22,600	21,470	22,600	23,730	23,730	26,555	14,125	14,125
Ceiling Fans/Light Fixtures	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	1,200	1,200
Countertop/Cabinet Renovation	500	500	500	1,000	1,000	1,000	1,000	1,000	500	500
Dishwasher	1,458	2,187	3,645	4,374	4,374	5,832	6,561	6,561	3,281	3,281
Doors	700	700	1,400	1,400	1,400	1,750	1,750	1,750	875	875
Garbage Disposal	1,751	1,854	1,854	1,854	1,751	1,854	1,751	1,854	927	876
Light Fixtures	150	150	225	300	375	450	525	600	300	338
Low Flow Fixtures	175	175	175	175	175	175	175	175	88	88
Microwaves	738	1,107	1,476	1,476	2,214	2,214	2,952	2,952	1,661	1,661
Mirrors	250	250	375	375	625	625	875	875	625	625
Painting	75,180	75,180	-	-	-	-	-	-	-	-
Refrigerator	1,079	2,158	2,158	3,237	3,237	4,316	4,316	6,474	4,856	4,856
Sinks/Tubs & Resurfacing	900	1,125	1,350	1,350	1,575	1,575	1,800	1,800	1,013	-
Stoves/Cooktop	899	899	1,798	1,798	2,697	2,697	3,596	3,596	1,798	-
Vinyl/Tile	5,600	8,400	8,400	11,200	11,200	14,000	14,000	16,800	11,200	11,200
Washer/Dryer	4,194	4,194	5,592	5,592	6,291	6,291	6,990	7,689	3,845	3,845
Water Heaters	1,100	1,100	2,200	2,200	3,300	3,300	4,400	4,400	3,850	3,850
Windows TI	375	375	375	750	750	750	750	750	563	563
Total Tenant Improvement Allowances	119,253	125,944	58,499	63,311	68,580	76,087	80,699	89,679	52,688	49,863

Total Landlord Capital Improvements	503,519	264,091	167,289	806,902	609,858	375,966	174,599	207,888	216,017	107,331
Forecasted Capital Improvement Costs \$ / Unit >>	1,798	943	597	2,882	2,178	1,343	624	742	771	383

Projected Master Tenant Capital Improvements Budget

Building Interior	5,000	5,000	5,000	5,000	5,000	-	5,000	5,000	5,000	5,000
Corridor Flooring	1,800	-	1,800	-	1,800	-	1,800	-	900	-
Dryer Vents	8,500	-	8,500	-	8,500	-	8,500	-	8,500	-
Elevators	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Gate/Fence Replacements	-	5,000	-	-	5,000	-	-	5,000	-	-
Gutters	-	5,000	-	-	5,000	-	-	7,500	-	-
Model Upgrade/Fixtures	-	-	-	-	25,000	-	-	-	-	-
Office Computers & Equipment	2,500	-	5,000	1,500	-	2,500	-	2,500	-	-
Ownership Change Costs	35,000	-	-	-	-	-	-	-	-	-
Pool	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-
Roof Repairs	-	-	-	-	10,000	-	-	-	-	-
Tools/Equipment	7,500	-	-	-	-	-	-	-	-	-
Trash Compactor	-	5,000	-	5,000	-	5,000	-	5,000	-	-
Total Master Tenant Capital Improvements	67,800	22,500	27,800	14,000	67,800	10,000	22,800	27,500	21,900	7,500
Forecasted Capital Improvement Costs \$/Unit >>	242	80	99	50	242	36	81	98	78	27

Use of Lender Controlled Reserves

Beginning Loan Holdback	-	112,000	-	-	-	-	-	-	-	-
Lender Cap Ex Reserves funded at Close	112,000	-	-	-	-	-	-	-	-	-
Immediate Repair Reserve funded at Close	-	-	-	-	-	-	-	-	-	-
Release of Lender Held Funds Capital Expenditures	-	(112,000)	-	-	-	-	-	-	-	-
Tax and Insurance Impound funded at Close	48,709	-	-	-	-	-	-	-	-	-
Release of Tax & Insurance Impound	(48,709)	-	-	-	-	-	-	-	-	-
Ending Cash Balance (Lender)	112,000	-	-	-	-	-	-	-	-	-

Sources and Uses of Cash (Landlord)

Addition of Upfront Operating Reserves	3,329,229	2,825,710	2,673,619	2,506,330	1,699,428	1,089,570	713,603	539,005	331,117	115,100
Seller Tax Credit	-	-	-	-	-	-	-	-	-	-
Seller Tax Credit (Paid out)	-	-	-	-	-	-	-	-	-	-
Tax and Insurance Impound Returned	-	-	-	-	-	-	-	-	-	48,709
Additions/Deductions for Rent Held in Reserves	-	-	-	-	-	-	-	-	-	-
Deduction for Tenant Improvements	(119,253)	(125,944)	(58,499)	(63,311)	(68,580)	(76,087)	(80,699)	(89,679)	(52,688)	(49,863)
Deduction for Capital Improvements	(384,266)	(138,147)	(108,790)	(743,591)	(541,278)	(299,879)	(93,900)	(118,209)	(163,329)	(57,468)
Reduction of Cash Balances (Capital Renovation Impr.)	-	112,000	-	-	-	-	-	-	-	-
Ending Cash Balance (Landlord)	2,825,710	2,673,619	2,506,330	1,699,428	1,089,570	713,603	539,005	331,117	115,100	56,478

Total Cash on Hand from Landlord	2,937,710	2,673,619	2,506,330	1,699,428	1,089,570	713,603	539,005	331,117	115,100	56,478
<i>Per Unit</i>	10,492	9,549	8,951	6,069	3,891	2,549	1,925	1,183	411	202

Sources and Uses of Cash (Master Tenant)

Master Tenant Reserve Capitalized by Master Tenant	-	-	-	-	-	-	-	-	-	-
Master Tenant Reserve Capitalized by Fund Raise	300,000	-	-	-	-	-	-	-	-	-
Total Master Tenant Reserve Capitalized	300,000	232,200	209,700	181,900	167,900	100,100	90,100	67,300	39,800	17,900

Additions/Deductions to Cash Balances from Working Capital

Deduction from Cash Balances for Capital Improvements	(67,800)	(22,500)	(27,800)	(14,000)	(67,800)	(10,000)	(22,800)	(27,500)	(21,900)	(7,500)
Ending Cash Balance (Master Tenant)	232,200	209,700	181,900	167,900	100,100	90,100	67,300	39,800	17,900	10,400
<i>Per Unit</i>	829	749	650	600	358	322	240	142	64	37

Property Totals										
Total Capital Improvements	571,319	286,591	195,089	820,902	677,658	385,966	197,399	235,388	237,917	114,831
Forecasted Capital Improvement Costs \$/Unit -->	2,040	1,024	697	2,932	2,420	1,378	705	841	850	410
Total Cash on Hand from All Sources	3,169,910	2,883,319	2,688,230	1,867,328	1,189,670	803,703	606,305	370,917	133,000	66,878
<i>Per Unit</i>	11,321	10,298	9,601	6,669	4,249	2,870	2,165	1,325	475	239

EXHIBIT F
TAX OPINION



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May 1, 2026

Passco Allure DST
c/o Passco Allure Manager, LLC
2050 Main Street, Suite 650
Irvine, California 92614

Re: Passco Allure DST

Ladies and Gentlemen:

You have requested our opinion as counsel to Passco Allure DST, a Delaware statutory trust (the “Trust”) as to certain of the anticipated federal income tax consequences of a purchase of a Class A Beneficial Interest (the “Interest”) in the Trust pursuant to the Passco Allure DST Confidential Private Placement Memorandum dated May 1, 2026, as supplemented or amended (the “Memorandum”). More specifically, you have requested our opinion as to whether a purchaser of an Interest (the “Holder”) pursuant to the Memorandum should be considered for federal income tax purposes as owning an undivided interest in all of the assets in the Trust.

This opinion does not apply to the individual tax consequences of any taxpayer, and each taxpayer should consult with its own independent tax advisor with respect to the consequences of a purchase of an Interest.

1. Description of Transaction. The Trust is selling Interests in the Trust which owns the multifamily apartment complex commonly known as the Allure at Edinburgh, located at 249 Allure Lane, Chesapeake, Virginia 23322 (the “Project”). The Trust was formed pursuant to the Trust Agreement of Passco Allure DST dated as of March 17, 2026 (the “Original Trust Agreement”), which was amended and restated pursuant to the Amended and Restated Trust Agreement of Passco Allure DST dated as of April 30, 2026 (the “Trust Agreement”) by and among Passco Allure Depositor, LLC, a Delaware limited liability company, as the depositor (the “Depositor”), Passco Allure Manager, LLC, a Delaware limited liability company (the “Trust Manager”), and Sorensen Entity Services LLC, a Delaware limited liability company (the “Delaware Trustee”).

The Trust Agreement provides that the Trust is governed by the Delaware Trustee and the Trust Manager. The Trust has entered into a master lease agreement (the “Master Lease”) with Passco Allure MT, LLC, a Delaware limited liability company (the “Master Tenant”). The purposes of the Trust are to: (i) acquire the Project and enter into the Master Lease and the loan documents (“Loan Documents”), (ii) hold the Project for investment and to sell, transfer or exchange the Project as required or permitted under the Trust Agreement, (iii) make monthly distributions to the Holders from cash generated by ownership of the Project, (iv) preserve the capital of the Holders and (v) take such other actions as the Trust Manager deems necessary to carry out the foregoing as are permitted in the Trust Agreement.

The Trust will hold the Trust’s right, title and interest in and to the Project, the Master Lease, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest (the “Trust Estate”). The Trust will hold the Trust Estate for investment purposes and will lease the Project only to the Master Tenant. Except for certain limited exceptions set



Passco Allure DST
May 1, 2026
Page Two

forth in the Trust Agreement, the activities of the Trust with respect to the Trust Estate after the effective date of the Conversion Notice (as defined in the Trust Agreement, the “Conversion Notice”) will be limited to activities that are customary services in connection with the maintenance and repair of the Project, and none of the Delaware Trustee, the Holders, the Trust Manager and their respective agents will provide non-customary services, as such term is defined in Internal Revenue Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Trust Agreement. Without limiting the generality of the foregoing (i) none of the Delaware Trustee, the Trust Manager, the Holders or the Trust will have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a “trust” within the meaning of Treasury Regulations Section 301.7701-4 and not treated as a “business entity” within the meaning of Treasury Regulations Section 301.7701-2 and (ii) the Trust Agreement will be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191. For federal income tax purposes upon and after the effective date of the Conversion Notice, the Trust is intended to be an investment trust that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1) and not a “business entity.”

The Trust Manager may determine, in its sole discretion, that the sale of the Project is appropriate after the Trust has held the Project for 3 years following the Conversion Date, but not earlier than 2 years after the Offering Termination Date; provided, however, the Trust may sell the Project before such date if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, a condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

The Trust must dissolve upon a Transfer Distribution. A “Transfer Distribution” will occur (a) (i) if the Trust Manager makes a determination, in writing, that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Holders because (A) the Master Tenant has failed to timely pay rent due under the Master Lease after the expiration of any applicable notice and cure provisions in the Master Lease, if any, (B) the Trust Estate is in jeopardy of being lost due to a default on the loan that is secured by the Project (the “Loan”) (and in the case of either foregoing clause (A) and/or (B), the Trust Manager is prohibited pursuant to Section 3.2 of the Trust Agreement from taking action that it believes necessary or appropriate to address such situation), (C) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (D) the Trust Estate or any portion thereof is subject to a casualty, condemnation or similar event or (E) the Trust Manager determines that it is necessary to take 1 of the actions enumerated in Section 3.2.3 of the Trust Agreement to avoid the loss or potential loss of all or a portion of the Trust Estate or its value or (ii) the occurrence of a Master Lease Termination Event. If the Loan, or any portion thereof, is outstanding, and written notice to the lender (the “Lender”) is sent by the Trust Manager, then the Trust will dissolve and wind up in accordance with Section 3808 of Chapter 38 of Title 12 of the Delaware Code (the “Act”), and each Holder’s percentage share of the Trust Estate will be distributed to such Holder in accordance with the Trust Agreement.



Passco Allure DST
May 1, 2026
Page Three

Subject to the requirements of Section 3808 of the Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Holders under the Trust Agreement, the Holders will direct the Trust Manager to transfer title to the assets comprising the Trust Estate, and subject to all Trust liabilities, on behalf of each Holder to a newly formed Delaware limited liability company (the “Springing LLC”) in complete satisfaction of their Interests in order to consummate the dissolution of the Trust.

Notwithstanding the above, if a determination has been made to terminate the Trust, then, provided that (i) the Trust Manager has determined that a conversion of the Trust into a limited liability company would not adversely affect the status of the Trust as an “investment trust” for income tax purposes, (ii) such alternative form of transaction is entered into to preserve and protect the Trust Estate and (iii) such conversion is permitted under the terms and conditions of the Loan Documents (or is otherwise consented to by the Lender), the Trust Manager may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into the Springing LLC rather than as a Transfer Distribution. In the case of such a conversion, the Springing LLC shall have the Holders as its members and the Trust Manager as its manager, and the limited liability company interests shall be issued to the Holders in proportion to their respective percentage shares in the Trust Estate.

The Depositor has acquired all of the Class B beneficial interests in the Trust, and it is anticipated that all of its Class B beneficial interests will be redeemed pursuant to Section 6.3 of the Trust Agreement.

2. Transaction Documents. In the preparation of this opinion, we have examined the following documents (“Transaction Documents”), copies of which have been provided to you:

- 2.1 Memorandum;
- 2.2 Original Trust Agreement;
- 2.3 Trust Agreement;
- 2.4 Certificate of Trust filed with the Delaware Secretary of State on March 17,
2026;
- 2.5 Master Lease; and
- 2.6 Certificate dated May 1, 2026 (the “Certificate”).



Passco Allure DST
May 1, 2026
Page Four

3. Assumptions. In rendering our opinion we have made, with your consent, the following assumptions:

3.1 All of the facts and statements, and the description of the transaction set forth in Section 1 are true and accurate in all respects and the transaction will occur as set forth in Section 1;

3.2 All statements in the documents and the Certificate set forth in Section 2 are true and accurate;

3.3 The Trust, the Delaware Trustee and the Trust Manager will operate the Project pursuant to the Trust Agreement;

3.4 The Trust will not engage directly, or through the Delaware Trustee or the Trust Manager, in any activity other than those allowed under the Trust Agreement;

3.5 The purchase price of an Interest does not exceed its fair market value;

3.6 The items of compensation to the Trust Manager and its Affiliates are reasonable in amount based on the services actually rendered or to be rendered to or on behalf of the Trust;

3.7 The Trust does not intend to enter into a joint venture or partnership with the Trust Manager;

3.8 The Master Tenant will comply with the terms of the Master Lease;

3.9 No election has been made to treat the Trust as a corporation or partnership for federal income tax purposes;

3.10 The Master Tenant is entering into the Master Lease to generate a profit and anticipates making a profit;

3.11 The value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project;

3.12 The terms of the Master Lease, considering the Master Lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project;

3.13 The Master Tenant is adequately capitalized in light of its anticipated obligations under the Master Lease;

3.14 Neither the Trust nor the Delaware Trustee has entered into a written agreement with the Trust Manager or the Holders creating an agency relationship, including with third parties;



Passco Allure DST
May 1, 2026
Page Five

3.15 Neither the Trust nor the Delaware Trustee is an agent of the Trust Manager or the Holders;

3.16 Any lender to the Trust is not related to the Trust Manager, the Delaware Trustee, the Master Tenant or the Holders within the meaning of Code Sections 267(b) or 707(b);

3.17 The Trust was not formed for tax avoidance purposes; and

3.18 There will be no more than 1,980 beneficial interest owners of the Trust.

With your consent, we have not independently verified the facts supporting the assumptions set forth in this Section 3, but we have no reason to believe that the facts supporting the assumptions are untrue.

4. Basis of Opinion. In forming our opinions, we have, with your consent, relied on various representations that you have made to us in the Certificate, on certain factual information set forth in Section 1 and on the assumptions set forth in Section 3. A copy of the Certificate is attached as Exhibit A and made part of this opinion letter. We have reviewed the Certificate with your representative who signed the Certificate on your behalf, and although we have not independently verified the representations, statements and assumptions set forth in the Certificate, in the course of our consideration of these matters, no facts have come to our attention which have caused us to believe that such representations, statements or assumptions are untrue. In addition, except as to matters we have assumed as provided herein, we have reviewed such other documents and performed such other investigations as we have deemed customary and prudent for purposes of rendering our opinions. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the accuracy of copies, the genuineness of signatures and the capacity of each party executing the documents to execute such documents. We have assumed (i) that the documents reviewed and relied upon by us in preparing this opinion were duly authorized, executed and delivered by and on behalf of the parties thereto, (ii) that such documents are legal, valid and binding obligations of the parties thereto, (iii) that such documents contain the entire agreement of the parties with respect to the subject matter of the documents and that there are no other documents, agreements or understandings relating thereto and (iv) that no other consents or approvals are required.

Our opinions and the legal conclusions expressed herein are based on the facts and representations in existence and on the laws and regulations in effect as of the date hereof, all of which are subject to change prospectively and retroactively.

An opinion of counsel is predicated on all the facts, conditions and assumptions set forth in the opinion and is not a guarantee of the current status of the law, and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts, conditions or assumptions prove incorrect, it is likely that the tax consequences would change. The issues on which we have expressed an opinion herein has not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a “should” opinion. A “should” opinion



Passco Allure DST
May 1, 2026
Page Six

means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS or any state taxing authority, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Further, because counsel represents the Trust, the opinion has been rendered to the Trust. The opinion is not intended to be used by any taxpayer to avoid penalties.

When we opine as to a result, we assume that the issues will be adequately briefed and argued by competent counsel through appeals.

As used in this letter, the term “Code” means the Internal Revenue Code of 1986, as amended; “Treasury Regulations” mean the Federal Income Tax Regulations issued under the Code; and “IRS” means the Internal Revenue Service.

5. Discussion.

5.1 In General. Code Section 1031(a)(1) provides that “[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment.” Thus, a determination has to be made as to whether a Holder will be treated as acquiring an interest in real property.

5.2 The Trust Must be Recognized as a Separate Entity. The first determination that has to be made is whether the Trust will be treated as an entity that is separate from its owners for federal income tax purposes. Whether an organization is an entity separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.¹ An entity that is formed under local law is not always recognized as a separate entity for federal income tax purposes.² Generally, when participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, such as investment or profit, and not for tax avoidance, the entity will be recognized for federal tax purposes.³

5.2.1 Entity Determination. The initial determination is whether the Trust will be viewed as an entity. The IRS in Revenue Ruling 2004-86 (the “Revenue Ruling”) held that the Delaware statutory trust (“DST”) was an entity that was recognized as separate from its owners. The IRS made this determination based on the fact that (i) creditors of the beneficial owners of the DST could not assert claims directly against property owned by the DST, (ii) the DST could sue or be sued and the property held by the DST was subject to attachment and execution as if it were a corporation, (iii) the beneficial owners of the DST were entitled to the same limitation on personal liability because of actions

¹ Treas. Reg. § 301.7701-1(a)(1).

² Treas. Reg. § 301.7701-1(a)(3).

³ Rev. Rul. 2004-86, 2004-2 C.B. 191.



Passco Allure DST
May 1, 2026
Page Seven

of the DST that is extended to stockholders of Delaware corporations, (iv) the DST could merge or consolidate with or into 1 or more statutory entities or other business entities and (v) the DST was formed for investment purposes. The foregoing limitations also apply to the Trust. Thus, based on the above, the Trust should be recognized as a separate entity.

5.2.2 No Agent. The next determination that must be made is whether the Trust or the Trust Manager will be viewed as an agent of the Holders. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties.⁴ An entity that is formed to act as a mere agent of its owners will not be treated as an entity that is separate from its owners for federal income tax purposes. The Supreme Court in *Commissioner v. Bollinger*⁵ held that the owners of a corporation were the owners of the property and the corporation was an agent for the owners. The corporation agreed (i) to hold title to the property as the owners' nominee and agent solely to secure financing, (ii) that the owners had sole control and responsibility for the property and (iii) that the owners were the principal and owner of the property during its financing, construction and operation.

The IRS concluded in Revenue Ruling 92-105⁶ that an interest in an Illinois land trust constituted real property and the trust was not treated as a separate entity for federal income tax purposes. The taxpayer in the revenue ruling created an Illinois land trust, was named the beneficiary and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to certain real property to the trust subject to the provisions of an accompanying land trust agreement. Under the land trust agreement, the taxpayer (i) retained exclusive control of the management, operation, rental and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property and (ii) was required to file all tax returns, pay all taxes and satisfy any other liabilities with respect to the real property. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that a trust was not established.

The Trust should not be viewed merely as an agent of the Holders because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Holders have no right or power to direct the actions of the Trust, the Trust Manager or the Master Tenant in connection with the management or operation of the Trust or the Project.⁷ Specifically, the Holders have no right or power to contribute additional assets to the Trust, cause the Trust to negotiate or renegotiate loans or leases or cause the Trust to reinvest the proceeds of a sale of its assets.⁸ The Trust Agreement provides that the Trust's sole purpose is to acquire, lease and dispose of the Project. Additionally, the Trust is subject to "single asset entity" provisions as mandated by the Lender.⁹ These provisions evidence an intent that the Trust will engage in activities on its own

⁴ Rev. Rul. 2004-86, 2004-2 C.B. 191.

⁵ 485 U.S. 340 (1988).

⁶ Rev. Rul. 92-105, 1992-2 C.B. 204.

⁷ See Trust Agreement at Section 6.2.

⁸ See Trust Agreement at Section 6.2.

⁹ See Trust Agreement at Section 3.3.



behalf rather than as an agent of the Holders. Finally, because the Trust is a DST, the Holders may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Based on the above, the Trust should be recognized as an entity separate from the Holders for federal income tax purposes and the Trust, the Delaware Trustee and the Trust Manager should not be viewed as agents of the Holders for federal income tax purposes.

5.3 The Trust Treated as an Investment Trust. The next determination is whether the Trust will be treated as a “business entity” or as an “investment trust” that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1). In general, the term “trust” refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries.¹⁰ The beneficiaries of such a trust may be the persons who created it and it will be recognized as a trust if it was created for the purpose of protecting or conserving the trust property for beneficiaries who stand in the same relation to the trust as they would if the trust had been created by others for them.¹¹ Generally, an arrangement will be treated as a trust if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit.¹² An “investment trust” will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders.¹³ An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust, will be classified as a trust if there is no power under the trust agreement to vary the investment of the certificate holders.¹⁴ An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose.¹⁵ A power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.¹⁶

5.3.1 Summary of Revenue Ruling. The Revenue Ruling involved the determination of the tax treatment of a DST that invested in real property. Under the Revenue Ruling, Party A borrowed money, on a nonrecourse basis, from a bank and used the proceeds of the loan to purchase rental real property (“Blackacre”). The note was secured by Blackacre. Immediately following Party A’s purchase of Blackacre, Party A entered into a net lease with Party Z for a 10-year term. Under the terms of the lease, Party Z was required to pay all taxes, assessments, fees or other charges imposed

¹⁰ Treas. Reg. § 301.7701-4(a).

¹¹ Treas. Reg. § 301.7701-4(a).

¹² Treas. Reg. § 301.7701-4(a).

¹³ Treas. Reg. § 301.7701-4(c).

¹⁴ Treas. Reg. § 301.7701-4(c).

¹⁵ Treas. Reg. § 301.7701-4(c).

¹⁶ See *Commissioner v. North American Bond Trust*, 122 F.2d 545, 546 (2d Cir. 1941).



Passco Allure DST
May 1, 2026
Page Nine

on Blackacre. In addition, Party Z was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Party Z could sublease Blackacre. Party Z's rent was a fixed amount that could be adjusted by a formula described in the lease agreement that was based upon a fixed rate or an objective index provided that the adjustments to the rate or index were not within the control of any of the parties to the lease. The rent was not contingent on Party Z's ability to lease the property or on Party Z's gross sales or net profits derived from Blackacre.

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

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

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

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

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



To determine whether the DST qualified as an investment trust that is classified as a trust for federal income tax purposes, the Revenue Ruling discussed whether the trust agreement granted the power to vary the investment held by the DST. The Revenue Ruling indicated that the financing and leasing arrangements related to Blackacre were made prior to the inception of the DST and were fixed for the entire life of the DST. Further, the trustee was permitted to only invest in short-term obligations that matured prior to the next quarterly distribution date and was required to hold the obligations until maturity. The Revenue Ruling concluded that because the trust agreement required that any cash from Blackacre, and any cash earned on short-term obligations held by the DST between distribution dates, be distributed quarterly and because the disposition of Blackacre resulted in the termination of the DST, no reinvestment of such monies was possible.

The Revenue Ruling emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short-term investments or accept any additional contributions of assets (including money) for the DST. The trustee could not renegotiate the terms of the loan and could not renegotiate the lease with Party Z or enter into leases with tenants other than Party Z except in the case of Party Z's bankruptcy or insolvency. In addition, the trustee could only make minor nonstructural modifications to the property except to the extent required by law. The Revenue Ruling noted that the trustee had none of the powers which evidence an intent to carry on a profit-making business. The Revenue Ruling concluded that because the trustee had no power to vary the investment of the beneficiaries of the trust, the DST will be classified as a "trust" for federal income tax purposes.

The Revenue Ruling indicated that the trust arrangement would not have qualified as an investment trust, and therefore would not have been classified as a "trust," if the trustee had been given the power to do 1 or more of the following:

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

5.3.2 The Trust Agreement. The powers and authority granted to the Trust Manager in the Trust Agreement are intended to fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Trust Agreement authorizes the Trust Manager to (i) comply with the Master Lease and the Loan Documents, (ii) make, or cause to be made, repairs necessary to maintain the Project, (iii) collect rents and make distributions, (iv) enter into any agreements for the purposes of enabling a Holder to complete a like-kind exchange, (v) notify the relevant parties of any default under the Transaction Documents and (vi) enter into a new lease solely under very



Passco Allure DST
May 1, 2026
Page Eleven

limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant or renegotiate or refinance any debt secured by the Project (including, without limitation, the Loan) solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant. Additionally, the Trust Agreement expressly denies the Trust Manager any power or authority to take any action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c) or of each Holder as a “grantor” within the meaning of Code Section 671. Many of the prohibited actions are factual in nature (i.e., whether or not more than a minor nonstructural modification, other than as required by law was performed at the Project). We are relying on the Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

Although the Trust Agreement grants certain powers to the Trust Manager and/or the Delaware Trustee that are not addressed in the trust arrangement described in the Revenue Ruling, we believe that these powers should not prevent the Trust from being treated as an investment trust. Those powers include (i) the sale of the Project and (ii) the potential liquidation and termination of the Trust as a result of a Transfer Distribution. We believe that neither of these powers permit the Delaware Trustee or the Trust Manager to vary the investments of the certificate holders of the Trust in a manner that results in the Holders improving their investment results based on variations in the market.¹⁷

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

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

¹⁷ See Rev. Rul. 75-192, 1975-1 C.B. 384 (right to reinvest funds in short-term obligations was not a power to vary the investment); Rev. Rul. 78-371, 1973-1 C.B. 384 (trustee could purchase and sell contiguous or adjacent real estate, accept or reject certain contributions of contiguous or adjacent real estate, raze or erect any building or structure, make any improvements to the land contributed to the trust, to borrow money, and to mortgage and lease the trust property held a business entity and not a trust); Rev. Rul. 73-460, 1973-2 C.B. 424 (depositor could direct the trustee, under limited circumstances to accept or reject a “substitution” of new bonds for old bonds proposed by the obligor of such bonds, as the depositor may deem proper; held a trust).



Passco Allure DST
May 1, 2026
Page Twelve

5.3.3 Master Lease. As set forth in the Revenue Ruling, the Trust must be considered an “investment trust.” Pursuant to Treasury Regulations Section 301.7701-4(c), an “investment trust” will not be classified as a trust if there is a power to vary the investment of the certificate holders. If the Trust has the power to vary the investment of the certificate holders, the Trust will be considered a business trust for federal income tax purposes. The Revenue Ruling involved a DST that entered into a net lease for the property. The courts have interpreted a net lease, for federal income tax purposes, to mean a lease that is designed to transfer (or minimize) the economic risk of fluctuating operating costs from the lessor to the lessee.¹⁸ Generally, if a tenant is responsible for paying for all expenses related to the property and operating the property, the activities of the trust should be considered to be the mere leasing of property and not the operation of a trade or business.¹⁹ The Trust is required to pay debt service under the Loan. Pursuant to the Master Lease, the Trust must pay for the Landlord Costs (as defined in the Master Lease). Thus, the Master Lease is not similar to the net lease described in the Revenue Ruling.

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

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

Even if the Master Lease were to be considered a gross lease (and not a net lease), there is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether the lease of real property under a lease that is not a net lease will have any effect on whether the Trust will be considered an investment trust. If the Trust were considered to be in an active trade or business, the Trust would not qualify as an investment trust. Certain rules have developed regarding whether the activities of a taxpayer will be sufficient to be considered engaging in an active trade or business when the taxpayer merely receives

¹⁸ Qantas Airways Limited v. United States, 1997 WL 314403 (Fed. Cl.).

¹⁹ *Id.*



Passco Allure DST
May 1, 2026
Page Thirteen

income from rental property. The majority of the case law regarding whether or not the ownership of real estate will be considered to be a trade or business is based on the activities of the taxpayer. For example, in Revenue Ruling 79-394, the IRS found that a corporation was considered to be engaged in an active trade or business if its conduct of its rental activities “demonstrates considerable day to day management and operational activity sufficient for purposes of distinguishing such conduct from passive investment in real estate. Furthermore, objective criteria such as acquiring, renovating, refurbishing, maintaining, leasing and servicing its rental property and its payment of salaries and expenses support this conclusion.” Further, in PLR 7904019 (October 24, 1978), an individual owned and leased property under a lease that required the landlord to pay for taxes, insurance and for certain operational expenses related to the property. The IRS indicated that, although the landlord was required to pay for certain expenses related to the property, the landlord did not supervise or participate in the operation or management of the property. Thus, the landlord was not engaged in a trade or business. Under Code Section 512(b)(3)(B)(ii), courts have held that a landlord’s payment of a number of expenses related to property subject to a sharecrop lease would not prevent the rent paid to the landlord from qualifying as “passive rent”.²⁰ When looking at the sharecrop leases, the courts focused on the fact that the lease terms were customary in the applicable market when finding that the leases were true leases for federal income tax purposes. Treasury Regulations Section 1.856-4(b)(3) (made applicable to leases by charitable organizations by Treasury Regulations Section 1.512(b)-1(c)(2)(iii)(b)) provides that “an amount will not qualify as ‘rents from real property’ if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits.” However, in AOD 1994-01, the IRS stated that it did not agree with the cases that had held the cropshare agreements to be true leases, but, in view of its lack of success in the courts, had decided that it would no longer litigate these issues with regard to the “typical crop sharing agreement.” We have relied on the Certificate containing representations that the terms of the Master Lease are consistent with market terms of similar leases and is not an effort to share in income or profits.

In separate authority under the Subchapter S rules, the determination of whether the ownership of real estate will result in “passive investment income” looks at both the activities and the amount of funds expended by the owner of the real estate. A Subchapter S election will be terminated if a corporation (i) has accumulated earnings and profits at the close of each of 3 consecutive taxable years and (ii) has gross receipts for each of such taxable years more than 25% of which are “passive investment income,” which includes for this purpose “rents.”²¹ Treasury Regulations Section 1.1362-2(c)(5)(ii)(B)(2) provides, however, that “rents” do not include rents derived in the active trade or business of renting property, and states that rents received by a corporation are derived in the active trade or business of renting property only if the corporation provides significant services or incurs substantial costs in the rental business.

²⁰ See, e.g., *Trust U/W Emily Oblinger v. Commissioner*, 100 T.C. 114 (1993); *White’s Iowa Manual Labor Institute v. Commissioner*, TCM 1993-364 (the landlord and tenant share some expenses equally, the tenant paid the “substantial” operating expenses, including machinery and labor costs, and the landlord “agreed to pay certain other costs which primarily affected the value of the farm; i.e., materials to repair buildings, fences, and other improvements, and lime to improve or maintain the quality of the soil”).

²¹ I.R.C. § 1362(d)(3).



Passco Allure DST
May 1, 2026
Page Fourteen

There is limited authority interpreting the above definition of “substantial costs” for this purpose. In PLR 200808004 (February 2, 2008), the only private letter ruling that appears to interpret this phrase, the IRS indicated that the standard to be applied when making this determination is based “upon all the facts and circumstances, including, but not limited to, the number of persons employed to provide the services and the types and amounts of costs and expenses incurred (excluding depreciation).” In PLR 200808004, the IRS determined that a corporation’s payment of real property taxes in respect of leased property did not constitute engaging in an active trade or business. The Master Lease provides that the Trust is responsible for the Landlord Costs. Thus, if the standard applied in PLR 200808004 is applied to the Trust, the Trust could be viewed as incurring “substantial costs” which would result in the Trust being engaged in an active trade or business and the Trust would fail to qualify as an investment trust for federal income tax purposes. However, it should be noted that this provision has been limited to Subchapter S and has not been applied to other areas of the Code where a similar determination of whether a taxpayer is involved in a trade or business is required.

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

The Revenue Ruling also involved a lease that did not provide for any rent based on the gross revenues of the property. There is no authority under Treasury Regulations Section 301.7701-4(c) regarding whether a trust will be considered an investment trust because it receives a portion of rent based on a percentage of receipts. However, real estate investment trusts (“REITs”), like investment trusts, must only be passive owners of real estate and, generally, must only receive rent from real property and other passive income. Under the REIT rules, rent from real property does not include any amount where the determination of the amount depends in whole or in part on the income or profits derived by any person from the property. However, amounts received under a lease will qualify as rent if the rent is based on a fixed percentage of gross receipts or sales. Treasury Regulations Section 1.856-4(b)(3) indicates that an amount will not be considered “rents from real property” if, considering the lease and all the surrounding circumstances, the arrangement does not conform with normal business practice but is in reality used as a means of basing the rent on income or profits. Under the Master Lease, the Master Tenant must pay Percentage Rent (as defined in the Master Lease) based on the gross revenue of the Project over an established Baseline Amount (as defined in the Master Lease). The amount of the Percentage Rent is fixed upon entering into the Master Lease and cannot be changed during the ownership of the Project by the Trust or the Master Tenant. Further, the Certificate contains representations that the terms of the Master Lease, considering the lease and all surrounding circumstances, conform with normal business practice and the Master Lease



Passco Allure DST
May 1, 2026
Page Fifteen

is not designed as a means of basing rent on income or profits of the Project. Therefore, based on the Certificate, amounts received by the Trust pursuant to the Master Lease should be considered rent and not a share in income from the Project.

The Revenue Ruling includes a requirement that the Delaware statutory trust will not make more than minor nonstructural modifications to the property held in the trust, unless required by law. It is anticipated that certain improvements will be made to the Project and the Trust is required to pay for the Landlord Costs. It is possible that the IRS could consider the anticipated improvements to be more than minor, nonstructural changes to the Project. In such case, the Trust may not qualify as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1) which would cause the Interests to not qualify as like-kind property for purposes of Code Section 1031. However, the Trust is prohibited from taking any action that could cause the Trust to fail to qualify as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1) and we have relied on the Certificate which indicates that the repairs will not violate the Revenue Ruling.

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

5.4.1 Control of the Use of the Property. Where the property owner controls the use or operation of the property, an agency or financing relationship is more likely to be found. In determining who holds control with respect to the use or operation of property, the IRS and the courts have adopted flexible standards to weigh whether the right to exploit the use of the property for its own benefit has been sufficiently transferred to the lessee. In *Amerco v. Commissioner*,²² the Tax Court found that the lessee's day-to-day control over the use and leasing of the trucks, power to set or recommend the terms of leasing the trucks to the public and exclusive control and supervision over all operating expenses was sufficient lessee control to outweigh the lessor's right to require periodic accountings and to enter the premises to determine whether income was reported accurately and the obligation of the lessee to promote the welfare of the lessor. In contrast, in *Meagher v. Commissioner*,²³ the Tax Court found that an agency relationship existed where the lessee was required to use its best efforts to lease the owner's railway cars, maintain adequate records and obtain insurance with the owner as a co-beneficiary. However, in *Meagher*, the Tax Court also focused on the fact that the "rent" due under the purported lease was based on net earnings and no payment was due to the lessor if the property did not generate a net profit. Factors which indicate that the lessee holds powers or obligations which are indicia of property rights, such as the lessee's continuing exclusive right to use and possess the property following a sale of the property by the

²² 82 T.C. 654 (1984).

²³ T.C. Memo. 1977-270 (U.S. Tax Ct.).



Passco Allure DST
May 1, 2026
Page Sixteen

lessor or an obligation to pay rent regardless of the profit generated by a property can shift the balance towards a finding of a true lease. Although the Master Lease restricts the use of the Project as an apartment complex, the Master Tenant has the exclusive right to use and possess the Project pursuant to the Master Lease. In addition, the Master Tenant has control over the day-to-day operation and maintenance of the Project and is responsible for all costs associated with such operation and maintenance. Further, the Master Tenant has an obligation to pay rent to the Trust regardless of whether the Project generates any profit. In addition, any profits generated by the Master Tenant's operation of the Project will be retained by the Master Tenant.

5.4.2 Risk of Loss. If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether "rent" payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Trust does not have any obligation to repair or maintain the Project, except with respect to the Landlord Costs. The Master Tenant is responsible for the payment of the day-to-day operating expenses and the ongoing maintenance of the Project. The Master Tenant is obligated to pay Base Rent and Percentage Rent based on gross revenue from the Project over the Baseline Amount regardless of whether the Project generates a profit. We have relied on the Certificate which contains representations that the terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The assets of the Master Tenant consist only of (i) the Master Lease, (ii) \$50,000 of cash, (iii) a short-term promissory note from Passco Management Services, LP (guaranteed by Passco Companies) in the amount of \$250,000 and (iv) a \$500,000 demand promissory note issued by Passco Management Services, LP (guaranteed by Passco Companies). We have relied on the Certificate which contains representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease. If the Master Lease is not respected as a true lease, the Master Tenant will be treated as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in the assets of the Trust. We have received the Certificate which contains representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.

The Master Lease and the Loan structure cannot create a partnership between the Trust and the Master Tenant for federal income tax purposes. Pursuant to the Loan Documents, the Trust established, in the Trust's name, a clearing account (the "Clearing Account") in which all rental and other income received from the Project will be deposited during the term of the Loan. The Clearing Account will be under the sole control of the Lender during the term of the Loan. Until an Event of Default under the Loan Documents has occurred, all funds in the Clearing Account will be distributed on each business day to the Master Tenant. Upon the occurrence of an Event of Default under the Loan Documents, the Lender will



Passco Allure DST
May 1, 2026
Page Seventeen

institute a sweep of the funds in the Clearing Account into a cash management account established by and under the sole control of the Lender. During the continuation of an Event of Default, the Lender will have the right to collect all rental and other income and will only permit the payment of operating expenses and any capital or other expenses that are approved by the Lender in its sole discretion. It is unclear whether, and to what extent, this gives the Lender the right to take funds of the Master Tenant that were held in the Clearing Account in excess of what the Master Tenant owes the Trust pursuant to the Master Lease. The Loan Documents include certain provisions that should provide limitations on the Lender's right to take the Master Tenant's assets in excess of the Master Tenant's obligations under the Master Lease.

In order to prevent the Lender from capturing any Master Tenant funds in excess of the Master Tenant's obligations under the Master Lease, the Master Lease will automatically terminate in the event of a Master Lease Termination Event. A "Master Lease Termination Event" includes: (i) any of the following has occurred and is continuing: (a) a default by the Master Tenant with respect to any of the terms, conditions, provisions, requirements, representations and affirmative and negative covenants of the Loan Documents relating to the use and operation of the Project that continues uncured beyond the expiration of applicable notice and cure periods and/or (b) an Event of Default pursuant to the Loan Documents based on a default, breach or failure by the Master Tenant under the Master Lease, (ii) the Master Tenant is adjudicated insolvent or becomes a debtor in a bankruptcy proceeding, (iii) the Lender obtains title to the Project, whether by foreclosure, deed in lieu of foreclosure, bankruptcy sale or otherwise, (iv) upon the occurrence of an Event of Default Springing Event under the Loan Documents or (v) the Trust springs, or the Project is transferred, to the Springing LLC. Thus, the Lender should not be able to access the Master Tenant's funds while the Trust is intending to qualify as an investment trust for federal income tax purposes. Further, in the event the Lender takes any of Master Tenant funds in excess of the obligations of the Master Tenant to the Trust, the Trust is required to indemnify the Master Tenant for such amounts.

The IRS could take the position that the lockbox provisions described above could result in the Trust and the Master Tenant having entered into a loss sharing arrangement which is one of the factors that the IRS considers when determining whether a partnership has been created for federal income tax purposes. Although the Trust and the Master Tenant do not intend to form a partnership with each other, if a loss sharing arrangement has been created, it could cause the Trust and the Master Tenant to be considered to be in a partnership for federal income tax purposes. However, given the requirement in the Master Lease to terminate the Master Lease in the event of a Master Lease Termination Event and the indemnification in the Master Lease, the Master Tenant should not be required to fund any amount to the Trust in excess of its obligations to the Trust and the Master Lease should not be considered a partnership for federal income tax purposes. If the Master Tenant and the Trust were viewed to be a partnership for federal income tax purposes, the interest in the Trust would not qualify as real estate for purposes of Code Section 1031. Further, if a Master Lease Termination Event occurs and the Trust springs into a limited liability company the beneficial interest holders will not be able to participate in a Section 1031 exchange on the sale of the Project by the Springing LLC.



Passco Allure DST
May 1, 2026
Page Eighteen

5.4.3 Revenue Procedure. Revenue Procedure 2001-28, 2001 C.B. 1156 sets forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes.²⁴ Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified in the Certificate that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of 1 year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has a term that ends on July 31, 2036. The Property Condition Report for the Project dated March 30, 2026 indicates that the Project has a remaining useful life of not less than 35 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the term of the Master Lease.

5.5 Multiple Classes of Ownership Interests. The Treasury Regulations provide that a trust arrangement that would be treated as an investment trust with multiple classes of ownership will still be treated as an investment trust if the multiple classes of ownership interests are incidental to the investment purpose of the trust.²⁵

It is possible that the IRS may assert that the redemption of the Class B beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class B beneficial interest owner otherwise will be identical to the rights of the Holders. We believe that the redemption right should be treated as existing simply to facilitate an investment in the Interests. The redemption simply replaces the Class B beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class B beneficial interests. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, we believe that the formal mechanism by which the Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

²⁴ Rev. Proc. 2001-28, 2001-1 C.B. 1156.

²⁵ Treas. Reg. § 301.7701-4(c).



Passco Allure DST
May 1, 2026
Page Nineteen

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

5.6 Holders Treated as “Grantors” of the Trust. In order for the Holders to own an undivided direct interest in the Project, the Trust must be classified as a grantor trust. A “grantor” of a trust includes any person to the extent such person either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.²⁶ A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.²⁷ The term “grantor” also includes any person who acquires an interest in a trust from a “grantor” of the trust if the interest acquired is an interest in an investment trust that is treated as a trust.²⁸ The Revenue Ruling also considered whether the purchase of interests in the trust arrangement by Party B and Party C would be treated as an acquisition of interests in Blackacre which was owned by the trust. The IRS concluded that Party B and Party C should be treated as grantors of the trust when they acquired their interests in the trust from Party A, who had formed the trust.

Similar to the Revenue Ruling, the Holders should be treated as “grantors” of the Trust. The Holders will transfer cash to the Trust in exchange solely for an Interest therein. Because receiving an Interest in the Trust is not treated as the receipt of property, the Holders should be treated as making a gratuitous transfer to the Trust. Thus, the Holders should be treated as “grantors” of the Trust.

5.7 Holders Treated as Owning an Undivided Interest in the Project. In order for the Holders to own an undivided direct interest in the Project, the Trust must be classified as a grantor trust. A “grantor” that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code is considered to own the trust asset attributable to that undivided fractional interest of the trust for all federal income tax purposes.²⁹ A grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party, or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.³⁰

²⁶ Treas. Reg. § 1.671-2(e)(1).

²⁷ Treas. Reg. § 1.671-2(e)(2).

²⁸ Treas. Reg. § 1.671-2(e)(3).

²⁹ See Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; Rev. Rul. 85-13, 1985-1 C.B. 184; see also Treas. Reg. § 1.1001-2(c), Example 5.

³⁰ I.R.C. § 677(a). For purposes of this provision, a trustee who lacks an economic interest in the assets of a trust is not an adverse party. See Treas. Reg. § 1.672(a)-1(a).



Passco Allure DST
May 1, 2026
Page Twenty

In the Revenue Ruling, the IRS concluded that, because Party B and Party C had the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Code Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion were includible by Party B and Party C in computing their taxable income. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated Party B and Party C as each owning an undivided fractional interest in Blackacre for federal income tax purposes.³¹

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

5.8 Treatment as Real Estate.

5.8.1 Other Securities. The provisions of Code Section 1031 do not apply to “(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest.” This phrase has not been defined precisely; the exact connotation associated with the term “other securities” is not clear.³² The exclusion in Code Section 1031 for “other securities” was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities.³³ There are other Sections of the Code that define “securities” under the Code including Code Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term “securities.” However, it is not clear whether the definitions in these Sections of the Code apply, or whether a broader view should be taken.³⁴ In G.C.M. 35242,³⁵ the IRS indicated, after discussing the definition of “securities” in Code Sections 165(g)(2) and 1236(c), that “we believe it persuasive that Congress has consistently defined the term ‘securities’ in a limited sense.” The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were “securities” under Code Section 1031. This occurred even though the Securities and Exchange Commission believed they were securities under securities law.³⁶ Further, in *Plow Realty Co. of Texas*,³⁷ mineral deeds were not securities under the predecessor to Code Section 543

³¹ See Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164 (purchase by grantor or grantor trust did not effect 1033 exchange).

³² *Levine*, 567 T.M.2nd, Tax Free Exchanges Under Section 1031.

³³ S. Rep. 1113, 67th cong. (1923), 1939-1 (Part -2) C.B. 845-46 (adopting H. Rep. No. 1432, 67th Cong.).

³⁴ G.C.M. 34089 (Apr. 2, 1969) (the IRS initially proposed a broad view).

³⁵ G.C.M. 35242 (Feb. 16, 1973).

³⁶ G.C.M. 35242 (Feb. 16, 1973); *see also* G.C.M. 34500 (May 17, 1971) (IRS concluded that the changes of successfully maintaining that whiskey warehouse receipts are securities under Code Section 1031 are not favorable even though the Securities and Exchange Committee issued a release that indicated that whiskey warehouse receipts may be securities under applicable securities law).

³⁷ *Plow Realty Co. of Texas v. Commissioner*, 4 T.C. 600 (1945).



Passco Allure DST
May 1, 2026
Page Twenty-one

even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a “security” under applicable federal and state securities laws.

5.8.2 Certificate of Trust or Beneficial Interest. The nonrecognition rules of Code Section 1031 do not apply to an exchange of real property for a certificate of trust or beneficial interest.³⁸ The Revenue Ruling stated:

Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, *B* and *C* are each considered to own an undivided fractional interest in Blackacre for federal income tax purposes. *See* Rev. Rul. 85-13.

Accordingly, the exchange of real property by *B* and *C* for an interest in *DST* through a qualified intermediary is the exchange of real property for an interest in Blackacre, and not the exchange of real property for a certificate of trust or beneficial interest under § 1031(a)(2)(E).³⁹

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

5.9 Rent Accrual Under the Master Lease. Code Section 467 provides that the lessor under a Code Section 467 rental agreement must include in such lessor’s income the amount of rent which accrues during the taxable year. Generally, such rent will be accrued as set forth in the lease agreement between the lessor and lessee. Thus, the Trust would accrue income from rent as set forth in the Master Lease. In the event that a lease arrangement is determined to be a tax avoidance transaction requiring treatment as a disqualified leaseback under Code Section 467, rent will be accrued on a constant accrual basis rather than accruing as set forth in the lease agreement. In determining whether a lease arrangement is a tax avoidance transaction, the IRS has established certain safe harbor tests. If a safe harbor test is met, rent is not accrued under the constant accrual basis. The Master Lease is intended to satisfy a safe harbor test. However, if the IRS makes a determination that the safe harbor is not met, that the lease arrangement is a disqualified leaseback and provides notice of such determination, the Trust will be required to accrue rent on a constant accrual basis. The IRS has not made such a determination nor provided notice with respect to the Master Lease.

5.10 Taxable Boot. Amounts used to establish reserves (which may be in the form of cash or the Reserve Note (as defined in the Memorandum)) or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as “boot” which

³⁸ I.R.C. § 1031(a)(2)(E).

³⁹ Rev. Rul. 2004-86, 2004-2 C.B. 191.



Passco Allure DST
May 1, 2026
Page Twenty-two

may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately \$317.68 per Interest. Of the total amount of reserves, \$303.96 is attributable to reserves funded by the Depositor and will be “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. Of the total amount of reserves, \$160,709 will be funded as a requirement of the Loan, comprising of lender controlled reserves of \$112,000, and lender insurance impound of \$48,709. It is possible that such amounts, if sufficient additional Loan funds are allocated to the Holders in excess of the indebtedness of a Holder’s prior investment, may not be treated as “boot.” The Trust also paid \$1,450,907 in loan and lender expenses, comprising of \$483,907 (\$41.31 per Interest) for lender loan/legal costs and fees and \$967,000 (\$82.54 per Interest) to buy down the interest rate on the Loan. These amounts will be treated as “boot” which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. In the event some or all of the \$160,709 in reserves were funded from Loan proceeds, then the debt allocable to Holders for their Code Section 1031 exchange will be reduced by such amounts funded from Loan proceeds. The use of Loan proceeds to fund cash reserves decreases the amount of Loan proceeds used to purchase the Project and, therefore, may result in an increase in boot for purposes of Code Section 1031. The amount of reserves held by the Trust will fluctuate over time. As a result, the reserves held by the Trust when a prospective Holder acquires an Interest may vary from the amounts set forth herein. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders (which includes Loan fees and costs), over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as “boot” which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest is less than the Holder’s debt on the property exchanged, such difference will constitute “boot” and may be taxable depending on the Holder’s basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as “boot,” to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. The Trust Manager has certified that the value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project. In the event the Project consists of personal property that exceeds 15% of the value of the real property, an investment in the Trust could fail to qualify as replacement property in a Code Section 1031 exchange. In the event any item is determined to be “boot,” the taxpayer will have current income for any such “boot” up to the amount of gain on the exchange of the real property. No opinion is being provided with respect to the amount of taxable “boot” in the transaction.

5.11 Step Transaction Doctrine. If the FMV Option (as defined in the Trust Agreement) is exercised, the acquisition of an Interest subject to the FMV Option may be challenged by the IRS under “step transaction” principles which would treat the acquisition of Interests and the Units (as defined in the Trust Agreement) as a single transaction. In such case, a Holder would be treated for federal income tax purposes as having acquired the Units and not the Interests. As a result, the Holder



Passco Allure DST
May 1, 2026
Page Twenty-three

would be deemed to never have held an undivided interest in the Project. Thus, the Units, and not the Interests, would be deemed to be the “replacement property” for purposes of Code Section 1031. The Units are partnership interests (as opposed to an interest in real estate) and would not qualify as “replacement property” for a Code Section 1031 exchange. We believe that the “step transaction” doctrine should not be applicable to the FMV Option because there is no legal or economic compulsion requiring the FMV Option to be exercised.

6. Opinion. Based on our review of the Transaction Documents, it is our opinion that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a “trust” for federal income tax purposes, (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust’s assets, including the Project, in proportion to their Interests for purposes of Code Section 1031 and (iii) the “step transaction” doctrine should not be applicable to the FMV Option.

Our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the acquisition of an Interest will, in light of the facts and circumstances applicable to a specific Holder, constitute a purchase of like-kind replacement property that qualifies for non-recognition of gain under Code Section 1031. Furthermore, our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the Project acquired by the Trust is being held for investment or primarily for sale. In the event the Project is considered as held primarily for sale, the Project will not qualify as replacement property under Code Section 1031.

No opinion is being rendered on state income taxes or other taxes that may be imposed on the Trust, state income treatment of an Interest or other state income tax consequences to Holders arising from the ownership of an Interest.

7. Qualifications. This opinion relates solely to federal income tax law in effect on the date hereof. We express no opinion with respect to laws becoming effective after the date hereof or the effect or applicability of the laws of other jurisdictions. There can be no assurance that legislative changes may not significantly alter the statutory basis for this opinion. We express no opinion on any matters other than those expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion relates only to matters as of the date hereof, and we express no opinion with respect to any transaction, transfer, conveyance, obligation or performance occurring after the date hereof. This opinion does not apply to the individual tax consequences of a Holder and application of the Code Section 1031 rules to the Holder. Each Holder should consult with its own tax advisor. Further, this opinion is based on the documents attached hereto and does not reflect any changes that may be required by any lender.

This opinion is solely for your information and assistance with respect to the sale of the Interests. Accordingly, the Trust may only circulate this opinion in connection with the sale of the Interests to potential Holders. This opinion may be relied upon by Holders in connection with their purchase of Interests, but may not be relied upon, circulated, quoted or otherwise referred to by other persons in connection with any other transaction or arrangement, including with respect to any subsequent sale of the



Passco Allure DST
May 1, 2026
Page Twenty-four

Interests by the Holders. Further, each potential Holder understands that each Holder will be responsible for such Holder's individual circumstances and only the opinion set forth herein may be relied upon by a Holder. Each potential Holder is encouraged to review the entire contents of the Memorandum including, but not limited to, this opinion with its tax advisor in determining whether to purchase an Interest. This opinion may not be relied upon by any other person or for any other purposes, nor may it be quoted from or referred to or copies delivered to any other person without prior written consent. No opinion is rendered as to whether this opinion may be used to avoid tax penalties and if it is used, whether a taxpayer will be successful in avoiding any penalties. This opinion is not applicable as to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder. Our willingness to render the opinion set forth herein neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Project.

Sincerely,

DLA Piper LLP (US)

DLA Piper LLP (US)

EXHIBIT A
CERTIFICATE

SECURITIES & TAX CERTIFICATE

The undersigned, for the purpose of stating certain facts upon which DLA Piper LLP (US) (“DLA”) may rely in rendering its opinions (the “Opinion”) and in connection with the preparation of the Confidential Private Placement Memorandum for Class A Beneficial Interests in Passco Allure DST dated May 1, 2026 as amended or supplemented (the “Memorandum”), and the offer and sale of Class A beneficial interests (the “Interests”) in Passco Allure DST, a Delaware statutory trust (the “Trust”), hereby certify, warrant and represent as follows:¹

1. The undersigned is an executive officer of the following companies (as specified on the signature page of this certificate): (i) of Passco Companies, LLC (the “Sponsor”) which is the sole member of (ii) Passco Allure Manager, LLC (the “Trust Manager”) and (iii) Passco Allure MT, LLC (the “Master Tenant”). The Trust Manager is the manager of the Trust. The Sponsor, the Trust Manager and the Master Tenant shall be referred to as the “Sponsor Entities.” I have carefully reviewed the contents of this Certificate and DLA may rely on this Certificate in rendering the Opinion and in preparing the Memorandum. I am familiar with the Sponsor Entities and the particular matters set forth in the Memorandum and in this Certificate. I have made or caused to be made such investigations as are necessary in order to permit me to verify the accuracy of the information set forth in this Certificate and the Memorandum.
2. I have carefully reviewed the Memorandum and its contents are true and correct in all respects and do not contain any untrue statements of fact. The Memorandum does not omit information that would be necessary to a complete understanding of the economic, tax and other consequences and risks of an investment in an Interest and a complete understanding of all transactions described therein and all related transactions, nor does the Memorandum omit information that an investor might consider important in making a decision to invest. The Memorandum does not contain any untrue statement of fact required to be stated therein in order to make the statements therein not misleading. To the best of my knowledge, the Memorandum accurately and completely sets forth the material financial aspects of an investment in the Interests.
3. The Sponsor Entities have provided, or have caused to be provided, to DLA copies of all contracts, agreements, summaries, financial information, projections, other documents and information related to the Sponsor Entities and the Project. All such contracts, agreements, summaries, financial information, projections and other documents and information are true and correct copies of the originals and do not omit any material fact or contain any untrue statement and no material modifications have been made to them, and it is not anticipated that any such material changes will take place before the transactions contemplated by the Memorandum are consummated and to the extent this occurs and becomes available to any of the Sponsor Entities, such Sponsor Entity shall promptly forward such information to DLA.
4. To the best of my knowledge, there are no agreements, documents, or instruments by which the Trust, its property, any party to the Amended and Restated Trust Agreement of the Trust (the “Amended and Restated Trust Agreement”), or any of their Affiliates is bound or to which any of them or any of their properties is subject that (i) is not disclosed in the Memorandum and that would be material to an investment in Interests or (ii) would affect the authority or ability of the Sponsor Entities to execute, deliver and perform any of the documents or instruments to be executed and delivered as contemplated in the Memorandum.

¹ Capitalized terms used, but not defined herein, have the meanings assigned to them in the Memorandum.

5. The Offering is being conducted pursuant to Rule 506(b) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”). The Sponsor Entities hereby represent that each is familiar with Rule 506(b), including the prohibition on general solicitation, and that none of the Sponsor Entities nor any of their Affiliates have engaged in general solicitation for this Offering.
6. If at any time any event shall occur as a result of which it becomes necessary to amend or supplement the Memorandum so that it does not include any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances, not misleading, the Sponsor Entities or one of their Affiliates will promptly notify DLA and will promptly make such amendments or complete such supplements correcting such statement or omission in the Memorandum.
7. There are no facts or circumstances existing at this time which will prevent the transactions contemplated by the Memorandum from being carried out as described in the Memorandum.
8. The Trust was formed on March 17, 2026 and a true and correct copy of the fully-executed original Trust Agreement of the Trust dated March 17, 2026 (the “Trust Agreement”), has been delivered to DLA.
9. The Trust Agreement was amended by the Amended and Restated Trust Agreement of the Trust, a copy of which is attached to the Memorandum and the Trust will operate pursuant to the Amended and Restated Trust Agreement.
10. I am not aware of any liability, absolute or contingent, and whether or not accrued, of any of the Sponsor Entities or their Affiliates that would or could materially adversely affect the operations of the Trust or the Project.
11. Other than litigation as to which an adverse result would not, in my opinion, materially adversely affect any of the Sponsor Entities, there is no pending or, to the best of my knowledge, threatened litigation involving any of the Sponsor Entities, or any of their Affiliates or principals, other than litigation (such as unlawful detainer actions) in the ordinary course of business.
12. I know of no reason why it would be necessary for the Springing LLC (as defined in the Amended and Restated Trust Agreement) to be effectuated, and I do not believe that there is any significant likelihood that such an event will occur.
13. None of the Sponsor Entities are in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Sponsor Entities and the execution, delivery, performance and compliance with the terms of the Amended and Restated Trust Agreement by the Sponsor Entities do not and will not violate any provision of any applicable federal, state or local law, rule or regulation. The Sponsor Entities will comply with the restrictions in the Amended and Restated Trust Agreement regarding the limitations on the transfer and repurchase of Interests.
14. The execution and delivery of the Amended and Restated Trust Agreement and related Trust documents have been authorized and approved.
15. The Trust Manager has at all times complied with the terms of the Trust Agreement and the Amended and Restated Trust Agreement.

16. No Transfer Distribution (as defined in the Amended and Restated Trust Agreement) is currently intended or anticipated. Such a Transfer Distribution, if made, will occur only as permitted in accordance with Section 9.2 of the Amended and Restated Trust Agreement. In addition, an event which would cause such a Transfer Distribution with respect to any of the assets of the Trust is not expected and the occurrence of such an event would be unanticipated.
17. There will be no more than 1,980 Holders.
18. The terms of the Master Lease (i) conform with normal business practice, (ii) are consistent with market terms of similar leases and (iii) are not an effort nor a disguised attempt to share in the profits or income of the Project basing rent on income or profits from the Project.
19. The Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.
20. The tenant improvement allowance paid by the Trust to the Master Tenant will only be used for repairs, maintenance and replacements at the Project and will not be used for anything that would constitute more than a minor nonstructural modification to the Project.
21. The Master Tenant will comply with the terms of the Master Lease.
22. The Master Tenant is not acting as an agent of the Trust, any of the other Sponsor Entities or the Holders.
23. The Master Tenant is entering into the Master Lease to generate a profit and anticipates making a profit.
24. The Sponsor Entities acknowledge that the loan obtained by the Trust includes certain provisions that allow the lender under such loan to access the Master Tenant's assets, including cash from operations at the Project which is held in a lockbox under the control of such lender. The Master Lease provides that the Trust will indemnify the Master Tenant for any amounts retained by the Trust's lender in excess of the Master Tenant's obligations under the Master Lease. The Amended and Restated Trust Agreement requires that the Trust spring to a limited liability company and the Master Lease be terminated upon certain events related to the lender's right to retain the Master Tenant's assets. The Sponsor Entities will take any and all actions necessary to ensure that neither the Trust nor the lender retain any Master Tenant funds in excess of the Master Tenant's obligations under the Master Lease.
25. There is a reasonable possibility that the FMV Option will not be exercised by the Trust Manager and there is no current plan or intent to exercise the FMV Option set forth in the Amended and Restated Trust Agreement of the Trust.
26. The Sponsor Entities do not believe that the purchase price of the Project exceeds its fair market value, nor do they believe that the price to be paid by Holders exceeds the fair market value of the Interests.
27. The various items of compensation described in the Memorandum to be paid to the Sponsor Entities or their Affiliates are reasonable in amount in light of the services actually rendered or to be rendered to or on behalf of the Trust, the time, effort, expense and investment in human capital, facilities and other resources associated with providing the services, and the standards of

compensation for similar services rendered under similar circumstances, including in the real estate industry in general.

28. The determination of any fees paid by the Trust will not depend, in whole or in part, on the income or profits derived by any person from the Project and will not exceed the fair market value of the services provided in exchange therefor.
29. The value of the personal property attributable to the Project is less than 15% of the value of the real estate attributable to the Project.
30. The activities of the Trust with respect to the Trust Estate will be limited to activities that are customary services in connection with the maintenance and repair of the Project.
31. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Amended and Restated Trust Agreement.
32. The Trust does not intend to form a joint venture or a partnership with the Master Tenant.
33. The Trust has an initial investment in the Project equal to at least 20% of the cost of the Project, the Trust will maintain an investment equal to at least 20% of the cost of the Project during the ownership period, and an amount equal to at least 20% of the original cost of the Project is a reasonable estimate of what the fair market value of the Project will be at the end of the Master Lease term.
34. All leases including the Master Lease and any subleases, will be bona fide leases for federal income tax purposes. Rents paid by the Master Tenant will be within the fair market value for use of the Project and rent will not depend on the income or profits derived by any person from the Project or otherwise (other than an amount based on a fixed percentage of receipts or sales).
35. There is no power held by the Trust under the Amended and Restated Trust Agreement or the Master Lease to vary the investment of the Holders, including performing any of the following actions:
 - (a) Dispose of the Project and acquire new property;
 - (b) Renegotiate the Master Lease with the Master Tenant, or enter into leases with a party other than the Master Tenant (except in the case of the Master Tenant's bankruptcy or insolvency);
 - (c) Renegotiate or refinance any loan (except in the case of the Master Tenant's bankruptcy or insolvency);
 - (d) Invest cash received to profit from market fluctuations; or
 - (e) Make more than minor nonstructural modifications to the Project that are not required by law.
36. I have carefully reviewed the business plan of the Trust and the anticipated obligations of the Trust for the Project and all of the undertakings set forth in the business plan are minor non-structural modifications.

37. The Sponsor Entities acknowledge that the following constitute “Covered Persons” under Rule 506(d) of Regulation D: (i) the Trust; (ii) any predecessor of the Trust; (iii) any affiliated issuer of the Trust; (iv) any director, executive officer, other officer participating in the Offering, general partner or managing member of the Trust; (v) any beneficial owner of 20% or more of the Trust’s outstanding voting equity securities, calculated on the basis of voting power; (vi) any promoter connected with the Trust in any capacity at the time of the sale of the Interests; (vii) any person associated with the Trust that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Interests; (viii) any general partner or managing member of any such solicitor associated with the Trust; and (ix) any director, executive officer or other officer participating in the Offering of any such solicitor or general partner or managing member of such solicitor.
38. The Sponsor Entities each hereby represent and warrant that none of the Covered Persons, as of the date hereof and at the time of the sale of the Interests (each, an “Effective Date”) is a disqualified person as defined by Rule 506(d) of Regulation D.
39. All transactions described in the Memorandum have been and are hereby ratified, approved and authorized by the Sponsor Entities to the extent that the Sponsor Entities are party to any of such transactions or have the authority, directly or indirectly, to cause any party to any of such transactions to participate or refuse to participate in any or all of such transactions and to agree upon the terms thereof.
40. Except as otherwise stated, the representations and warranties made herein are made as of the date hereof and shall be continuing representations and warranties. In the event that any Sponsor Entity becomes aware that any of these representations or warranties becomes untrue or is incorrect, it shall promptly notify DLA in writing of the fact which makes such representation or warranty untrue or incorrect.

I understand that you are relying on the truth and accuracy of the foregoing in connection with the issuance of the Opinion and preparation of the Memorandum. I have made or caused to be made such inquiry and investigations as are necessary in order to permit me to verify the accuracy of the information set forth in this Certificate. This Certificate is provided at your request and solely for use in connection with your issuance of the Opinion and preparation of the Memorandum. This Certificate may not be relied upon by any other person.

[Signature Page Follows]

IN WITNESS WHEREOF, this Certificate is executed effective as of the date of the Memorandum.

MASTER TENANT:

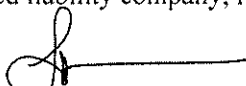
Passco Allure MT, LLC, a Delaware limited liability company

By:  _____
Larry Sullivan, Vice President

TRUST:

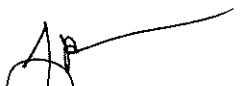
Passco Allure DST, a Delaware statutory trust

By: Passco Allure Manager, LLC, a Delaware limited liability company, its manager

By:  _____
Larry Sullivan, President

SPONSOR:

Passco Companies, LLC, a Delaware limited liability company

By:  _____
Larry Sullivan, President

MANAGER:

Passco Allure Manager, LLC, a Delaware limited liability company

By:  _____
Larry Sullivan, President

EXHIBIT G

UNAUDITED RESULTS OF OPERATIONS FOR THE PROJECT

Statement (12 months)

Period = Apr 2025-Mar 2026

Book = Cash ; Tree = df_budget_soo

		Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
Income														
Potential Rents														
41000	Market Rent - Apartments	572,530.00	572,530.00	580,900.00	580,900.00	605,260.00	605,260.00	605,260.00	605,260.00	605,260.00	605,275.00	605,275.00	623,429.00	7,167,139.00
41005	Gain/Loss to Lease	-3,655.00	-2,180.00	-9,230.00	-9,975.00	-31,333.00	-31,333.00	-29,505.00	-27,971.00	-26,534.00	-24,594.00	-23,794.00	-39,778.00	-259,882.00
	Total Potential Rents	568,875.00	570,350.00	571,670.00	570,925.00	573,927.00	573,927.00	575,755.00	577,289.00	578,726.00	580,681.00	581,481.00	583,651.00	6,907,257.00
Rent Adjustments														
41011	Vacancy Losses	-316,520.04	-259,987.07	-164,460.34	-98,613.81	-57,525.36	-30,941.97	-31,435.84	-31,405.00	-27,848.50	-25,124.48	-11,258.48	-10,623.61	-
														1,065,744.50
41012	Rental Concessions	0.00	0.00	0.00	0.00	-200.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41013	Model,Office,Shop,Other Apts.	-2,068.00	-2,068.00	-2,068.00	-2,068.00	-2,388.06	-2,299.00	-2,299.00	-2,299.00	-2,299.00	-2,299.00	-2,299.00	-2,299.00	-26,753.06
41016	Rental Concessions-One Time	-44,444.11	-9,381.86	-2,117.17	-2,000.00	-1,383.87	-872.00	-550.00	2,220.00	-1,600.00	176.50	-1,600.00	-200.00	-61,752.51
41017	Rental Concessions-Recurring	-105.02	-151.80	-232.93	-223.00	-223.00	-223.00	-223.00	-223.00	-223.00	-223.00	-223.00	-205.97	-2,479.72
41045	MTM/Short Term Rent Premiums	758.06	750.00	1,166.66	2,375.27	2,770.26	3,203.22	3,177.41	3,470.65	3,408.07	2,956.45	2,184.44	1,829.84	28,050.33
41990	Delinquency Inc Adj	-1,920.33	-4,753.35	-1,037.65	-271.86	-4,975.74	2,815.67	-3,002.34	2,665.23	-7,028.13	3,730.56	2,468.25	-6,200.01	-17,509.70
41991	Prepaid Inc Adj	2,948.03	-1,064.55	7,638.68	-5,481.90	1,778.43	5,322.24	-756.04	-2,664.80	-861.24	-760.80	-2,909.93	2,434.49	5,622.61
	Total Rent Adjustments	-361,351.41	-276,656.63	-161,110.75	-106,283.30	-62,147.34	-22,794.84	-35,088.81	-28,235.92	-36,451.80	-21,543.77	-13,637.72	-15,264.26	-
														1,140,566.55
Net Rental Income														
		207,523.59	293,693.37	410,559.25	464,641.70	511,779.66	551,132.16	540,666.19	549,053.08	542,274.20	559,137.23	567,843.28	568,386.74	5,766,690.45
Other Income														
41117	Water & Sewer Recoveries	1,221.99	1,133.38	6.74	0.00	8.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,370.94
42005	Wireless Internet	0.00	0.00	0.00	0.00	-260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-260.00
42008	Parking/Garage Rent	200.00	1,058.28	1,932.90	2,000.00	1,800.00	2,200.00	2,000.00	1,993.33	1,593.33	2,212.90	2,000.00	1,935.48	20,926.22
42009	Utility Billing Fee	128.03	255.97	144.00	376.00	328.00	152.00	160.00	962.58	959.00	1,065.34	1,024.28	1,073.12	6,628.32
42011	Rec. Of Elec.Gas.Water	111.49	0.00	3,120.93	5,134.11	10,532.63	9,818.70	15,688.73	20,763.10	17,345.69	20,005.53	19,531.97	18,123.20	140,176.08
42012	Trash Fees	1,328.00	1,222.00	1,359.00	1,834.00	2,502.50	2,819.50	3,677.00	3,882.50	3,128.79	3,439.84	3,000.00	2,760.00	30,953.13
42013	Pest Control Fee	619.86	570.26	633.93	856.23	1,167.84	1,315.77	1,729.89	1,803.96	1,473.50	1,592.70	1,407.00	1,281.00	14,451.94
42014	Damages Rec From Tenants	0.00	0.00	195.00	165.00	325.00	215.00	110.00	1,877.81	1,702.63	2,356.63	2,340.50	1,251.44	10,539.01
42016	Late Fees	267.88	787.03	1,175.61	1,946.62	1,703.93	2,213.76	1,907.70	574.00	1,550.15	3,005.70	1,211.65	1,019.25	17,363.28
42017	Application Fees	4,900.00	4,200.00	3,125.00	1,150.00	1,000.00	950.00	600.00	1,350.00	500.00	1,450.00	900.00	1,350.00	21,475.00
42018	Return Check Fee	0.00	0.00	0.00	0.00	200.00	100.00	50.00	100.00	550.00	150.00	350.00	200.00	1,700.00
42024	Renters Insurance	432.00	732.00	840.00	724.72	1,943.56	1,675.88	905.61	2,253.23	1,617.00	1,438.58	1,858.42	1,812.00	16,233.00
42025	Cable\Satellite TV	7,653.28	9,303.34	12,486.33	14,832.68	15,204.88	21,209.13	14,997.88	13,932.43	13,503.35	12,765.17	12,169.53	11,291.12	159,349.12

Statement (12 months)

Period = Apr 2025-Mar 2026

Book = Cash ; Tree = df_budget_soo

		Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
42035	Non-Refundable Pet Fee	0.00	300.00	1,050.00	900.00	0.00	-2,146.78	96.78	0.00	0.00	200.00	0.00	400.00	800.00
42036	Pet Fees	4,608.01	3,598.36	6,351.33	5,929.11	4,453.87	7,000.14	4,407.18	4,199.51	4,777.46	4,823.53	7,207.26	7,229.39	64,585.15
42037	Termination Fees	0.00	0.00	3,708.00	500.00	172.91	4,306.00	4,614.59	6,399.12	2,181.08	9,832.18	1,433.61	1,433.60	34,581.09
42041	Administrative Fees	6,450.00	6,850.00	3,650.00	1,950.00	1,500.00	1,800.00	550.00	2,800.00	1,653.58	3,100.00	2,850.00	2,500.00	35,653.58
42042	Miscellaneous Income	0.00	0.00	0.00	0.00	50.00	450.00	150.00	260.00	-60.00	425.00	800.00	210.00	2,285.00
42098	Pending Refunds	4,400.00	-4,800.00	2,950.99	-2,550.99	400.00	-800.00	0.00	0.00	913.55	-1,463.55	-500.00	500.00	-950.00
42100	Storage Space Rent	682.33	608.50	1,314.94	1,442.40	1,551.75	1,480.13	1,338.88	1,526.72	1,345.50	1,579.61	1,515.92	1,589.03	15,975.71
42232	Interest Income - CDs\Repo	0.00	0.00	0.00	0.00	0.00	0.00	2,486.92	0.00	0.00	9,896.11	0.00	0.00	12,383.03
Total Other Income		33,002.87	25,819.12	44,044.70	37,189.88	44,585.70	54,759.23	55,471.16	64,678.29	54,734.61	77,875.27	59,100.14	55,958.63	607,219.60

Total Income	240,526.46	319,512.49	454,603.95	501,831.58	556,365.36	605,891.39	596,137.35	613,731.37	597,008.81	637,012.50	626,943.42	624,345.37	6,373,910.05
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Operating Expenses**Administrative Expenses**

53009	Office Eqpt-Rent & Mntnc	211.82	184.26	184.26	423.42	239.38	537.39	184.26	184.26	184.26	422.82	368.52	211.82	3,336.47
53025	Postage	30.20	-30.20	0.00	0.00	29.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.20
53030	Legal Expense - Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.05	0.00	0.00	0.00	0.00	36.05
53031	Management Fee	7,083.79	9,729.37	13,549.59	15,131.49	16,678.96	18,200.74	17,884.12	18,411.94	17,882.86	19,154.28	18,823.30	18,715.36	191,245.80
53033	Misc Adm Expense	679.69	735.87	2,298.70	987.27	825.58	1,042.63	1,821.48	1,129.60	1,472.11	1,029.69	1,750.16	1,273.53	15,046.31
53040	Office Supplies	547.62	211.64	94.38	471.73	394.43	30.97	331.31	68.98	189.11	229.26	625.99	17.91	3,213.33
53041	Site Software/Computer Svcs	3,060.87	3,800.71	3,533.45	3,586.94	2,434.91	2,600.28	4,817.98	1,875.74	2,132.29	6,886.49	1,828.14	215.63	36,773.43
53043	Misc Office Expense	382.87	822.82	420.06	373.80	678.16	503.44	953.84	459.47	799.75	623.22	766.71	818.43	7,602.57
53058	Credit Verification	0.00	3,606.50	2,114.00	1,256.00	572.00	0.00	1,104.50	366.50	496.50	614.75	932.50	784.25	11,847.50
53080	Telephone	2,021.18	1,769.74	693.34	2,475.84	1,930.18	1,458.08	1,690.58	192.17	1,376.58	1,525.91	2,361.20	1,299.65	18,794.45
53083	Warr And Court Costs Net	0.00	250.00	100.00	0.00	0.00	0.00	0.00	0.00	250.00	0.00	500.00	0.00	1,100.00
53085	Association Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	789.60	0.00	0.00	789.60
53090	Bank Fees	113.00	101.00	226.50	124.50	154.50	175.50	284.00	0.00	163.50	0.00	163.00	295.00	1,800.50
53315	Dues & Subscriptions	19.99	0.00	19.99	0.00	0.00	0.00	0.00	0.00	0.00	405.00	0.00	0.00	444.98
Total Administrative Expenses		14,151.03	21,181.71	23,234.27	24,830.99	23,937.30	24,549.03	29,072.07	22,724.71	24,946.96	31,681.02	28,119.52	23,631.58	292,060.19

Advertising & Marketing

53511	Internet Advertising	12,824.33	20,342.01	11,071.01	12,421.01	15,010.01	10,210.01	13,868.01	4,215.01	6,529.01	6,612.00	8,120.00	5,188.00	126,410.41
53522	Specialty\Other Advertising	2,557.29	0.00	59.99	2,626.40	823.82	29.99	544.72	149.98	49.98	64.47	1,640.53	64.47	8,611.64

Statement (12 months)

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Book = Cash ; Tree = df_budget_soo

		Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
53543	Community Functions	447.66	107.45	242.95	329.42	432.50	125.98	383.34	342.92	449.33	0.00	112.32	0.00	2,973.87
53660	Resident Relations	426.00	168.97	126.00	439.61	126.00	310.85	126.00	137.80	2,234.23	132.30	458.67	490.21	5,176.64
Total Advertising & Marketing		16,255.28	20,618.43	11,499.95	15,816.44	16,392.33	10,676.83	14,922.07	4,845.71	9,262.55	6,808.77	10,331.52	5,742.68	143,172.56
Personnel Expenses														
55010	Superintendent Salary	6,349.08	9,746.39	6,762.07	6,511.10	6,461.06	6,429.29	10,255.19	6,537.38	6,789.92	6,569.35	6,517.04	6,733.25	85,661.12
55020	Gen Maintenance Salary	4,883.47	12,173.72	7,478.81	8,093.78	7,062.63	8,085.18	11,979.71	7,907.10	5,613.90	4,142.53	4,049.47	4,039.10	85,509.40
55030	Janitor-Maid Salary	6,721.25	9,992.93	6,922.44	6,646.36	6,697.34	6,215.87	8,308.74	5,559.02	6,452.10	6,735.52	6,299.69	6,440.99	82,992.25
55050	Managers Salary	6,422.13	9,178.32	6,118.88	6,422.13	6,118.88	6,118.88	9,784.75	6,118.88	6,118.88	6,127.28	7,053.45	6,311.10	81,893.56
55055	Leasing Personnel Salary	4,385.81	10,762.23	4,370.75	3,822.84	3,753.61	3,677.62	2,504.82	3,819.40	3,865.17	3,983.22	3,873.56	4,053.23	52,872.26
55060	Clerical Salary	4,610.03	7,213.95	4,734.54	4,642.03	4,712.43	4,636.50	7,056.00	4,633.60	4,628.94	5,120.91	4,755.49	4,832.27	61,576.69
55081	Overtime	339.18	1,733.61	701.45	1,422.74	632.39	442.89	1,592.53	522.70	568.17	316.90	458.94	362.92	9,094.42
55085	Bonuses & Incentive Fees	10,081.58	1,602.56	9,557.10	9,965.03	3,386.07	4,545.45	7,000.30	4,079.51	3,088.58	2,784.40	7,786.10	3,384.96	67,261.64
55105	Training & Education	324.80	324.80	324.80	413.80	324.80	324.80	324.80	324.80	324.80	350.78	-350.78	0.00	3,012.20
55122	Insurance-Health & Dental	3,489.13	3,489.13	4,237.42	4,237.42	4,237.42	4,237.42	3,669.22	3,669.22	4,279.09	3,669.22	3,669.22	3,669.22	46,553.13
55150	Personnel Recruitment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	520.00	0.00	0.00	0.00	0.00	520.00
55182	Uniform-Employee	0.00	631.90	0.00	1,087.33	-83.44	-166.88	0.00	47.95	0.00	142.95	0.00	-83.44	1,576.37
55189	Travel - Mileage Reimb	0.00	0.00	0.00	0.00	0.00	0.00	42.84	0.00	359.38	0.00	50.43	0.00	452.65
Total Personnel Expenses		47,606.46	66,849.54	51,208.26	53,264.56	43,303.19	44,547.02	62,518.90	43,739.56	42,088.93	39,943.06	44,162.61	39,743.60	578,975.69
Maintenance Supplies														
66011	Landscaping Supplies	0.00	0.00	0.00	201.92	0.00	0.00	80.44	0.00	0.00	0.00	322.21	0.00	604.57
66012	Swimming Pool Supplies	0.00	0.00	301.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	301.33
66020	Janitorial Supplies	1,277.78	1,732.11	1,153.93	986.86	943.57	845.38	1,524.37	176.90	931.17	769.18	1,041.18	193.12	11,575.55
66022	Electrical Supplies	118.75	83.79	0.00	223.79	124.01	0.00	222.55	0.00	71.48	0.00	64.73	470.93	1,380.03
66023	Plumbing Supplies	0.00	0.00	116.31	108.10	131.72	82.70	335.11	516.88	71.49	119.70	663.31	175.67	2,320.99
66031	Buildings Exterior Misc Supplies	138.03	287.54	0.00	95.60	8.55	70.23	0.00	0.00	0.00	0.00	19.72	0.00	619.67
66040	Buildings Interior Misc Supplies	551.12	635.97	114.69	436.12	93.45	306.61	39.44	17.90	127.86	38.68	44.30	14.93	2,421.07
66046	Interior Paint Supplies	28.07	67.04	235.72	0.00	9.04	675.11	167.10	937.74	44.27	985.11	48.24	459.54	3,656.98
66051	HVAC Supplies	0.00	628.27	28.07	182.74	411.65	65.65	0.00	67.15	0.00	342.94	651.26	0.00	2,377.73
66053	Appliance Repair Supplies	0.00	0.00	0.00	30.17	38.22	0.00	0.00	32.56	241.65	0.00	248.80	113.30	704.70
66060	Maint Equip/Hand Tools	59.38	0.00	0.00	0.00	170.23	0.00	16.60	0.00	33.10	0.00	0.00	0.00	279.31
66070	Gasoline, Oil & Travel	0.00	0.00	0.00	0.00	12.19	54.74	0.00	0.00	0.00	0.00	0.00	0.00	66.93
66195	Miscellaneous Supplies	0.00	0.00	0.00	0.00	11.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.13
Total Maintenance Supplies		2,173.13	3,434.72	1,950.05	2,265.30	1,953.76	2,100.42	2,385.61	1,749.13	1,521.02	2,255.61	3,103.75	1,427.49	26,319.99

Statement (12 months)

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	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
Contract Services													
67005 Wireless Internet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	189.00	2,760.00	2,949.00
67010 Interior Plant Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,325.00	1,325.00
67011 Landscaping Contract	4,771.67	5,513.27	4,771.67	4,771.67	8,154.24	0.00	9,543.34	4,771.67	5,476.67	4,771.67	4,771.67	4,771.67	62,089.21
67012 Swimming Pool Maint. Contract	270.00	17,983.00	9,074.00	0.00	8,924.00	0.00	1,634.00	817.00	817.00	817.00	817.00	0.00	41,153.00
67013 Security Services	0.00	2,800.00	0.00	0.00	740.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,540.00
67014 Recreation Services	0.00	0.00	0.00	0.00	0.00	360.00	0.00	360.00	0.00	0.00	0.00	360.00	1,080.00
67020 Janitorial Contract	1,702.60	227.90	279.11	0.00	1,146.73	0.00	439.11	0.00	1,206.87	1,707.60	924.84	1,166.75	8,801.51
67023 Plumbing Contract	0.00	0.00	0.00	350.00	1,400.00	5,300.00	900.00	0.00	0.00	0.00	0.00	0.00	7,950.00
67026 Elevator Contract	0.00	0.00	3,425.00	0.00	2,515.00	3,075.00	0.00	9,070.66	0.00	1,220.00	13,382.06	0.00	32,687.72
67040 Building Interior Misc Contract	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	1,400.00
67041 Carpet Dying & Repair Service	0.00	2,720.00	195.00	240.00	250.00	170.00	755.00	255.00	710.00	575.00	680.00	351.65	6,901.65
67045 Exterminating Contract	0.00	2,395.00	0.00	1,270.00	635.00	635.00	1,760.00	635.00	0.00	0.00	1,270.00	1,270.00	9,870.00
67046 Interior Paint Contract	0.00	0.00	0.00	0.00	0.00	850.00	3,650.00	2,800.00	2,275.00	5,500.00	2,850.00	1,950.00	19,875.00
67060 Life Safety Equipment Service	0.00	0.00	470.00	34.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	504.97
67092 Snow Removal	50.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,070.00	0.00	2,120.82
67195 Other Contract Services	0.00	0.00	1,495.00	0.00	0.00	400.00	3,220.00	0.00	0.00	0.00	0.00	0.00	5,115.00
Total Contract Services	6,795.09	31,639.17	19,709.78	6,666.64	23,764.97	10,790.00	21,901.45	20,109.33	10,485.54	14,591.27	26,954.57	13,955.07	207,362.88
Utilities													
68010 Gas/Oil	97.01	0.00	214.92	131.00	120.49	134.50	124.61	104.01	110.70	80.59	11.62	9.84	1,139.29
68020 Electric-Public	8,014.71	6,418.81	3,296.97	1,765.33	11,067.19	4,415.75	5,164.54	4,746.05	5,266.10	8,560.34	7,841.81	8,210.51	74,768.11
68030 Electric-Tenant	192.96	7,035.78	2,562.25	2,399.87	2,683.13	987.97	1,389.87	941.81	1,299.43	1,513.57	1,639.52	625.95	23,272.11
68040 Water	1,881.97	4,012.09	5,336.88	7,663.20	8,988.70	12,536.65	16,986.51	12,274.74	10,613.90	9,994.13	10,694.80	6,180.53	107,164.10
68041 Storm Water Management	0.00	6,537.60	0.00	0.00	0.00	0.00	0.00	19,068.00	0.00	0.00	0.00	0.00	25,605.60
68050 Sewerage	2,064.83	2,330.42	2,815.20	4,256.33	5,207.77	8,136.03	11,269.44	7,467.81	6,916.98	7,318.29	7,260.12	9,012.27	74,055.49
68060 Trash Removal	1,359.04	2,649.35	3,064.99	4,029.44	3,525.36	3,675.36	3,811.26	3,525.36	3,525.36	4,111.87	3,861.87	3,861.87	41,001.13
68196 Utility Billing	895.24	492.10	722.24	689.00	1,073.26	1,145.30	1,050.58	1,123.86	1,086.16	1,105.84	1,106.72	1,117.12	11,607.42
Total Utilities	14,505.76	29,476.15	18,013.45	20,934.17	32,665.90	31,031.56	39,796.81	49,251.64	28,818.63	32,684.63	32,416.46	29,018.09	358,613.25
Taxes,Licenses and Insurance													
78020 Insurance Expense	0.00	0.00	0.00	108,690.69	11,184.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	119,874.69
78074 Taxes-Personal Property	0.00	0.00	48.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48.84
78075 Taxes-Real Estate	0.00	108,894.43	0.00	0.00	0.00	144,272.19	0.00	144,272.19	0.00	0.00	0.00	172,575.67	570,014.48

Statement (12 months)

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	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
Total Taxes, Lic and Insurance	0.00	108,894.43	48.84	108,690.69	11,184.00	144,272.19	0.00	144,272.19	0.00	0.00	0.00	172,575.67	689,938.01
Total Operating Expenses	101,486.75	282,094.15	125,664.60	232,468.79	153,201.45	267,967.05	170,596.91	286,692.27	117,123.63	127,964.36	145,088.43	286,094.18	2,296,442.57
Net Operating Income	139,039.71	37,418.34	328,939.35	269,362.79	403,163.91	337,924.34	425,540.44	327,039.10	479,885.18	509,048.14	481,854.99	338,251.19	4,077,467.48
Debt-Related													
80010 First Mortgage Interest	0.00	0.00	0.00	0.00	0.00	288,873.59	270,453.14	274,932.21	263,047.41	261,800.68	259,363.47	233,942.75	1,852,413.25
Total Debt-Related	0.00	0.00	0.00	0.00	0.00	288,873.59	270,453.14	274,932.21	263,047.41	261,800.68	259,363.47	233,942.75	1,852,413.25
Escrows and Reserves													
10632 Real Estate Tax Escrow	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	156,249.00	156,249.00
10642 Insurance Escrow	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,867.00	30,867.00
10652 Operating Reserves	0.00	0.00	175,000.00	385,000.00	175,000.00	455,000.00	0.00	0.00	-445,000.00	-745,000.00	0.00	0.00	0.00
Total Escrows and Reserves	0.00	0.00	175,000.00	385,000.00	175,000.00	455,000.00	0.00	0.00	-445,000.00	-745,000.00	0.00	187,116.00	187,116.00
Non-Operating Exp\Inc)													
84001 Asset Management Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,788.57	4,705.83	4,678.84	14,173.24
94092 Damages From Insurance Co.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,176.29	0.00	0.00	2,176.29
Total Non-Operating	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,964.86	4,705.83	4,678.84	16,349.53
Replacement Costs													
89010 Plumbing And Fixtures	0.00	0.00	0.00	0.00	0.00	0.00	105.37	0.00	0.00	0.00	0.00	0.00	105.37
89011 Electrical And Fixtures	0.00	0.00	0.00	0.00	0.00	2,490.97	0.00	0.00	0.00	0.00	0.00	0.00	2,490.97
89025 Blinds-Shades-Drapes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	663.86	0.00	0.00	0.00	349.55	1,013.41
89039 Garbage Disposals	0.00	0.00	0.00	0.00	0.00	0.00	129.90	0.00	0.00	0.00	0.00	0.00	129.90
89074 Computer Eqpt	0.00	0.00	32.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.12
89079 Pool Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	648.00	0.00	0.00	0.00	648.00
89086 Vinyl Floor	0.00	0.00	0.00	0.00	0.00	0.00	440.90	0.00	0.00	0.00	0.00	0.00	440.90
Total Replacement Costs	0.00	0.00	32.12	0.00	0.00	2,490.97	676.17	663.86	648.00	0.00	0.00	349.55	4,860.67

Statement (12 months)

Period = Apr 2025-Mar 2026

Book = Cash ; Tree = df_budget_soo

	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Total
Capital Expenditures													
16050 Driveway & Street Paving	0.00	0.00	0.00	950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	950.00
16260 Signage	0.00	823.60	708.40	174.73	662.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,369.23
16280 Building Exterior Misc.	0.00	1,102.36	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00	0.00	0.00	0.00	16,102.36
16290 Building Interior Misc.	0.00	880.13	0.00	480.69	16,560.00	1,049.07	6,075.00	0.00	16,580.23	0.00	0.00	1,316.52	42,941.64
16470 Pool & Clubhouse Furnishings	0.00	62.52	0.00	0.00	0.00	0.00	0.00	0.00	64.86	5,131.20	0.00	0.00	5,258.58
16480 Carpet Replacement	0.00	0.00	0.00	0.00	0.00	534.09	0.00	3,133.13	1,337.22	2,358.21	2,044.30	2,123.40	11,530.35
16510 Maintenance Equipment	961.36	170.83	18,291.08	0.00	0.00	0.00	0.00	0.00	312.09	0.00	0.00	0.00	19,735.36
16525 Golf Cart	4,808.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.10	0.00	0.00	4,832.80
16650 Office Furniture & Equipment	8,961.61	1,042.49	1,733.90	2,735.85	2,841.16	0.00	262.30	0.00	0.00	0.00	0.00	0.00	17,577.31
Total Capital Expenditures	14,731.67	4,081.93	20,733.38	4,341.27	20,063.66	1,583.16	6,337.30	3,133.13	33,294.40	7,513.51	2,044.30	3,439.92	121,297.63
Cash Flow Benefit													
	124,308.04	33,336.41	133,173.85	-119,978.48	208,100.25	-410,023.38	148,073.83	48,309.90	627,895.37	977,769.09	215,741.39	-91,275.87	1,895,430.40
Funds To/(From) Owner													
39020 Owner Distributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	925,000.00	900,000.00	40,000.00	191,260.00	2,056,260.00
Total Funds To/(From) Owner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	925,000.00	900,000.00	40,000.00	191,260.00	2,056,260.00
Net Cash Flow													
	124,308.04	33,336.41	133,173.85	-119,978.48	208,100.25	-410,023.38	148,073.83	48,309.90	-297,104.63	77,769.09	175,741.39	-282,535.87	-160,829.60

EXHIBIT H

CD WITH THIRD-PARTY REPORTS

1631301493.6

EXHIBIT H
FILES WITH THIRD-PARTY REPORTS

TO OBTAIN THE DOCUMENTS AND INFORMATION

NOT PRINTED IN THE PPM

PLEASE REQUEST BY EMAIL TO:

LAUREN VUYLSTEKE

lvuylsteke@passco.com

Contents:

THIRD-PARTY REPORTS, INCLUDING:

Rent Roll

Form Lease

Needs Assessment

Appraisal

Environmental Site Assessment

Market Information

Zoning Report

Floor Plans and Site Plan

and

EXHIBIT C

AMENDED AND RESTATED TRUST AGREEMENT'S
EXHIBIT D - FORM OF LIMITED LIABILITY COMPANY
AGREEMENT

EXHIBIT D

MASTER LEASE AGREEMENT



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