PRIVILEGED AND CONFIDENTIAL

Offeree Name:_____ **Memorandum Number:**_____

CONFIDENTIAL
DELAWARE STATUTORY TRUST PROGRAM MEMORANDUM

Brookfield Real Estate Exchange LLC, a Delaware limited liability company (the "**Sponsor**"), is a wholly owned subsidiary of Brookfield REIT Exchange TRS LLC, a Delaware limited liability company (the "**TRS**"), which, in turn, is a wholly owned taxable real estate investment trust subsidiary of Brookfield REIT Operating Partnership L.P., a Delaware limited partnership (the "**Operating Partnership**"). The Operating Partnership is the entity through which Brookfield Real Estate Income Trust Inc., a Maryland corporation (the "**BF REIT**"), conducts substantially all of its business and owns substantially all of its assets, other than BF REIT's interest in one or more Master Tenants (as defined herein), which BF REIT may hold outside of the Operating Partnership. Brookfield REIT OP GP LLC, a Delaware limited liability company and a wholly owned subsidiary of BF REIT, is the sole general partner of the Operating Partnership (the "**Operating Partnership General Partner**"). BF REIT, through its interests in the Operating Partnership, invests primarily in well-located, high-quality real estate properties that generate strong current cash flow and could further appreciate in value through proactive, professional asset management. To a lesser extent, BF REIT invests in real estate-related debt and real estate-related securities. BF REIT and the Operating Partnership are externally managed by Brookfield REIT Adviser LLC, a Delaware limited liability company (the "**Adviser**"). BF REIT is organized as, and intends to conduct its operations in a manner so as to qualify as, a real estate investment trust (the "**REIT**") for U.S. federal income tax purposes. In this Memorandum, unless the context otherwise requires, all references to the "**Sponsor**," "**we**," "**us,**" or "**our**" or similar expressions refer to Brookfield Real Estate Exchange LLC and our subsidiaries and affiliates.

We intend to offer from time to time, either directly or through wholly owned subsidiaries, in private placements exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), class 1 beneficial interests (each, an "**Interest**" and collectively, the "**Interests**") in a specific Delaware statutory trust (each, a "**Trust**"), or in two or more specific Trusts (a "**Portfolio Offering**"). The private placements will be conducted through Brookfield Private Wealth LLC, a Delaware limited liability company, a registered broker-dealer and affiliate of the Sponsor (the "**Dealer Manager**"). Interests will be offered to individuals or entities contemplating participation in an Offering (as defined below) who are "**accredited investors**," as that term is defined in Rule 501(a) of Regulation D under the Securities Act (each, a "**Purchaser**" and, collectively the "**Purchasers**"). Purchasers of Interests pursuant to an Offering will become beneficial owners (each, a "**Beneficial Owner**" and, collectively, the "**Beneficial Owners**") of the Trust or, in the case of a Portfolio Offering, of the Trusts. Some Portfolio Offerings may be structured so that a parent Trust is formed which owns interests in sub-trusts that own the Properties (as defined below). Interests will only be sold pursuant to a purchase and sale agreement (the "**Purchase Agreement**"). See "*How to Subscribe*." Each of the Offerings under this program (the "**Program**") will be structured such that Purchasers will purchase Interests in a Trust or, in the case of a Portfolio Offering, two or more Trusts. Each Trust will be the owner of a rental housing, net lease, logistics, office, or other class of real property that is professionally managed and provides current income (each, a "**Property**" and collectively, the "**Properties**"). Each Property will be 100% master leased by the Trust to a special purpose entity, wholly owned by BF REIT or the Operating Partnership (the "**Master Tenant**"), pursuant to a master lease agreement (the "**Master Lease**"). The Master Tenant will be the sub-lessor of the applicable Property to the end tenant(s) occupying the space. In this Memorandum the use of the singular "Trust" or "Property" shall include the plural form, and the use of the plural "Trusts" or "Properties" shall include the singular form, as the context requires.

The date of this Memorandum is April 17, 2026.

This Delaware Statutory Trust Program Memorandum (together with all exhibits, amendments and supplements, the "**Memorandum**") describes the key features of each of the single property Offerings or multi-property Portfolio Offerings under the Program, including a description of a number of risks related to an investment in the Interests. Specific information relating to each offering of Interests in a Trust under the Program (each, including a Portfolio Offering, an "**Offering**") and the Property held by such Trust (or Trusts in a Portfolio Offering) are further described in a separate supplement to this Memorandum (together with all exhibits, amendments and supplements, the "**Property Supplement**") relating to such Trust and Property (or Properties, as applicable), which will be provided to you in conjunction with or subsequent to your receipt of this Memorandum. The Property Supplement will set forth the maximum amount of Interests offered in an Offering (the "**Maximum Offering Amount**") and the minimum purchase price in an Offering. Each Purchaser must pay cash for the Interest (together with the assumption of a portion of any loan obtained by the applicable Trust in connection with the acquisition of the applicable Property). The Purchasers of Interests, as the Beneficial Owners of the Trust, will be subject to the terms of the Trust as described in the trust agreement (the "**Trust Agreement**").

Portfolio Offerings may be structured by offering interests in two or more Trusts simultaneously, through the offering of interests in a parent Trust that is the sole beneficial owner of sub-trusts that own the Properties, by a single Trust that owns multiple Properties, or other structure which will be described in the Property Supplement. If multiple Trusts are utilized, the purchase of Interests in such Portfolio Offering will result in equal participation in each of the Trusts as described in the applicable Property Supplement, provided that the portion of equity and debt allocated to each Trust may vary as a result of the relative purchase price and debt applicable to each Property in such Portfolio Offering. Because Interests in any Portfolio Offering will be exclusively offered and sold jointly, Purchasers of such Interests will not be able to selectively purchase Interests in only one of the Trusts or to acquire a greater or lesser number of Interests in one or more of the Trusts. For the purpose of this Memorandum, "**Trust Estate**" shall mean all the assets of a Trust.

If you are interested in acquiring an Interest, you should carefully review both this Memorandum and the Property Supplement relating to the applicable Offering and Property or Properties that, together, will constitute the private placement memorandum with respect to such Offering.

Purchasers should refer to the accompanying Property Supplement for each Offering under the Program for specific information, risks, and conflicts associated with an investment in any Interest.

The Operating Partnership may require that the Beneficial Owners exchange their Interests for units in the Operating Partnership or cash, as determined in the sole discretion of the Operating Partnership (the "**FMV Option**"). If the FMV Option is exercised, Beneficial Owners will receive units in the Operating Partnership (the "**OP Units**" and holders of such OP Units, the "**OP Unitholders**") of a class currently issued or that may be issued in the future or cash in an amount equal to the then fair market value of the Beneficial Owner's Interests in the Trust, subject to certain fees, expenses, and adjustments. Because there is a possibility that the FMV Option will not be exercised, you must acquire an Interest with the understanding that you may not ultimately receive OP Units. See "*Summary of the Trust Agreement—FMV Option*" for more details regarding the FMV Option.

BF REIT currently has six classes of common stock (the "**Common Stock**") authorized as of April 17, 2026: Class C, Class D, Class E, Class I, Class S, and Class T (collectively, the "**BF REIT Shares**"). The Operating Partnership has corresponding classes of OP Units, along with four additional classes, Class D-1, Class I-1, Class S-1, and Class T-1, which are economically equivalent to the Class D, Class I, Class S, and Class T BF REIT Shares, respectively. As described herein, you may receive Class D-1, Class I-1, Class S-1, and Class T-1 OP Units if the FMV Option is exercised by the Operating Partnership.

If the FMV Option is exercised, the Operating Partnership will determine in its sole discretion whether the Beneficial Owners will receive OP Units or cash in an amount equal to the then fair market value of the Beneficial Owner's Interests in the Trust, subject to certain fees, expenses, and adjustments. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. Different investors may receive different classes of OP Units that bear different fees. Because there is a possibility that the FMV Option will not be exercised, you must acquire an Interest with the understanding that you may not ultimately receive OP Units and that the Trust Estate may ultimately be sold to a third-party. In the event that the Operating Partnership exercises the FMV Option in exchange for OP Units, the Beneficial Owners will automatically become limited partners in the Operating Partnership and will have no ability to receive any other consideration for their Interests.

Additional information regarding the Operating Partnership and BF REIT is contained in a prospectus relating to the public offering from time to time of the Class D shares, Class I shares, Class S shares, and Class T shares (such prospectus, as the same may be supplemented or amended from time to time, and including the documents incorporated by reference therein, is referred to herein as the "**BF REIT Prospectus**"), a copy of which accompanies this Memorandum.

No public market exists for the Interests or the OP Units (which you may receive if the FMV Option were to be exercised) and no public market for any of these is expected to develop. Interests and OP Units may not be resold or transferred except through registration or exemption from the registration requirements of the Securities Act and applicable state securities laws. In addition, to the extent the Interests are in a Trust that has incurred debt (or holds a Property subject to debt), the lenders of such debt may impose further limitations on transfers.

This Memorandum, the accompanying Property Supplement for each Offering under the Program, and the BF REIT Prospectus are provided solely for informational purposes and are being furnished to you to assist you in considering an investment in Interests.

An investment in Interests is speculative and involves a high degree of risk. See "Risk Factors" in this Memorandum, "Additional Risk Factors" in the accompanying Property Supplement for each Offering under the Program, and "Risk Factors" in the BF REIT Prospectus for a discussion of certain factors that you should consider before you participate in an Offering under the Program. You must be prepared to bear the risk of an investment in Interests or OP Units for a potentially indefinite period of time and be able to withstand a total loss of such investment.

The Interests have not been, and will not be, registered under the Securities Act or any applicable state securities laws. Neither the U.S. Securities and Exchange Commission (the "**SEC**"), nor any state regulatory authority, has approved or disapproved the Interests or the terms of the Program or any Offering under the Program or determined if this Memorandum, any Property Supplement or the BF REIT Prospectus is truthful or complete. It is illegal for any person to tell you otherwise. The Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom.

Investment in Interests is designed primarily for investors seeking an opportunity to invest in a rental housing, net lease, logistics, office, or other class of real property that is professionally managed and provides current income. Additionally, many Purchasers may wish to utilize an Interest as replacement property pursuant to a tax-deferred exchange of real property under Section 1031 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (such transaction is referred to herein as a "**Section 1031 Exchange**"). Further, certain Purchasers may wish to utilize an Interest as replacement property that qualifies under Code Section 1033. See "*U.S. Federal Income Tax Consequences—Qualification under Code Section 1033*." **Each prospective Purchaser's specific circumstances may differ, and as such, it**

is important that you consult with your tax advisor regarding participation in the Program or any Offering under the Program and the tax consequences associated therewith.

You should not identify the Interests as replacement property as part of a Section 1031 Exchange or invest in an Interest until you have received and reviewed this Memorandum and the Property Supplement relating to such Interests and all other additional documents and information that we may make available to you. In addition, your completion of a Section 1031 Exchange is subject to a number of uncertainties, including that we may choose not to accept your investment or that your investment may be rejected for other reasons. Because of these uncertainties, you should confer with your own tax advisors to identify the maximum number of alternative replacement properties and to ensure compliance with the applicable reinvestment deadlines of Code Section 1031. Failure to comply with the identification rules or identification of an insufficient or excessive number of replacement properties can result in a failed Section 1031 Exchange. See "*Risk Factors—Tax Risks*."

In making an investment decision, you must rely on your own examination of the terms of the Program and the applicable Offering, including the merits and the economic, tax, and other risks involved. The information contained in the Offering Materials (as defined below) has been prepared to assist you in making your own evaluation of the Interests, the OP Units, the Common Stock, the Operating Partnership and BF REIT, and does not purport to contain all the information you may desire or deem relevant. The information in the Offering Materials is for background purposes only and is subject to change. In all cases, interested parties should conduct their own investigation, analysis, and evaluation of the Interests, the OP Units, the Operating Partnership, the Common Stock, BF REIT, and the information set forth in the Offering Materials.

You should not construe the contents of the Offering Materials as legal or tax advice. Please consult your own independent counsel, accountant or business advisor as to legal, tax, and related matters concerning an investment in Interests. We make no representation or warranty with respect to the acceptance by the Internal Revenue Service (the "IRS") or any state taxing authority of your treatment of any item on your tax return or the tax consequences if you are investing in Interests as part of a Section 1031 Exchange.

We have prepared this Memorandum solely for the benefit of persons interested in acquiring Interests offered pursuant to an Offering. By accepting this Memorandum, you acknowledge and agree that (i) all of the information contained herein is confidential, (ii) you will keep this information confidential and will not use this information for any purpose other than considering whether to make an investment in an Interest, and (iii) you may not copy, reproduce or distribute this Memorandum, in whole or in part, or disclose any of its contents without our prior written consent; provided, however, that you may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the investment contemplated by this Memorandum and the content of all materials of any kind that are provided to you relating to such tax treatment and tax structure, except to the extent any such information is required to be kept confidential in order to comply with any applicable U.S. federal or state securities laws. You further agree, by accepting delivery of this Memorandum, that if (i) you do not agree with these terms and conditions, (ii) you do not wish to pursue evaluating the Program, (iii) you do not purchase any of the Interests or (iv) the Program or the applicable Offering of Interests is withdrawn or terminated, you will promptly return this Memorandum to us or to our representatives immediately, together with any other materials relating to Interests, OP Units, the Common Stock, the Operating Partnership or BF REIT which you may have received from us or our agents or representatives (together with this Memorandum, the BF REIT Prospectus and the applicable Property Supplement, the "**Offering Materials**") and will promptly delete any electronic copies of Offering Materials which you may have received from us or our agents or representatives.

BREX Manager LLC, a Delaware limited liability company, an affiliate of the Sponsor, will act as manager of each of the Trusts (the "**Manager**"). The Manager is a subsidiary of Brookfield Property Group LLC, part of the real estate group of Brookfield Asset Management Ltd. (together with Brookfield Corporation and each of their affiliates, "**Brookfield**"), which is one of the world's leading real estate asset managers. The Manager reserves the right to enter into Purchase Agreements and other definitive agreements with respect to an investment in Interests with one or more Purchasers at any time on terms that may differ materially from one Purchaser to another, or to determine not to proceed with any private placement of Interests, without prior notice to you or other Purchasers. In addition, we reserve the right to modify the terms of any Offering in any Property Supplement. To the extent that the terms of an Offering as set forth in any Property Supplement are different from those set forth herein, the terms set forth in such Property Supplement will govern. The Manager also reserves the right to enter into a purchase agreement and other definitive agreements with purchasers with respect to an investment in beneficial interests in other Delaware statutory trusts or undivided tenancy in common interests offered in other private placements exempt from registration under the Securities Act at any time on terms that differ materially from those described herein or in any Property Supplement, without notice to you or other Purchasers. Neither the Manager nor we will have any legal commitment or obligation to any Purchaser reading this Memorandum or to whom we are making an offer to invest in an Interest, unless a Purchase Agreement and other definitive agreements relating to the investment have been duly executed, delivered and approved by the applicable Trust and any conditions thereunder have been satisfied or waived.

The Interests are intended to qualify as interests in real property for purposes of Code Section 1031. For each Offering of Interests, Baker & McKenzie LLP or such law firm noted in the Property Supplement of an Offering, as applicable (the "**Tax Counsel**"), will provide a legal opinion to us (a "**Tax Opinion**") stating, among other opinions, that for Code Section 1031 purposes the Interests of such Offering should be treated as interests in real property, and not as interests in an entity that is treated as a partnership or securities as defined in Code Section 1031 for U.S. federal income tax purposes. The Tax Opinion will be issued to support the promotion and marketing of the private placement of Interests. The Tax Opinion will be subject to certain limitations and qualifications. You should seek advice based on your particular circumstances from an independent tax advisor. See "*Material U.S. Federal Income Tax Consequences*."

None of the Offering Materials constitutes an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

POTENTIAL PURCHASERS SHOULD CAREFULLY CONSIDER THE FOLLOWING:

Do not construe the contents of this Memorandum, any Property Supplement or the BF REIT Prospectus as legal or tax advice. Consult your own independent counsel, accountant or business advisor as to legal, tax and related matters concerning an investment in Interests. We make no representation or warranty with respect to the acceptance by the IRS or any state taxing authority of your treatment of any item on your tax return or the tax consequences if you are investing in Interests as part of a Section 1031 Exchange.

We have not authorized any person to make any representations or furnish any information with respect to the Interests or any Property, other than as set forth in this Memorandum, the Property Supplement, the Offering Documents (as defined herein), or other documents or information we may furnish to you upon request, as described herein.

This Memorandum constitutes an offering of Interests only when delivered in conjunction with a Property Supplement relating to a specific Property or Properties and then only to the recipient of both this Memorandum and the Property Supplement, each marked with a number on their respective cover pages.

This Memorandum contains summaries of certain agreements and other documents. These

summaries are provided for informational purposes only and omit to address significant portions of the agreements and documents described. These summaries are qualified in their entirety by reference to the applicable agreement that is being summarized and which you should review prior to making a decision to invest in an Interest.

FORWARD-LOOKING STATEMENTS

Certain statements in this Memorandum, in the Property Supplement and in the BF REIT Prospectus constitute "**forward-looking statements**" as that term is defined under Section 21E of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current opinions, expectations, beliefs, intentions, estimates, projections and strategies regarding the future, which may not be realized. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "thinks," "may," "will," "should," "seek," and similar expressions, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any projected results or performance expressed or implied by these forward-looking statements. These factors include, among other things, those matters discussed herein under the caption "Risk Factors," those matters discussed under the caption "Additional Risk Factors" in the applicable Property Supplement, and those matters discussed under the caption "Risk Factors" in the BF REIT Prospectus.

All forward-looking statements in this Memorandum are made as of the date hereof and all forward-looking statements in any Property Supplement and in the BF REIT Prospectus are made as of their respective dates, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business that are set forth in or incorporated by reference in this Memorandum. Moreover, although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, we can give no assurance that we will attain these results or that any deviations will not be material and we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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WHO MAY INVEST

The Program and each Offering is being made in reliance on an exemption from the registration requirements of the Securities Act. Accordingly, distribution of this Memorandum and the Property Supplements has been strictly limited to persons who are "accredited investors." To participate in an Offering under the Program, a Purchaser must, subject to the next succeeding sentence, pay the minimum purchase price for an Interest (which includes all upfront fees and expenses) as specified in the applicable Property Supplement. However, we retain the right, in our sole discretion, to increase or reduce the minimum purchase price with respect to any Purchaser or the Maximum Offering Amount with respect to any Offering. To determine the minimum purchase price required for a particular Offering, please refer to the Property Supplement relating to that Offering.

Prior to making an investment in an Interest, you must represent in writing that you meet, among others, **ALL** of the following requirements:

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

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

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

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

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

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

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

(h) You are a U.S. Person;

For purposes of the Memorandum and the Property Supplement, a "**U.S. Person**" shall mean:

- an individual citizen or resident of the United States (including a United States

permanent resident),

- a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state or political subdivision thereof or the District of Columbia,
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source, and
- a trust if (a) it is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

For the purposes of the Memorandum and the Property Supplement, the term "**Non-U.S. Person**" means an individual or an entity that is not a U.S. Person, and, solely for purposes of this Memorandum, includes any U.S. Person that is an entity in which any foreign person owns a direct or indirect interest.

(i) You are an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act, and as such, are:

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

- 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;
- 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 two most recent years and has a reasonable expectation of reaching the same income level in the current year; or
- Holds, in good standing, one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying.

If other than a natural person, one of the following applies:

- A corporation, a Massachusetts or similar business trust, a partnership, or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of $5,000,000;
- 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;
- A broker or dealer registered pursuant to section 15 of 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;
- 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, of a type not listed above, not formed for the specific purpose of acquiring an Interest, owning investments 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 "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; or
- 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 relevant requirements. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts. Please consult your professional advisors in this respect.

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 "investments" above, investments is defined in rule 2a51-1(b) under the Investment Company Act.

For purposes of determining whether a natural person is an accredited investor, 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.

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

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

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

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

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

- a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("**OFAC**") at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time, or
- (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

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

Representations with respect to the foregoing and certain other matters will be made by each Purchaser in the Purchase Agreement. We will rely on the accuracy of each Purchaser's representations set forth in the Purchase Agreement and may require additional evidence that a Purchaser satisfies the applicable standards at any time prior to the acceptance of a Purchaser's subscription. We may reject a subscription from any Purchaser who fails to supply any information so requested.

IF YOU DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, DO NOT READ FURTHER AND PROMPTLY RETURN (OR IN THE CASE OF ELECTRONIC COPIES, PROMPTLY DELETE) THE OFFERING MATERIALS YOU HAVE RECEIVED FROM US. IN

THE EVENT YOU DO NOT MEET SUCH REQUIREMENTS, THE MEMORANDUM AND THE PROPERTY SUPPLEMENT WILL NOT CONSTITUTE AN OFFER TO SELL AN INTEREST TO YOU.

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

The investor suitability requirements stated above represent minimum suitability requirements, as established by us from time to time. The satisfaction of such requirements by a prospective Purchaser will not necessarily mean that an Interest is a suitable investment for such prospective Purchaser, or that we will accept the prospective Purchaser as a subscriber. Furthermore, we may, as appropriate, modify such requirements, at our sole discretion from time to time, and any such modification may expand the suitability requirements for certain Purchasers.

We will have the right, in our sole discretion, to refuse a subscription for Interests if we believe that a prospective Purchaser does not meet the applicable investor suitability requirements, an Interest otherwise constitutes an unsuitable investment for the prospective Purchaser, for any other reason, or for no reason. However, we assume no responsibility for determining whether an investment in an Offering constitutes a suitable investment for any prospective Purchaser.

HOW TO SUBSCRIBE

Prospective Purchasers who would like to participate in an Offering under the Program should carefully read the Offering Materials. The Offering Materials will be made available to prospective Beneficial Owners and their advisors in digital form and/or paper form. Further information regarding delivery of the Offering Materials will be included in the applicable Property Supplement.

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

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

A prospective Purchaser's Purchase Agreement will be terminated or rejected and check or wired funds, if applicable, will be fully refunded by the Sponsor if (i) the conditions to closing set forth in the Purchase Agreement are not satisfied, or (ii) a prospective Purchaser is not accepted by the Sponsor. The Sponsor may accept or reject a prospective Purchaser's Purchase Agreement in its sole discretion. If the Sponsor does not accept a Purchase Agreement within 30 days of its submission, then it shall be deemed rejected. In the event your Purchase Agreement is rejected, the full amount of any check or wired funds you have sent will be returned to you. Pursuant to the Purchase Agreement, each Purchaser will also be required to enter into other definitive transaction documents described herein or in the Offering Materials on or prior to a mutually agreed upon closing date (the "**Closing Date**"). Prior to the Closing Date, we will distribute execution copies of such definitive agreements to the Purchaser. Following the Closing Date, copies of the fully executed documents related to the acquisition of the Interests will be provided to such Purchaser.

SUMMARY

This summary highlights the material information contained elsewhere in this Memorandum. Because this is only a summary, it does not contain all the information that may be important to you or that you should consider before participating in an Offering under the Program, including, but not limited to, the relevant Property Supplement(s). For a more complete understanding of the Program and any Offering, you must read the Offering Materials, which include a Property Supplement for the applicable Trust, in their entirety.

Our sale of Interests is intended to provide Purchasers with professionally-managed investments in a rental housing, net lease, logistics, office, or other class of real property that provides current income. Additionally, many Purchasers may also seek to defer U.S. federal income tax liability on any gain or depreciation recapture they may otherwise recognize on the sale of their real property (a "**relinquished property**") by acquiring an Interest as replacement property pursuant to a Section 1031 Exchange. See "*Material U.S. Federal Income Tax Consequences*."

The Offerings:

In each Offering, we will offer up to 1,999 accredited investors Interests in a specific Delaware statutory trust that is the owner of a Property. In some Offerings, we may reduce the number of accredited investors who are eligible to participate. Each Offering will be open for 12 months after the initial sale of an Interest in such Offering or until the Maximum Offering Amount is attained, whichever is earlier (the "**Offering Period**"); however, we may extend each Offering Period for one additional 12-month period in our sole discretion.

The Interests:

The Interests will be class 1 beneficial interests in a Trust which owns a Property. In some instances, the Offering may be structured with multiple Trusts that each own a Property. The Purchasers of Interests will become class 1 beneficial owners of the Trust and be subject to the terms of the Trust as described in the Trust Agreement. Interests in a specific Trust will be offered as further described in a separate Property Supplement to the Memorandum. Each Purchaser must pay cash for his, her or its Interest. In the event the Trust has obtained a loan, the Purchaser will also be attributed its pro rata percentage of the loan for U.S. federal income tax purposes. The Property Supplement will set forth the minimum purchase of Interests in an Offering.

Certain Offerings may be structured as a Portfolio Offering, which will feature the sale of Interests in two or more Trusts or a parent trust which owns two or more sub-trusts. A purchase of Interests in such Portfolio Offering will result in pro rata participation in each of the Trusts based upon the value of its assets, as described in the applicable Property Supplement, provided that the portion of equity and debt allocated to each Trust may vary as a result of the relative purchase price and debt

	applicable to each Property in such Portfolio Offering. Because Interests in any Portfolio Offering will exclusively be offered and sold jointly, Purchasers of such Interests will not be able to selectively purchase Interests in only one of the Trusts or to acquire a greater or lesser number of Interests in one or more of the Trusts.
Investment Objectives and Risks:	The Interests are intended to allow Purchasers to: (i) preserve their capital investment, (ii) receive monthly cash distributions, and (iii) potentially benefit from some appreciation in value of the Property or Properties. **There can be no assurance that these objectives will be achieved.** An investment in the Interests involves substantial risks. See "*Risk Factors*" in this Memorandum, "Additional Risk Factors" in the applicable Property Supplement and "Risk Factors" in the BF REIT Prospectus.
Property Characteristics:	Each Property in an Offering will be acquired from a third-party seller (and in certain instances briefly warehoused by BF REIT and/or an affiliate of BF REIT) or will be selected from certain Properties owned by the Operating Partnership. The Properties will be rental housing, net lease, logistics, office, or other class of real property that is generally master leased to a subsidiary of BF REIT or the Operating Partnership. A Property Supplement will accompany this Memorandum and will contain a description of the specific Property or Properties being acquired. We cannot and will not make any promises related to any Property's performance. The performance of your investment will depend upon the performance of the Property or Properties held by the Trust in which you acquire an Interest, the performance of the Master Tenant under the Master Lease, and the performance of the Guarantor under the Guaranty (each as defined herein). The historical performance of the Operating Partnership, BF REIT or their investments is no guarantee of the performance of any investment in a Trust.
Master Lease; Guaranty by Operating Partnership:	Each Property will be leased in its entirety to a Master Tenant, which will be a wholly owned subsidiary of BF REIT or the Operating Partnership, pursuant to a Master Lease. Thus, the Property, and therefore the Interests, will be subject to the Master Lease. The Master Tenant will operate the Property pursuant to the terms of the Master Lease and in accordance with the requirements of the subleases with the end-user tenants of the Property.

The Master Lease will generally commence concurrently with the closing of the Property by the Trust and terminate no earlier than the maturity date of the loan secured by a first priority mortgage on the Property, unless sooner terminated pursuant to the terms of the Master Lease. For an Offering with no debt, the Master Lease will generally last through the anticipated ownership period of the applicable Property, unless sooner terminated pursuant to the terms of the Master Lease.

The Master Lease is, with certain exceptions regarding Landlord Costs (as defined herein) and, if applicable, certain Uncontrollable Costs (as defined in an applicable Master Lease and described below and more specifically in an applicable Master Lease), a net master lease, allocating to the Master Tenant all expenses and obligations associated with the Property. Rent paid by the Master Tenant is also intended to be sufficient for the Trust to pay debt service on any loan obtained by the Trust and to provide a return on the Purchasers investment in the Trust, after contribution to reserves, costs, and expenses at the Trust level. Under a Master Lease, it is anticipated that the Master Tenant will be responsible for paying re-tenanting costs, operating expenses, real estate taxes, special assessments, sales and use taxes, utilities, insurance, and repairs for maintenance related to the Properties, subject to, if applicable, Uncontrollable Costs as described below. Notwithstanding the above, the Trust is anticipated to be required to pay for certain capital expenditures that are the responsibility of the landlord under the applicable Master Lease (the "**Landlord Costs**").

The Master Tenant has the right to utilize certain reserves, including the "**Supplemental Trust Reserve**" to the extent available and as would be permitted under the Master Lease and any applicable loan documents, to meet its obligations.

Pursuant to the Master Lease, the Master Tenant pays to the Trust the following amounts as "**Rent**" on a monthly basis: (1) a fixed monthly base rent (the "**Base Rent**"); and (2) other miscellaneous and additional amounts payable by the Master Tenant to the Trust pursuant to the Master Lease. Total Rent is intended to be sufficient for a return to be paid on the Purchasers' Interests, including after the relevant expenses at the Trust level.

Additionally, the Master Lease may provide for projections of Uncontrollable Costs with respect to a

Property (the "**Projected Uncontrollable Costs**"), which will generally be set forth in the Property Supplement (as may be supplemented or modified). In the event that (a) the Projected Uncontrollable Costs for any calendar year (or stub period thereof) exceed the Actual Uncontrollable Costs (as defined in the Master Lease), the Master Tenant would be required to pay the Trust the amount of such excess; and (b) the actual Uncontrollable Costs for any calendar year (or stub period thereof) exceed the Projected Uncontrollable Costs, the Master Tenant would be responsible for the payment of such excess, but would be entitled to a reimbursement by offsetting such excess amount against Rent. In the event that there remains any unreimbursed Excess Uncontrollable Costs (as defined in the Master Lease) upon termination of the Master Lease (including upon sale, transfer, or other disposition of the Property), the Trust will be required to pay any remaining unreimbursed amount at that time. See "*Summary of the Master Lease.*"

The Operating Partnership, as guarantor (in such capacity, the "**Guarantor**"), will (in certain instances, in exchange for a guaranty fee paid by the Master Tenant) enter into a guaranty agreement (the "**Guaranty**") whereby the Guarantor will guaranty to the Trust as lessor under the Master Lease:

(i) the payment of all amounts due under the Master Lease including, without limitation, any rents;

(ii) the full and timely performance and observance of all of the terms, covenants, conditions, and agreements under the Master Lease and any sublease of the Property by the Master Tenant;

(iii) the payment of all costs and expenses incurred by the lessor in connection with the enforcement of any of the provisions of the Guaranty or the Master Lease or the attempted collection of any amounts due thereunder; and

(iv) the payment of any expense incurred by the Master Tenant pursuant to its operation of the Property.

If the Master Tenant fails to duly and punctually pay any amount or perform or observe any term, covenant or condition of the Master Lease, the Guarantor will be obligated to pay, perform or observe the same on demand. Guarantor may also, without notice to any party, pay any guaranteed obligations in whole or in part on behalf of the Master Tenant or provide funds to the Master Tenant to pay any guaranteed obligation.

The Sponsor; the Operating Partnership:

Brookfield Real Estate Exchange LLC is the Sponsor of the Offering. The address of the Sponsor is 225 Liberty Street, 8th Floor, New York, NY 10281. The Sponsor is a wholly owned subsidiary of the TRS. The TRS is a wholly owned taxable real estate investment trust subsidiary of the Operating Partnership. The Operating Partnership is a Delaware limited partnership that was formed on August 9, 2018. The Operating Partnership is the entity through which BF REIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships, or joint ventures) substantially all of its assets, other than BF REIT's interests in one or more Master Tenants, which BF REIT may hold outside of the Operating Partnership. BF REIT invests in a diverse portfolio of real estate and real estate-related assets. BF REIT is organized and intends to conduct its operations so as to qualify as a REIT for U.S. federal income tax purposes.

The Operating Partnership has ten separate classes of OP Units: Class C, Class D, Class D-1, Class E, Class I, Class I-1, Class S, Class S-1, Class T and Class T-1. Each class of OP Units is economically equivalent to a corresponding class of BF REIT Shares, with the Class D-1, Class I-1, Class S-1, and Class T-1 OP Units corresponding to the Class D, Class I, Class S, and Class T BF REIT Shares, respectively.

For more information regarding BF REIT, the Common Stock, the Operating Partnership and the OP Units, including information regarding assets and recent financial results, please see the BF REIT Prospectus.

The Trusts:

Each Purchaser will acquire Interests subject to the Trust Agreement. The Trust Agreement will govern the rights and obligations of the Beneficial Owners with respect to the Trust. A wholly owned subsidiary of the TRS will serve as the "**Depositor**" under the Trust Agreement and will facilitate the acquisition of the Property by the Trust. A qualified statutory trustee will be appointed as the Delaware Trustee of the Trust (the "**Delaware Trustee**"). The Manager will also act as a co-trustee for the purpose of performing all obligations and duties other than fulfilling the Delaware Trustee's obligations pursuant to Section 3807(a) of the DST Act, including, but not limited to, executing any documentation on behalf of the Trust (the Manager in this capacity, the "**Signatory Trustee**", and together with the Delaware Trustee, the "**Trustees**"). The Signatory Trustee will not receive any compensation for its services as Signatory Trustee.

If the Manager determines that a Master Tenant has defaulted in paying rent, a Property is in jeopardy of being lost due to a default on a loan, and in certain other circumstances, the Manager may determine to terminate the Trust and title to the Property will transfer (a "**Transfer Distribution**") to a limited liability company (the "**Springing LLC**"). The Springing LLC will be governed under the terms of a limited liability company agreement in the form attached as an Exhibit to the Trust Agreement (the "**Springing LLC Agreement**"). Unlike interests in the Trust, however, interests in a Springing LLC will not be treated as interests in real property for U.S. federal income tax purposes (including for purposes of a Section 1031 Exchange). Thus, if the Trust transfers the Property to a Springing LLC in a Transfer Distribution, although such a transfer is not expected to be subject to U.S. federal income tax pursuant to Code Section 721, it is unlikely that any of the Beneficial Owners will be able to defer the recognition of gain under Code Section 1031 in a subsequent disposition of their interests in a Springing LLC and, as a result, may incur tax liability. See *"Risk Factors"*—"*Transfer Distribution to the Springing LLC."* In the event of a Transfer Distribution, the Beneficial Owners will become non-managing members in the Springing LLC and the Manager, or an entity controlled by the Manager, will become the manager of the Springing LLC.

The Manager may sell a Property at any time after the Property has been held by the Trust for a specified period of time as set forth in the Property Supplement (but not earlier than the two years following the final closing of the sale of the Interests in the Offering). See "*Summary of the Trust Agreement*."

Management of the Trust; Delaware Statutory Trust Structure:

The Trust will be operated and managed solely by its Delaware Trustee, Signatory Trustee, and Manager and each of the Delaware Trustee, the Signatory Trustee, and the Manager will be limited in operating the Property or Properties in order for the Trust to be treated as an investment trust.

The Beneficial Owners will have no right to participate in the management of the Trust. The Delaware Trustee, the Signatory Trustee, and the Manager will not consult with the Beneficial Owners when making any decisions with respect to the Trust and a Property, including whether to sell a Property.

The Beneficial Owners will be required to waive any right to file a petition in bankruptcy on behalf of the Trust

or to consent to any filing of an involuntary bankruptcy proceeding involving the Trust. The Manager will collect rents, make distributions, and pay other costs and expenses, including interest expense, pursuant to the Trust Agreement. The Manager may cause the Trust to transfer or dispose of the Property in accordance with the provisions of the Trust Agreement, which provide that the Manager has the sole power to determine when it is appropriate for the Trust to transfer or dispose of the Property after all Beneficial Owners have held their Interests for at least two years.

See "*Risk Factors*" for a discussion of prohibited powers of the Trust, the Delaware Trustee, the Signatory Trustee and the Manager.

FMV Option:

The Operating Partnership has a FMV Option pursuant to which the Beneficial Owners may be required to exchange their Interests in whole or in part for OP Units or cash if the Operating Partnership exercises such option under the terms of the Trust Agreement. The Operating Partnership, in its sole discretion, may offer cash to certain Beneficial Owners under certain circumstances which may include, without limitation, the fact that the Beneficial Owner does not meet the investor suitability standards for OP Units, in order to comply with Rule 506(d) or for other reasons. See "*Summary of the Trust Agreement*" and "*Risk Factors*." The fair market value of a Beneficial Owner's Interest will be determined by multiplying: (i) a Beneficial Owner's percentage of Interests in the Trust by (ii) the aggregate fair market value of the Trust Estate less applicable liabilities of the Trust, and further reduced by any applicable fees, expenses, and adjustments incurred in connection with the exercise of the FMV Option. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion.

The exchange of Interests for OP Units is intended to be structured as a tax-deferred contribution and exchange under Code Section 721. The Operating Partnership will be acting in its own best interests when making any decision to exercise the FMV Option. The FMV Option to acquire the Interests will terminate on the day after a one-year period following the last day of the period in which all the Beneficial Owners have held their Interests

for at least two years. In the event that a Transfer Distribution occurs, the Operating Partnership may exercise the Springing FMV Option (as defined herein) to acquire the interests in the Springing LLC, in whole or in part, in exchange for OP Units or cash (in the Operating Partnership's sole discretion) in an amount equal to the then fair market value of each Member's interests in the Springing LLC.

If the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units, different Beneficial Owners may receive different classes of OP Units that bear different fees, as determined by your participating broker-dealer, registered investment advisor, or other applicable selling channel. The Purchase Agreement will identify which particular class of OP Units you may receive if the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units. The FMV Option is exercisable during a one-year option period, beginning on the first day after all Beneficial Owners have held their Interests for at least two years. The Operating Partnership may assign its right to exercise the FMV Option to any of its subsidiaries, certain affiliates, or successor entities.

Distributions: The Trust will distribute available cash (which will be equal to the Rent received by the Trust from the Master Lease less any contributions to reserves, costs, and expenses of the Trust, including debt service and administrative costs) to the Beneficial Owners on a monthly basis.

Minimum Investment: To determine the minimum purchase price required for a particular Trust, please see the Property Supplement relating to the Offering of Interests in that Trust. We reserve the right to increase or reduce this amount in our sole discretion with respect to any Purchaser.

Mortgage Financing: We anticipate that certain Properties may be financed with a loan (financing secured by a first priority mortgage on the Property). We intend to access various sources of debt, including from regional and national banks, insurance companies, financial institutions and institutional investors through mortgages and other financing. In Portfolio Offerings, it is possible that financing obtained will require that the Properties comprising a single Portfolio Offering be cross-collateralized. The terms of any loan will be described in the applicable Property Supplement. If a Trust obtains financing, the lender may foreclose on a Property securing such financing for various events of default,

including failure to make debt service payments. If a lender were to foreclose, the Trust may lose all or a portion of its entire investment in the Property and the Beneficial Owners in such Trust would lose their investment with respect to such foreclosed Property. Affiliates of the Adviser may provide mortgage financing with respect to certain Properties and are expected to receive fees in connection with the sale of the Interests and the management of the Trusts. See "*Risk Factors—Risks Associated with Debt Financing*," "*U.S. Federal Income Tax Consequences*," and "*Potential Conflicts of Interest*."

Purchaser Suitability Requirements:

Only U.S. Persons who are accredited investors, as defined in Rule 501(a) of Regulation D under the Securities Act, and meet certain other requirements, may acquire Interests in an Offering. Interests are not suitable investments for qualified plans, individual retirement accounts, tax-exempt entities, Non-U.S. Persons, or U.S. Persons that are entities in which any foreign person owns a direct or indirect interest. See "*Who May Invest*."

Transfer Limitations:

The Beneficial Owners' right to transfer or assign their Interests will be limited. In limited circumstances, transfers by devise, descent, or by operation of law upon death of a Beneficial Owner are permitted, subject in all cases to the Trust Agreement. Other transfers require the prior written consent of the Manager, which may withheld in the Manager's sole and absolute discretion. In all cases, the transferees must agree to be bound by the terms of the Trust Agreement as manifested by a transferee's signature of an executed Trust Agreement in the form required by the Manager in its discretion. In addition, Beneficial Owners of Interests in a Portfolio Offering will be required to transfer equal Interests in all Trusts comprising such Portfolio Offering. Further, the Trust Agreement prohibits any transfer that would cause the number of Beneficial Owners to exceed 1,999.

To the extent that a Property secures mortgage indebtedness, the documentation relating to such mortgage indebtedness may impose further limitations on the transfer of Interests.

Liquidity:

No public market exists for the Interests or the OP Units (which you may receive if the FMV Option were to be exercised) and no public market for any of these is expected to develop. An investment in Interests will not be suitable for Purchasers desiring or requiring liquidity in the near future.

Each Purchaser must be able to bear the economic risks of owning an Interest or the OP Units for a potentially indefinite period of time.

As a holder of OP Units, after holding your OP Units for at least 12 full months, and subject to certain restrictions described herein, you may request that the Operating Partnership redeem all or a portion of your OP Units. At its option, the Operating Partnership may redeem your OP Units initially received in connection with the exercise of the FMV Option for Class I BF REIT Shares, for cash or a combination of the two, or choose not to satisfy your redemption request. The Operating Partnership is not obligated to redeem any of your tendered OP Units and may choose to redeem only some, or even none, of your tendered OP Units, in the sole discretion of the Operating Partnership General Partner. A redemption generally will be a fully taxable transaction to you. The BF REIT Shares have limited liquidity. See the BF REIT Prospectus for a detailed summary of the OP Units and the BF REIT Shares.

Under BF REIT's share repurchase plan (the "**Share Repurchase Plan**"), owners of BF REIT shares (including investors who have converted from OP Units to BF REIT Shares) may request that BF REIT repurchase all or any portion of their BF REIT Shares. However, BF REIT is not obligated to repurchase any BF REIT Shares and may choose to only repurchase some, or even none, of the BF REIT Shares requested to be repurchased.

The Share Repurchase Plan limits repurchases during any calendar quarter to no more than 2% of BF REIT's aggregate net asset value (the "**NAV**") attributable to stockholders per month (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding month) and no more than 5% of aggregate NAV attributable to stockholders per calendar quarter (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding calendar quarter) (the "**2% and 5% limits**").

With respect to the 2% and 5% limits described above,

(i) provided that the Share Repurchase Plan has been operating and not suspended for the first month of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for that month will carry over to the second month, and (ii) provided that the Share Repurchase Plan has been operating and not suspended for the first two months of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the repurchase of shares with aggregate value (based on the repurchase price per share for the month the repurchase is effected) in excess of 5% of the aggregate NAV attributable to BF REIT's stockholders as of the last calendar day of the previous calendar quarter (provided that for these purposes repurchases may be measured on a net basis as described in the paragraph below).

BF REIT may measure the foregoing 2% and 5% limits based on net repurchases during a month or quarter, as applicable, and as described below. The term "net repurchases" means, during the applicable period, the excess of capital outflows over capital inflows for BF REIT. The term "capital outflows" means share repurchases under the Share Repurchase Plan in a given period. The term "capital inflows" means proceeds from share subscriptions received in a given period that are accepted as of the first calendar day of the next month, plus purchases pursuant to the distribution reinvestment plan of BF REIT. Thus, for any given calendar quarter, the maximum amount of repurchases during that quarter will be equal to (1) 5% of the aggregate NAV attributable to stockholders as of the last calendar day of the previous calendar quarter, plus (2) capital inflows during such calendar quarter. The same would apply for a given month, except that repurchases in a month would be subject to the 2% limit described above (subject to potential carry-over capacity), and netting would be measured on a monthly basis.

For a detailed summary of the Share Repurchase Plan, please see "*Share Repurchases*" in the BF REIT Prospectus.

Investment Procedures:

To offer to buy an Interest, you must follow the instructions set forth in the "How to Subscribe" section of this Memorandum. The Sponsor may accept or reject a prospective Purchaser's Purchase Agreement in its sole discretion. If the Sponsor does not accept a Purchase Agreement within 30 days of its submission, then it shall

be deemed rejected. In the event a Purchase Agreement is rejected, the full amount of any check or wired funds you have sent will be returned to you or your qualified intermediary. Following the receipt of your completed Purchase Agreement, your confirmation of funding capability for the full amount of the purchase price for your Interests, and review of your suitability, the Sponsor will provide you the closing documents for your review and execution.

Compensation of the Sponsor and its Affiliates; Fees and Expenses Paid by Purchasers:

The Sponsor and its affiliates will receive substantial compensation and fees from the sourcing, due diligence and completion of the acquisition of each Property, and in connection with the Offering and sale of Interests and the management, financing, leasing, and operation of each Property and each Trust. This compensation may include, but is not limited to (1) rents from each Property in excess of the amounts the Master Tenant is required to pay to any Trust under a Master Lease, (2) Selling Commissions (as defined herein), (3) a Dealer Manager Fee (as defined herein), (4) a Placement Fee (as defined herein), (5) Organization and Offering Expenses (as defined herein), (6) Loan Fees and Costs (as defined herein), (7) Property Closing Costs (as defined herein), (8) an Administration Fee (as defined herein), (9) Investor Servicing Fees (as defined herein), and (10) costs and expenses of operation of the Trust, including, but not limited to, accounting, tax, and legal needs. For a detailed summary of allocation of costs and expenses of operation of the Trust, please see "*Potential Conflicts of Interest—Decisions Made and Actions Taken that May Raise Potential Conflicts of Interest—Allocation of Costs and Expenses*." For a detailed summary of compensation of the Sponsor and its affiliates, as well as fees and expenses paid by Purchasers, please see "*Compensation and Fees*."

BF REIT and the Operating Partnership are advised by the Adviser. The Adviser is responsible for managing the day-to-day activities of BF REIT under the terms and conditions of the Second Amended and Restated Advisory Agreement, dated October 1, 2024, by and among BF REIT, the Operating Partnership, and the Adviser (as amended, the "**Advisory Agreement**").

In addition to the compensation described above, the Operating Partnership will pay the Adviser (i) a management fee equal to 1.25% of the aggregate NAV of the Class C, Class D, Class D-1, Class I, Class I-1, Class S, Class S-1, Class T, and Class T-1 OP Units held by limited partners other than BF REIT per annum payable

monthly and (ii) a performance fee equal to 12.5% of the Total Return per annum, subject to a 5% Hurdle Amount (each term as defined in the Advisory Agreement). BF REIT pays similar fees to the Adviser in connection with the BF REIT Shares as described in more detail under the caption "*Compensation*" in the BF REIT Prospectus, and prior to the exercise or expiration of the FMV Option, BF REIT and the Operating Partnership jointly will pay the Adviser a management fee equal to 1.25% of the total consideration received by BF REIT, the Operating Partnership or any of their respective subsidiaries for selling Interests in a Trust (the "**Property Consideration**"), which Property Consideration shall be net of (i) any up-front fees and expense reimbursements payable out of gross sale proceeds from the sale of such Interests, including Organization and Offering Expenses, Selling Commissions, Dealer Manager Fee, Placement Fees, Loan Fees and Costs, and Property Closing Costs, and (ii) any proceeds from any loans secured directly or indirectly by the applicable Property or Properties.

BF REIT and the Operating Partnership retain certain of the Adviser's affiliates, from time to time, for services relating to BF REIT's investments or our operations, which may include, but are not limited to, property management services, leasing services, corporate services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market planning and analyses, and coordinating closing procedures), construction and development management, capital markets, legal, internal audit, and loan management and servicing, and within one or more such categories, providing services in respect of asset or investment administration, accounting, technology, tax preparation, and other professional and other services.

Pursuant to the Offering, the Trust, the Depositor, or its affiliates(s), will pay the Selling Commissions, Dealer Manager Fee, Placement Fee, Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs (all or a portion of the foregoing fees and costs have the effect of increasing the purchase price for the Interests paid by the Purchasers). The Purchasers will be required to pay any of their own acquisition expenses and closing costs.

To the extent that a Purchaser is acquiring an Interest as replacement property as part of a Section 1031 Exchange, in some cases certain of the fees and expenses paid out of

the sales proceeds from the sale of a relinquished property may not be treated as having been used to acquire qualifying replacement property and may cause the Purchaser to recognize gain to the extent of such fees and expenses. **Please consult your tax advisor or counsel for guidance on such tax issues.** See "*Material U.S. Federal Income Tax Consequences*" and "*Potential Conflicts of Interest*."

Selling Commissions and Expenses:

The following selling commissions and expenses which are paid to the Dealer Manager, an affiliate of the Sponsor, and the participating broker-dealers, will be paid out of the proceeds of the Offering:

(i) Selling Commissions of up to 5.0% of the Maximum Offering Amount payable to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) (the "**Selling Commissions**");

(ii) a Dealer Manager Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager (all or a portion of which may be re-allowed to participating broker dealers and/or used to compensate consultant(s) engaged by the Dealer Manager to coordinate sales efforts, train personnel, and manage the private placement business) (the "**Dealer Manager Fee**"); and

(iii) a Placement Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager for placement services relating to the Offering (the "**Placement Fee**").

The Sponsor, in its sole discretion, may offer Interests to its employees, affiliates, employees of such affiliates, individuals, or trusts who meet the criteria set forth in this Memorandum. Neither the Dealer Manager, the participating broker-dealers, nor any RIAs will have any duties or responsibilities in connection with such sales and may not receive fees or Selling Commissions on such sales. In addition, the Sponsor may waive minimum investment requirements or fees as it deems appropriate or as are otherwise waived by the applicable party who would receive such fees. The Sponsor, however, does not intend to waive or reduce any part of the fees or expenses relating to the on-going operations of any Trust.

The actual Selling Commissions and expenses and ongoing broker-dealer fees for each Offering will be described in the applicable Property Supplement and may

differ from those described above. To the extent that any discussion of fees in the Property Supplement differs from the discussion in this Memorandum, the terms set forth in the Property Supplement will apply.

Operations:

Administration Fee

Pursuant to the Trust Agreement (and, if applicable the Springing LLC Agreement), the Manager will be entitled to be paid an administration fee of up to 0.15% per annum of the amount of the Maximum Offering Amount that consists of Interests (the "**Administration Fee**"), as compensation to the Manager for management of the Trusts (or, if applicable, the Springing LLC). The Administration Fee will be paid monthly in arrears as set forth in the Trust Agreement, which may be subject to adjustment over time. The Administration Fee is intended to compensate the Manager for managing a Trust (or a Springing LLC) and a Property or Properties pursuant to a Trust Agreement (or a Springing LLC Agreement).

The Manager reserves the right to subcontract such management services and will pay all fees payable to such third-party contractors from such Administration Fee.

Investor Servicing Fee

In addition, the Trust (or the Springing LLC, if applicable), prior to any exercise of the FMV Option, will pay an ongoing investor servicing fee (the "**DST Investor Servicing Fee**") of up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Interests, that shall be calculated daily and paid monthly in arrears to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Trust.

Following the exercise of the FMV Option, if former Beneficial Owners become holders of OP Units or BF REIT Shares, they will pay an investor servicing fee (together with the DST Investor Servicing Fee, the "**Investor Servicing Fees**") in an amount equal to (a) 0.25% per annum of the NAV of the applicable Class D-1 OP Units, (b) 0.85% per annum of the NAV of the applicable Class S-1 OP Units, and (c) 0.85% per annum of the NAV of the applicable Class T-1 OP Units. No Investor Servicing Fees shall be payable with respect to any Class I-1 OP Units. The Investor Servicing Fees (all

or a portion of which may be re-allowed to participating broker-dealers) shall be paid monthly in arrears to the Dealer Manager for ongoing services rendered.

As further described in the BF REIT Prospectus, the Investor Servicing Fees paid by the Operating Partnership and BF REIT are class-specific fees and will impact the distributions payable with respect to the applicable class of OP Units or BF REIT Shares.

If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the percentage cap, if any, of the amount paid by such investor for its Interests as set forth in the applicable selling agreement related to such investor (the "**Fee Limit**"). For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor.

On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the Fifth Amended and Restated Limited Partnership Agreement of the Operating Partnership dated November 11, 2025 (the "**OP Partnership Agreement**"), and no further Investor Servicing Fees shall be payable by the Operating Partnership with respect to such OP Units. See the OP Partnership Agreement for additional detail.

Property Fees

The Trust, or the applicable Master Tenant, may engage one or more service providers for certain professional property services, including property management services, leasing services, and construction and development management. In certain instances, such a service provider will be an affiliate of the Sponsor, in which case such affiliate will earn fees for property management and related services and will be entitled to certain expense reimbursements, as specified in the applicable Property Supplement. Any such fees and/or expense reimbursements may not apply with respect to each Property or at all times.

Purchase Agreement:

Pursuant to the Purchase Agreement, the Trust will represent that its Interests will be duly and validly issued and outstanding and entitled to the benefits provided by

the Trust Agreement, subject only to certain limitations.

Pursuant to the terms of the Purchase Agreement, each of the Purchaser and the Trust may agree that the purchase and sale of an Interest may be part of a Section 1031 Exchange for the Purchaser and, in accordance therewith, the Trust may agree to cooperate with the Purchaser's qualified intermediary in a manner necessary to complete the Section 1031 Exchange.

In addition, pursuant to the Purchase Agreement, the Trust will provide limited and customary representations and warranties, covenants and indemnities regarding such Interest and the transaction contemplated by the Purchase Agreement.

Material U.S. Federal Income Tax Consequences:

In connection with an Offering, we will obtain from Tax Counsel, the Tax Opinion stating that: (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a); (ii) the Beneficial Owners should be treated as "grantors" of the Trust; (iii) as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Property or in each of the Properties for U.S. federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Code Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031; (vi) the Master Lease should be treated as a true lease and not a financing for U.S. federal income tax purposes; (vii) the Master Lease should be treated as a true lease and not a deemed partnership for U.S. federal income tax purposes; (viii) the discussions of the U.S. federal income tax consequences contained in this Memorandum and the Property Supplement are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions. A copy of the Tax Opinion will be attached to the Property Supplement for the particular Offering. In formulating the Tax Opinion, Tax Counsel will rely on various representations from us and from the Trust which they will assume to be true, complete and correct in all respects.

The Tax Opinion will also address the applicability of the step transaction doctrine and certain other judicially created doctrines to the Offering (including the FMV Option). The Tax Opinion will be able to be relied upon only by us, our affiliates and any person or persons acquiring an Interest from us or one of our affiliates

pursuant to this Memorandum and the Property Supplement. Because Tax Counsel did not prepare the BF REIT Prospectus, Tax Counsel will not express any opinion with respect to the accuracy or completeness of the discussion of tax issues in the BF REIT Prospectus.

The opinion of Tax Counsel that is issued in connection with a particular Offering will be issued to support the promotion and marketing of such Offering, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

Each Beneficial Owner will be required to report its proportionate share of taxable income or loss from the Trust on its own U.S. federal income tax return. For a more complete discussion of the material tax consequences of ownership of Interests, see "*Material U.S. Federal Income Tax Consequences*."

In the case of a Portfolio Offering, the Beneficial Owners will acquire interests in multiple Properties. Each Purchaser must consult with his, her or its tax advisor concerning the identification requirements under Code Section 1031.

There are risks associated with the federal taxation of the purchase of an Interest, particularly where the purchase is intended to be part of a Section 1031 Exchange. You should carefully read the sections of this Memorandum entitled "Risk Factors—Tax Risks" and "Material U.S. Federal Income Tax Consequences" and consult with your personal tax advisor before making an investment in the Interests.

Risk Factors:

An investment in Interests is speculative and involves a high degree of risk. See "*Risk Factors*," "*Additional Risk Factors*" in the applicable Property Supplement, and "*Risk Factors*" in the BF REIT Prospectus for a discussion of certain factors that prospective Purchasers should consider before they subscribe to purchase Interests.

QUESTIONS AND ANSWERS

Set forth below are some of the more frequently asked questions and answers relating to the Program and Offerings of Interests under the Program. Please see the remainder of this Memorandum, the Property Supplement and the BF REIT Prospectus for more detailed information about the Sponsor, the Interests, the FMV Option and the OP Units.

QUESTIONS AND ANSWERS REGARDING THE INTERESTS

Q: What is a Delaware Statutory Trust?

A: An offering of Delaware statutory trust (the "**DST**") interests is used to syndicate real estate while preserving Purchasers' ability to exchange their relinquished property for Interests in the Trust in connection with a Section 1031 Exchange, and upon a sale of the Property, engage in a subsequent like-kind exchange (assuming the tax status of the DST and Code Section 1031 remains unchanged). Some of the advantages of owning property under the DST structure include efficient transaction costs and administrative costs. The primary disadvantage of the DST structure is that the trust is limited in the actions it may take to address issues that may arise in connection with the ownership of real property. Additionally, in a DST structure, the Beneficial Owners have no right to participate in the management of the Trust or the Property.

Q: What are the principal benefits of the Program?

A: The principal benefits of the Program for Purchasers include the following:

(i) The potential for consistent current income from Interests through a long-term Master Lease with the Master Tenant;

(ii) Potential for the Property or Properties to appreciate in value;

(ii) Professional management of the Property or Properties by the Master Tenant and the property manager (which may be an affiliate of the Sponsor) and professional management of the Trust by the Manager;

(iii) The ability for Interests to qualify as like-kind replacement property pursuant to a Section 1031 Exchange; and

(iv) Should the Operating Partnership exercise the FMV Option, the potential to own OP Units, giving the Beneficial Owners access to an investment in a professionally managed, diverse portfolio of real property owned by the Operating Partnership.

Q: What are some of the risks of investing in Interests in an Offering under the Program?

A: We have summarized certain risks under the captions "*Risk Factors*" herein, under the caption "*Additional Risk Factors*" in the applicable Property Supplement, and under the caption "Risk Factors" in the BF REIT Prospectus, each of which you should review carefully. These risks include, among others, risks relating to this Offering and the DST structure, risks relating to investments in real estate, risks relating to debt financing, risks relating to our relationship with affiliates and risks relating to REIT status and other tax items.

Q: What fees and expenses will a Purchaser incur in connection with the closing of a typical transaction pursuant to an Offering under the Program?

A: Pursuant to an Offering, the Trust or the Depositor will pay the Selling Commissions, Dealer

Manager Fee, Placement Fee, Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs. The Purchasers will be required to pay any of their own acquisition expenses and closing costs, including any fees paid to their own tax advisor and legal counsel.

Q: Will my entire investment qualify as replacement property for purposes of a Section 1031 Exchange?

A: For Purchasers seeking to acquire Interests as replacement property pursuant to a Section 1031 Exchange, in some cases, certain of the fees and expenses paid out of proceeds from the sale of a relinquished property may not be treated as qualifying expenditures paid for the acquisition of qualified replacement property for purposes of Section 1031 and may cause the Purchaser to recognize gain to the extent of such fees and expenses. See "*Risk Factors*" and "*Material U.S. Federal Income Tax Consequences*." Please consult your own tax advisor or counsel for guidance with respect to this issue.

Q: What fees and expenses will be paid to the Dealer Manager and the participating broker-dealers?

A: In connection with the closing of a typical transaction, the following fees and expenses, among others, will be paid out of the proceeds of the sale of the Interests:

(i) Selling Commissions of up to 5.0% of the Maximum Offering Amount payable to the Dealer Manager which may be reduced or waived in the Dealer Manager's sole discretion (all or a portion of which may be re-allowed to participating broker-dealers);

(ii) a Dealer Manager Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager (all or a portion of which may be re-allowed to participating broker dealers and/or used to compensate consultant(s) engaged by the Dealer Manager to coordinate sales efforts, train personnel, and manage the private placement business), which may be reduced or waived in the Dealer Manager's sole discretion; and

(iii) a Placement Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager for placement services relating to the Offering.

Please note that for Purchasers seeking to acquire Interests as replacement property pursuant to a Section 1031 Exchange, the fees and expenses described in the preceding paragraph which will be paid by us are not anticipated to be treated as boot for purposes of Section 1031. See "*Risk Factors—Any amounts treated as "boot" will be taxable to the Purchasers*." There is no assurance that the IRS will agree with this position.

The actual selling commissions and expenses and ongoing broker-dealer fees for each Offering will be described in the applicable Property Supplement and may differ from those described above. To the extent that any discussion of fees in the Property Supplement differs from the discussion in this Memorandum, the terms set forth in the Property Supplement will apply.

In addition, the Trust (or the Springing LLC, if applicable), prior to any exercise of the FMV Option, will pay the DST Investor Servicing Fee of up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Interests, that shall be paid monthly in arrears to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Trust.

Following the exercise of the FMV Option, if the former Beneficial Owners become holders of OP Units or BF REIT Shares, they will pay an Investor Servicing Fee in an amount equal to (a) 0.25% per annum of the NAV of the applicable Class D-1 OP Units, (b) 0.85% per annum of the NAV of the

applicable Class S-1 OP Units, and (c) 0.85% per annum of the NAV of the applicable Class T-1 OP Units. No Investor Servicing Fee shall be payable with respect to any Class I-1 OP Units. The Investor Servicing Fee (all or a portion of which may be re-allowed to participating broker-dealers) shall be paid monthly in arrears to the Dealer Manager for ongoing services rendered. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit, if any, set forth in the applicable selling agreement. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor. On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement, and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units.

We may allow for purchases net of certain fees or expenses, including any purchases by any affiliated company.

For additional detail regarding such fees and expenses, see "*Compensation and Fees*."

Q: Is there a minimum investment required?

A: Yes. Generally, you must pay the minimum purchase price specified in the Property Supplement. However, we retain the right, in our sole discretion, to increase or reduce this minimum purchase price requirement with respect to any Purchaser. To determine the minimum purchase price required for a particular Offering, please see the Property Supplement relating to that Offering.

Q: Who can participate in an Offering under the Program?

A: You must qualify as a U.S. Person and an "accredited investor" in order to receive this Memorandum and participate in an Offering. If you do not meet the qualifications outlined previously under "*Who May Invest*," please return the Offering Materials you have received to us and promptly delete any electronic copies of Offering Materials which you may have received. There are no limitations on the types of Purchasers (e.g., individuals, limited liability companies, partnerships, corporations, trusts, etc.) who may participate in an Offering. **Purchasers seeking to acquire an Interest as replacement property pursuant to a Section 1031 Exchange should consult their tax advisors regarding any additional requirements relating to the types of entities that may participate in such a Section 1031 Exchange.**

Q: What are the Interests?

A: The Interests are class 1 beneficial interests in the Trust that is either a direct owner of a Property or an owner of a Trust that is a direct owner of a Property. Thus, Properties will be held by a Delaware statutory trust, and the Purchasers of Interests will become Beneficial Owners of the Trust and be subject to the terms of the Trust as described in the Trust Agreement.

Q: What distributions will I receive from my Interest?

A: You will receive your *pro rata* allocation of available cash from the Trust(s) in which you own an Interest. During the term of the Master Lease, such available cash will generally consist of scheduled Master Lease rental payments less contributions to reserves, and certain fees and expenses, including but not limited to loan payments and expenses, if applicable, the Administration Fee paid to the Manager, the Investor Servicing Fee paid to the Dealer Manager, and any fees paid to the Delaware Trustee pursuant to the Trust Agreement. See the applicable Property Supplement for additional information.

Q: While I own an Interest, what type of information will I receive regarding my investment?

A: During your ownership of an Interest, you will receive periodic updates from us, including:

(i) A report outlining the cash flow associated with your Interest to be distributed to you each quarter and any material developments with respect to the Property;

(ii) Unaudited annual financial statements; and

(iii) a report containing information that the Manager deems appropriate to assist the Beneficial Owners in preparation of federal income and state tax returns.

Purchasers of Interests in multi-property Portfolio Offerings may receive consolidated reports, financial statements and / or other information with respect to the Properties in the portfolio, as more specifically detailed in the applicable Property Supplement for such Portfolio Offering.

Q: Are there situations where I may be required to incur indebtedness in connection with my acquisition of an Interest?

A: No. As a Beneficial Owner, you will not personally be required to incur indebtedness in connection with acquiring Interests. Some of the Properties may be subject to mortgage financing. Any indebtedness incurred in connection with a specific Property will be secured by the Property, and the Trust will have the obligation to repay such indebtedness. Each Property will secure the applicable Trust's obligations under its loan documents. Accordingly, the lender will have a first lien position recorded against each Property that is subject to mortgage financing. The Trust will be subject to the terms and conditions of the loan documents. The terms and conditions of each loan will likely prohibit the Trust from further encumbering each Property. Each loan will be nonrecourse to the Trust as borrower. The Operating Partnership or its affiliate, however, may be subject to liability under the loan pursuant to a guaranty with respect to certain non-recourse carve-outs. A Beneficial Owner's liability for Trust obligations is limited to his, her or its purchase price for its Interest. Affiliates of the Adviser may provide mortgage financing with respect to certain Properties and are expected to receive fees in connection with the sale of the Interests and the management of the Trusts. Any financing will be more specifically detailed in the applicable Property Supplement.

Q: What is the Springing LLC?

A: A Transfer Distribution occurs in the event that (i) the Property is in jeopardy of being lost, (ii) the Manager determines that the Beneficial Owners are at risk of losing all or a substantial portion of their investment or (iii) the Manager needs to take one of the actions enumerated in the Trust Agreement that the Manager would otherwise be prohibited from taking. In such a case, the Manager will transfer title to the Property to the Springing LLC, a newly-formed Delaware limited liability company, and terminate the Trust. If the Trust is terminated pursuant to a Transfer Distribution, the Beneficial Owners will become members in the Springing LLC, and the Manager, or an entity controlled by or affiliated with the Manager, will become the manager of the Springing LLC.

Q: How do I find a qualified intermediary?

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

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

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

applicable.

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

A: Each state has its own filing requirements and tax code. You should consult with your own tax professional regarding individual state filings.

Q: Is there an additional form that must be returned to the IRS when I transfer business property in a Section 1031 Exchange?

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

QUESTIONS AND ANSWERS REGARDING THE FMV OPTION, THE OPERATING PARTNERSHIP AND THE OP UNITS

The following questions and answers are intended to give details about the FMV Option, the Operating Partnership, and the OP Units which Beneficial Owners may receive if the Operating Partnership, or its successor or assignee, exercises the FMV Option. The information below is applicable to you only if your Interest is exchanged, in whole or in part at the discretion of the Operating Partnership, for OP Units pursuant to the FMV Option. You will have no control over whether, or with respect to which Property or Properties, the FMV Option will be exercised. Further, the Operating Partnership will act in its own best interest when making any decision to exercise the FMV Option.

Q: What is BF REIT?

A: BF REIT was formed as a real estate investment trust to invest in a diverse portfolio of income-producing real properties and real estate securities. BF REIT's targeted investments include direct investments in real estate and real estate-related assets. BF REIT is organized as, and intends to conduct its operations in such a manner so as to qualify as, a REIT for U.S. federal income tax purposes. The BF REIT Prospectus includes more information regarding the assets and financial information of BF REIT.

Q: What is the Operating Partnership?

A: The Operating Partnership is the entity through which BF REIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships, or joint ventures) substantially all of its assets, other than BF REIT's interest in one or more Master Tenants, which BF REIT may hold outside of the Operating Partnership. The Operating Partnership General Partner, a wholly owned subsidiary of BF REIT, is the sole general partner of the Operating Partnership. Certain investors that have contributed property to the Operating Partnership are limited partners of the Operating Partnership. See "*What are OP Units?*" below for a description of the OP Units that are issued by the Operating Partnership.

Q: What is a REIT?

A: In general, a REIT is a company that:

(i) combines the capital of many investors to acquire or provide financing for real estate assets;

(ii) offers the benefits of a real estate portfolio under professional management;

(iii) satisfies the various requirements of the Code, including a requirement to distribute to stockholders each year at least 90% of its REIT taxable income (determined without regard

to the dividends-paid deduction and excluding net capital gain); and

(iv) is generally not subject to U.S. federal corporate income taxes on its net taxable income that it currently distributes to its stockholders, provided certain requirements are satisfied.

See *"Material U.S. Federal Income Tax Considerations"* in the BF REIT Prospectus for a discussion of the benefits and requirements of qualifying as a REIT that Purchasers should consider before they participate in an Offering under the Program.

Q: What is an UPREIT?

A: "**UPREIT**" stands for "Umbrella Partnership Real Estate Investment Trust." An UPREIT is a type of REIT that holds all or substantially all of its properties through a limited partnership in which the REIT holds the general partnership interest. Consistent with similarly-situated peer REITs, BF REIT operates as an UPREIT and owns, and plans to continue to own, substantially all of its assets through the Operating Partnership, other than BF REIT's interest in one or more Master Tenants, which BF REIT may hold outside of the Operating Partnership. BF REIT uses this structure because doing so may give it an advantage in acquiring properties from persons who want to defer recognizing a gain for U.S. federal income tax purposes. Specifically, while a sale or contribution of property directly to BF REIT would generally constitute a taxable transaction to the seller, a contribution of a property to the Operating Partnership in exchange for OP Units would generally not immediately constitute a taxable transaction, allowing such property contributor to defer the taxation of any gain on the contributed property until (i) the applicable OP Units are redeemed for cash or BF REIT Shares, in each case, at the election of the Operating Partnership General Partner; or (ii) the contributed property is sold by the Operating Partnership in a taxable sale,

Q: What are OP Units?

Partnership interests in the Operating Partnership, other than the general partner interest, are currently divided into ten classes of OP Units: Class C, Class D, Class D-1, Class E, Class I, Class I-1, Class S, Class S-1, Class T and Class T-1, which are intended to correspond on a one-for-one basis with the applicable class of BF REIT Shares, with the Class D-1, Class I-1, Class S-1 and Class T-1 OP Units corresponding to the Class D, Class I, Class S and Class T BF REIT Shares, respectively. The Class D-1, Class I-1, Class S-1, and Class T-1 OP Units shall be identical to the Class D, Class I, Class S, and Class T OP Units, except that an Investor Servicing Fee will be directly allocated to Class D-1, Class S-1 and Class T-1 OP Units, as described below, and any Class D-1, Class S-1 and Class T-1 OP Units initially received in connection with the exercise of the FMV Option shall be redeemable for Class I BF REIT Shares, subject to the complete terms of the OP Partnership Agreement and the BF REIT Prospectus.

Each Program participant that becomes an OP Unitholder will become a limited partner in the Operating Partnership and, along with our other limited partners, will have the rights and obligations set forth in the OP Partnership Agreement. However, OP Units are a different investment from BF REIT Shares in many respects, including tax treatment, voting rights, and repurchase rights. Beneficial Owners who receive OP Units in exchange for their Interests in connection with the Operating Partnership's exercise of the FMV Option will receive a class of OP Units, as communicated to such Beneficial Owner by the selling agent or other applicable selling channel through which such Beneficial Owner purchased the Interests.

OP Units represent an interest as a limited partner in the Operating Partnership, and an OP Unitholder has the rights and obligations set forth in the OP Partnership Agreement. In general, each OP Unit will share in distributions from the Operating Partnership when such distributions are declared by BF REIT, as the sole member of the Operating Partnership General Partner, which decision is made in BF REIT's sole discretion. Upon the Operating Partnership's liquidation, each class of OP Units, other than

the Class I OP Units, will automatically convert to Class I OP Units, in each case in proportion to the NAV per OP Unit of each class, and the resulting Class I OP Units will share on a unit-by-unit basis in the assets of the Operating Partnership that are available for distribution, after payment of all liabilities, establishment of reserves and after payment of any preferred return owed to holders of any limited partnership preferred units and payment of the portion distributable to the holder of the special limited partner interest. In addition, a portion of the items of income, gain, loss and deduction of the Operating Partnership for U.S. federal income tax purposes is allocated to each OP Unit, regardless of whether any distributions are made by the Operating Partnership. Pursuant to the OP Partnership Agreement, an OP Unitholder may request, subject to certain restrictions, that the Operating Partnership redeem any or all of the OP Units which it has held for a period of at least one year. Other than with respect to OP Units held by Brookfield Asset Management Ltd. ("**Brookfield**"), the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. To the extent that the Operating Partnership determines to redeem any OP Units, such OP Units shall be redeemed in exchange for either BF REIT Shares or cash, or a combination of the two, in the sole discretion of the Operating Partnership General Partner and in an amount equal to the aggregate NAV of the OP Units being redeemed. If BF REIT elects to issue BF REIT Shares in exchange for such OP Units being redeemed, other than as described below, it shall issue a number of BF REIT Shares of the corresponding class of OP Units having an aggregate NAV equal to the aggregate NAV of the OP Units being redeemed, which should generally be a one-to-one exchange, provided that any Class D-1, Class S-1, and Class T-1 OP Units initially issued in connection with the exercise of the FMV Option shall be redeemed for Class I BF REIT Shares, and will likely not result in a one-to-one exchange.

For more information regarding the OP Units and the Operating Partnership, please see "*Summary of the OP Partnership Agreement*" in the BF REIT Prospectus.

If and after the FMV Option is exercised for OP Units, OP Units will not be considered as qualifying "relinquished property" for purposes of Section 1031 and, thus, you will not be able to engage in a subsequent, individual Section 1031 Exchange that utilizes your OP Units as "relinquished property." Furthermore, your ability to sell your OP Units or BF REIT Shares may be impacted due to the lack of market for OP Units or BF REIT Shares. OP Unitholders who sell their OP Units for cash or exchange them for BF REIT's common shares will generally be required to recognize gain, if any, with respect to their OP Units and will not be able to defer any such gain. See "*Description of Capital Stock*" and "*Share Repurchases*" in the BF REIT Prospectus.

The Operating Partnership shall pay to the Dealer Manager an Investor Servicing Fee, payable monthly in arrears, with respect to certain classes of OP Units issued in exchange for Interests, the fee amounts, which may be subject to change are calculated as follows as of the date of this Memorandum: (i) with respect to Class D-1 OP Units, will equal an amount up to 0.25% per annum of the aggregate NAV of the Class D-1 OP Units, (ii) with respect to Class S-1 OP Units, will equal an amount up to 0.85% per annum of the aggregate NAV of the Class S-1 OP Units, and (iii) with respect to Class T-1 OP Units, will equal an amount up to 0.85% per annum of the aggregate NAV of the Class T-1 OP Units. The Investor Servicing Fees payable in connection with the Class D-1, Class S-1, and Class T-1 OP Units are substantively equivalent to the Investor Servicing Fees borne by the Class D BF REIT Shares, Class S BF REIT Shares, and Class T BF REIT Shares, respectively, and as a result, the distributions received by the holders of Class D-1, Class S-1, and Class T-1 OP Units are expected to be substantially the same as those received by the holders of Class D, Class S, and Class T BF REIT Shares, respectively. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit, if any, set forth in the applicable selling agreement. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor. On the date

on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement, and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units.

As a holder of OP Units, after holding your OP Units for at least 12 full months, and subject to certain restrictions described below in "*The FMV Option and the OP Units—Description of OP Units—Rights and Obligations of OP Unitholders*," you may request the Operating Partnership to redeem some or all of your OP Units. Other than with respect to OP Units held by Brookfield, the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. To the extent that the Operating Partnership determines to redeem your OP Units following a request, it will redeem your OP Units for Class I BF REIT Shares or cash at the Operating Partnership's sole discretion. A redemption generally will be a fully taxable transaction to you. For further information, see "*What are the U.S. federal income tax consequences of redeeming OP Units for shares of the Common Stock or for cash?*" below.

Q: What are the principal benefits of ownership of OP Units?

A: The principal benefits of owning OP Units include the following:

(i) potential access to a diversified portfolio of (A) high-quality properties in desirable locations – primarily income-producing U.S. commercial real estate with upside potential through active asset management, (B) performing real estate debt, primarily commercial first mortgages and mezzanine loans, and (C) real estate-related securities, structured products and cash equivalents for purposes of liquidity management;

(ii) diversification benefits and returns with respect to OP Units based on the potential economic exposure detailed above;

(iii) the potential to redeem OP Units in stages, subject to a one-year holding requirement, the determination of the Operating Partnership whether or not to redeem such OP Units, and any other limitations on the redemption right as described in the OP Partnership Agreement, allowing an OP Unitholder to better manage liquidity needs and taxable gain recognition;

(iv) the potential for an OP Unitholder's heirs to receive a step-up in the tax basis of OP Units to fair market value through inheritance, effectively eliminating the federal income tax on any capital gain inherent in the OP Unitholder's OP Units at the time of their transfer to their heirs;

(v) the ability to utilize OP Units as an estate planning tool because multiple heirs can make independent decisions with respect to the sale of their inherited OP Units (unlike an investment in property where a single decision must often be made collectively); and

(vi) informational transparency with respect to the Operating Partnership and BF REIT.

See "*Description of Capital Stock,*" "*Investment Objectives and Guidelines,*" "*Summary of the OP Partnership Agreement,*" and "*Reports to Stockholders*" in the BF REIT Prospectus for additional information regarding the OP Units and the Operating Partnership.

Q: What is Code Section 721(a)?

A: Code Section 721(a) generally provides that neither a contributing partner (i.e., a Beneficial Owner) nor a transferee partnership (i.e., the Operating Partnership) will recognize gain or loss, for U.S. federal income tax purposes, upon a contribution of property to a partnership in exchange for a partnership interest (i.e., OP Units). The Interests are expected to qualify as "property" for purposes of Code Section 721(a). For a discussion of the U.S. federal income tax consequences of the contribution of Interests to the Operating Partnership in exchange for OP Units, see "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to OP Units—The Operating Partnership—Tax consequences relating to contributed assets*."

Q: Are OP Unitholders liable for any debts of the Operating Partnership?

A: OP Unitholders, as limited partners in the Operating Partnership, are not individually liable for any debts, liabilities, contracts or obligations of the Operating Partnership in excess of their capital contributions to the Operating Partnership unless they enter into a separate guaranty agreement with respect to such debt. However, the debts, liabilities, contracts or obligations of the Operating Partnership could adversely affect your returns even though you are not directly liable for them.

Under certain circumstances, when the Beneficial Owners become OP Unitholders, they may be given the opportunity to enter into a guaranty agreement whereby they guarantee certain debts of the Operating Partnership in order to defer certain tax liabilities that otherwise might be due when a property transferred to the Operating Partnership is subject to liabilities and those liabilities are assumed, reallocated or otherwise repaid by the Operating Partnership.

For a discussion of the U.S. federal income tax consequences relating to relief from liabilities and contributed assets to the Operating Partnership, see "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to OP Units—The Operating Partnership—Relief from liabilities/deemed cash distribution*" and "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to OP Units—The Operating Partnership—Tax consequences relating to contributed assets*."

Q: If the FMV Option is exercised, how many OP Units will I receive in exchange for my Interest?

A: If the FMV Option is exercised and the Operating Partnership offers you OP Units instead of cash, you will contribute your Interests, subject to any indebtedness secured by your Interests or the Property, in whole or in part, to the Operating Partnership in exchange for OP Units. The number of OP Units you receive for your Interest will equal (i) your *pro rata* share of the fair market value of the applicable Trust Estate (subject to certain fees, expenses, and adjustments), less applicable liabilities and subject to the Master Lease, corresponding to your Interest, divided by (ii) the NAV per share of the applicable class of OP Units at the time of exercise. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion. The calculation of NAV per share is discussed in "*Summary – FMV Option*" in this Memorandum.

For example, if a Beneficial Owner's *pro rata* share of the fair market value of the applicable Trust Estate (subject to certain fees, expenses, and adjustments), less applicable liabilities corresponding to its Interest, is $1,000,000, and the NAV per share of the applicable class of OP Units is $12.50/unit at the time the FMV Option is exercised, such Beneficial Owner will receive 80,000 OP Units. If a Beneficial Owner's *pro rata* share of the fair market value of the applicable Trust Estate (subject to certain fees, expenses, and adjustments), less applicable liabilities corresponding to its Interest, is $1,000,000, and the NAV per unit

of the applicable class of OP Units is $10.00/unit at the time the FMV Option is exercised, such Beneficial Owner will receive 100,000 OP Units.

The number of OP Units the Beneficial Owner receives pursuant to the exercise of the FMV Option may vary, depending on (i) the fair market value of the Trust Estate after certain fees, expenses, and adjustments (reduced by liabilities assumed, taken subject to, or paid off by the Operating Partnership) and (ii) the NAV per share of the applicable class of OP Units, either or both of which may change during the period of time between the purchase of the Beneficial Owner's Interest and any exercise of the FMV Option. If BF REIT Shares are not issuable upon exchange of OP Units, or if the OP Units are no longer issuable upon exercise of the FMV Option, whether as a result of a Liquidity Event (as defined herein) or otherwise, the type of consideration to be issued or paid to the Beneficial Owners will be such type and with such value as may be reasonably determined by the board, general partner, manager or other managing body of BF REIT, the Operating Partnership or such other entity as may be entitled to exercise the FMV Option. As such, a Beneficial Owner may receive consideration with a more variable value that provides less liquidity or has less favorable tax attributes than the OP Units.

The fair market value of the Property, subject to the Master Lease (the taking account of which is necessary for determination of the fair market value of the Trust Estate) for purposes of the FMV Option shall be determined by a third-party appraisal firm selected by the Manager in its sole discretion. Such appraisal shall have been completed within 90 business days prior to the date the FMV Option is exercised. The Operating Partnership retains the right, in its sole and absolute discretion, to exercise the FMV Option. In the event a Beneficial Owner receives OP Units in connection with the exercise of the FMV Option, the Beneficial Owner will bear the benefits and burdens of any variation in the amount of OP Units received.

If the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units, different Beneficial Owners may receive different classes of OP Units that bear different fees, as determined by your participating broker-dealer, RIA, or other applicable selling channel. The Purchase Agreement will identify which particular class of OP Units you may receive if the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units.

The OP Units are identical in all respects except for the investor servicing fee, which will accrue as a class-specific expense on the aggregate NAV of each of the Class D-1 OP Units, Class S-1 OP Units, and Class T-1 OP Units, and will reduce the distributions payable to holders of the respective class of such OP Units in an amount equal to (a) 0.25% per annum for Class D-1 OP Units, (b) 0.85% per annum for Class S-1 OP Units, and (c) 0.85% per annum for Class T-1 OP Units. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit, if any, set forth in the applicable selling agreement. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor.

On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement, and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units. No investor servicing fee shall be payable with respect to any Class I-1 OP Units.

Q: Will I have any input into if, and when, the FMV Option is exercised and the form of consideration paid?

A: No. The Operating Partnership will make the decision on if, and when, to exercise the FMV Option and the form of consideration paid.

Q: What is a "Liquidity Event" and what are BF REIT's intentions with respect to pursuing One?

A: A "**Liquidity Event**" includes, but is not limited to, (i) a listing of one or more classes of the Common Stock on a national securities exchange (or the receipt by BF REIT's stockholders of securities that are listed on a national securities exchange in exchange for Common Stock); (ii) BF REIT's sale, merger or other transaction in which BF REIT's stockholders either receive, or have the option to receive, cash, securities redeemable for cash and/or securities of a publicly traded company; or (iii) the sale of all or substantially all of BF REIT's assets where BF REIT's stockholders either receive, or have the option to receive, cash or other consideration.

While BF REIT may consider a Liquidity Event at any time in the future, it currently does not intend to undertake such consideration and BF REIT is not obligated by its charter or otherwise to effect a Liquidity Event at any time. For more information, please see the BF REIT Prospectus.

Q: What are the U.S. federal income tax consequences of a Liquidity Event for OP Unitholders?

A: The U.S. federal income tax consequences of a Liquidity Event to OP Unitholders vary based upon the circumstances giving rise to the Liquidity Event. If the Liquidity Event involves the merger of the Operating Partnership or BF REIT with another entity, the merger may be a tax-free, a partially tax-free, or a fully taxable transaction for OP Unitholders depending on a number of factors, including the amount of cash consideration received by, and the reduction in the amount of liabilities allocable to, such OP Unitholders, and the entity with whom the merger would take place. If the Liquidity Event involves the sale of all of the Operating Partnership's properties followed by a liquidating distribution of the cash proceeds, the Liquidity Event may be a taxable transaction for OP Unitholders. In such a case, OP Unitholders would be subject to tax on their allocable share of the Operating Partnership's Partnership Tax Items (as defined below) resulting from the sale of all of its properties and would recognize gain or loss in an amount equal to the difference between the amount of cash received as a liquidating distribution and the adjusted tax basis of their OP Units. If the Liquidity Event occurs prior to the exercise of the FMV Option, it is possible that the consideration payable upon a subsequent exercise of the FMV Option would not provide for deferral of tax on the exchange of the Interests for such consideration, resulting in the potential recognition of gain by the Beneficial Owners upon exercise of the FMV Option.

Q: If I receive OP Units pursuant to the exercise of the FMV Option, how frequently will I receive current distributions on such OP Units?

A: BF REIT has declared, and intends to continue to declare, monthly distributions as authorized by BF REIT's board of directors (or a duly authorized committee of its board of directors), and it is expected the OP Unitholders will receive distributions with the same frequency. The timing and amounts of these distributions, if any, may change, as determined by the BF REIT board of directors. However, in order to qualify as a REIT, BF REIT must make annual distributions of at least 90% of its REIT taxable income (determined without regard to the dividends-paid deduction and excluding net capital gain). See "*Material U.S. Federal Income Tax Considerations*" in the BF REIT Prospectus for a discussion of the benefits and requirements of qualifying as a REIT that Purchasers should consider before they participate in an Offering under the Program.

Q: If I receive OP Units pursuant to the exercise of the FMV Option, may I redeem them for BF REIT Shares?

A: If you receive OP Units as a result of the exercise of the FMV Option, after holding your OP Units for at least 12 full months and subject to the restrictions described herein, you may request that the Operating Partnership redeem some or all of your OP Units. Other than with respect to OP Units held by Brookfield, the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. To the extent that the Operating Partnership determines to redeem your OP Units following a request, the Operating Partnership will, at its option, (i) redeem your OP Units for a number of Class I BF REIT Shares equal to the aggregate then-current NAV of the OP Units being redeemed divided by the then-current NAV per Class I BF REIT Share, (ii) redeem your OP Units for cash in an amount equal to the then-current aggregate NAV of the OP Units being redeemed or (iii) redeem your OP Units for some combination of the BF REIT Shares and cash. For more information on the various classes of BF REIT Shares, see "*Description of Capital Stock*" in the BF REIT Prospectus.

Q: What are the U.S. federal income tax consequences of redeeming OP Units for shares of Common Stock or for cash?

A: An OP Unitholder should recognize taxable gain or loss upon a redemption of its OP Units, whether for BF REIT Shares or, at the option of the Operating Partnership, for cash. The gain or loss recognized will be equal to the difference between (i) the sum of (A) the cash, *plus* (B) the fair market value of the Common Stock received, *plus* (C) the amount of the Operating Partnership liabilities allocable to such OP Unitholder at the time of the redemption and (ii) the OP Unitholder's adjusted tax basis in its OP Units. In some cases, and subject to a number of exceptions, where OP Units are redeemed for cash, the holder of the OP Units may not recognize gain to the extent that the amount of cash distributed (including any reduction in the holder's share of the liabilities of the Operating Partnership treated as a distribution of cash) does not exceed the holder's basis in its OP Units. Prospective Purchasers should consult their own tax advisors regarding their individual tax consequences. See "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to OP Units—Limitations on Deductibility of Losses—Sale, redemption, exchange or abandonment of OP Units*."

Q: Are OP Units or BF REIT Shares listed for trading on any national securities exchange or over-the-counter market?

A: No, no class of OP Units or BF REIT Shares is currently listed for trading on any national securities exchange or over-the-counter market. For more information on the differences between an investment in BF REIT and a listed REIT, please see "*Questions and Answers about this Offering—How is an investment in shares of your Common Stock different from listed REITs?*"

Q: How may I sell the BF REIT Shares that I receive pursuant to a redemption of my OP Units?

A: Under the Share Repurchase Plan, owners of Common Stock who have converted from OP Units may request that BF REIT repurchase all or any portion of their shares. However, BF REIT is not obligated to repurchase any BF REIT Shares and may choose to only repurchase some, or even none, of the shares requested to be repurchased.

The Share Repurchase Plan limits repurchases during any calendar quarter to no more than 2% of BF REIT's aggregate NAV attributable to stockholders per month (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding month) and no more than 5% of aggregate NAV attributable to stockholders per calendar quarter (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding calendar quarter).

With respect to the 2% and 5% limits described above, (i) provided that the Share Repurchase Plan

has been operating and not suspended for the first month of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for that month will carry over to the second month, and (ii) provided that the Share Repurchase Plan has been operating and not suspended for the first two months of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the repurchase of shares with aggregate value (based on the repurchase price per share for the month the repurchase is effected) in excess of 5% of the aggregate NAV attributable to BF REIT's stockholders as of the last calendar day of the previous calendar quarter (provided that for these purposes repurchases may be measured on a net basis as described in the paragraph below).

BF REIT measures the foregoing 2% and 5% limits based on net repurchases during a month or quarter, as applicable, and as described below. The term "net repurchases" means, during the applicable period, the excess of capital outflows over capital inflows for BF REIT. The term "capital outflows" means share repurchases under the Share Repurchase Plan in a given period. The term "capital inflows" means proceeds from share subscriptions received in a given period that are accepted as of the first calendar day of the next month, plus purchases pursuant to the distribution reinvestment plan of BF REIT. Thus, for any given calendar quarter, the maximum amount of repurchases during that quarter will be equal to (1) 5% of the aggregate NAV attributable to stockholders as of the last calendar day of the previous calendar quarter, plus (2) capital inflows during such calendar quarter. The same would apply for a given month, except that repurchases in a month would be subject to the 2% limit described above (subject to potential carry-over capacity), and netting would be measured on a monthly basis.

For a detailed summary of the Share Repurchase Plan, please see "*Share Repurchases*" in the BF REIT Prospectus.

Q: If I receive OP Units, how do I report income on such units for U.S. federal and state income tax purposes?

A: In general, a partnership is treated as a "pass-through" entity for U.S. federal income tax purposes and is not itself subject to U.S. federal income taxation. Each OP Unitholder will be required to pay U.S. federal income tax and, in certain cases, state and local income taxes, on such OP Unitholder's allocable share of the Operating Partnership's income, gains, losses, deductions and expenses (the "**Partnership Tax Items**"). Such allocable share may differ from the amount of cash distributions such OP Unitholder receives from the Operating Partnership. Each year, the Operating Partnership will provide each OP Unitholder with a Schedule K-1, which sets forth such OP Unitholder's allocable share of the Operating Partnership's Partnership Tax Items. Each OP Unitholder must report this income to the IRS on its own tax return. Additionally, each OP Unitholder will receive tax information that is necessary to prepare tax returns in certain states in which the Operating Partnership holds property and may be required to file a tax return in each such state. Certain states permit partnerships with non-resident partners to file "composite" tax returns on behalf of such partners. In addition, certain states require such filings. The Operating Partnership has in the past filed composite tax returns in states where such filings are required by state law. The Operating Partnership may decide in the future, in its sole discretion, to file composite tax returns in applicable jurisdictions where such filings are non-mandatory and pay tax on behalf of certain non-resident OP Unitholders (other than OP Unitholders that elect not to be included in such returns) if the Operating Partnership determines that such returns would mitigate the OP Unitholders' administrative burden of filing tax returns in multiple jurisdictions. Any such tax paid on behalf of an OP Unitholder will be treated as if a like amount of cash had been distributed by the Operating Partnership to such OP Unitholder.

The rules applicable to the filing of composite returns are different from jurisdiction to jurisdiction. For example, certain jurisdictions allow partners to elect-out of a composite return while other jurisdictions require each partner's consent to be included in such a return. In addition, composite return rules may vary

depending on the status of the partner. For example, states may limit the availability of composite returns to partners who are natural persons, or specifically deny C corporations the option of joining composite returns. Following the exercise of the FMV Option, the Operating Partnership may require former Beneficial Owners who became OP Unitholders to provide certain information including, but not limited to, tax basis information regarding their previously-owned Beneficial Interest and whether or not such former Beneficial Owner would prefer to be included in "composite" tax returns. You should consult your tax advisor regarding the requirements for reporting any income associated with your OP Units to the IRS and any state or other taxing authority.

Q: During my ownership of OP Units, what type of information will I receive regarding my investment?

A: If you become an OP Unitholder, you will receive (or have access to) periodic updates from us, including:

(i) a periodic statement regarding your distributions;

(ii) an annual report with audited financials of the Operating Partnership, or BF REIT, if such statements are prepared solely on a consolidated basis with the Operating Partnership;

(iii) an annual IRS Schedule K-1; and

(iv) as applicable, tax information that is necessary to file individual state tax returns as required by law.

If you redeem your OP Units and receive BF REIT Shares in such redemption, you will subsequently receive a Form 1099 for such BF REIT Shares in place of a Schedule K-1 for the redeemed OP Units, and you will continue to receive (or have made available to you) items (i) through (iii) listed immediately above.

Additionally, BF REIT will provide, through its website www.BrookfieldREIT.com and other media sources, periodic press releases describing BF REIT's significant developments, current period performance and current period earnings.

Q: Who can help answer my questions?

A: If you have more questions about the Program or any Offering, you should contact your registered representative or the Dealer Manager. The Dealer Manager, which is an affiliate of the Sponsor, can be contacted at the following address:

Brookfield Private Wealth LLC
225 Liberty Street, 35th Floor
New York, NY 10281
Attention: General Counsel
Email: BPW.LR@brookfield.com
Telephone: (833) 625-7348

RISK FACTORS

The purchase of Interests involves a number of risks. Do not acquire Interests if you cannot afford to lose your entire investment. Carefully consider the risks described below, as well as the other information in this Memorandum before making a decision to purchase an Interest. Consult with your legal, tax and financial advisors about an investment in Interests. The risks described below are not the only risks that may affect an investment in an Interest. In addition, there are risks associated with the ownership of OP Units and Common Stock which are more fully described in the BF REIT Prospectus. You should read the "Risk Factors" section in the BF REIT Prospectus and the "Additional Risks" section of the applicable Property Supplement before making a decision to invest in an Interest. Additional risks and uncertainties that we do not presently know or have not identified may also materially and adversely affect the value of an Interest, OP Units, Common Stock, a Property or the performance of your investment.

Legal counsel to the Trust, the Sponsor, and their affiliates does not represent the Purchasers. Each Purchaser must acknowledge and agree in the Purchase Agreement that legal counsel, including Tax Counsel, represents the Trust, the Sponsor, the Manager, the Master Tenant, the Depositor and their affiliates and does not represent, and shall not be deemed under the applicable codes of professional responsibility, to have represented or to be representing, any or all of the Purchasers.

RISKS RELATED TO HOLDING AN INTEREST IN A DELAWARE STATUTORY TRUST

Beneficial Owners possess limited control and rights. The Trust will be operated and managed solely by the Trustees and the Manager. Purchasers, as Beneficial Owners, will have no right to participate in any aspect of the operation or management of the Trust. The Trustees and the Manager will not consult with the Beneficial Owners when making any decisions with respect to the Trust and the Property, including whether to sell the Property or effectuate a Transfer Distribution. The Beneficial Owners waive any right to file a petition in bankruptcy on behalf of the Trust or to consent to any filing of an involuntary bankruptcy proceeding involving the Trust. The Manager will collect the rents due from the Master Tenant under the Master Lease and make distributions therefrom in accordance with the terms of the Trust Agreement. The Manager will seek to sell, transfer, or otherwise dispose of the Property in accordance with the provisions of the Trust Agreement, which provides that the Manager has sole power to determine when it is appropriate to sell, transfer, or dispose of the Property; provided, however that the Operating Partnership will be acting in its own best interests when making any decision to exercise the FMV Option. The Delaware Trustee may remove the Manager for cause (which is fraud or gross negligence of the Manager which causes material damage to, or diminution in value of, the Trust Estate) by written notice to the Manager. Any removal of the Manager would be subject to lender consent to the extent there is an outstanding loan.

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

The Trustees and the Manager have limited duties to Beneficial Owners. The Trustees and the Manager will not owe any duties (including fiduciary duties) to the Beneficial Owners other than those duties set forth in the Trust Agreement. In performing its duties under the Trust Agreement, the Delaware Trustee will only be liable to the Beneficial Owners for its own willful misconduct, bad faith, fraud or gross negligence. The Manager will only be liable to the Beneficial Owners for its own gross negligence, bad faith, willful misconduct, fraud or material breach of the Trust Agreement and related transaction documents.

The Trust is limited with respect to its ability to take certain actions, including with respect to the Property. In order to comply with the tax law regarding investment trusts and Section 1031 Exchanges, the Trust Agreement expressly prohibits the Trust, the Delaware Trustee, and the Manager from taking a number of actions, including the following: (a) selling, transferring or exchanging the Property except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (c) renegotiating the terms of any loan or entering into new financing, except in the case of the bankruptcy or insolvency of the Master Tenant or another tenant; (d) renegotiating the Master Lease or entering into new leases, except in the case of the Master Tenant's bankruptcy or insolvency; (e) making modifications to the Property (other than minor non-structural modifications) unless required by law; (f) accepting any capital from a Beneficial Owner (other than capital in connection with the purchase of an Interest); or (g) taking any other action that would in the opinion of Tax Counsel to the Trust cause the Trust to be treated as a business entity for U.S. federal income tax purposes.

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

Management and indemnification limits rights of Beneficial Owners. The Manager will have administrative authority with respect to the Trust. The Trust Agreement will provide for indemnification by the Trust of the Delaware Trustee against liabilities not attributable to the Delaware Trustee's own willful misconduct, bad faith, fraud or gross negligence in the performance of its duties under the Trust Agreement, and of the Manager against liabilities not attributable to the Manager's own bad faith, gross negligence, willful misconduct, fraud or material breach of the Trust Agreement and related transaction documents. Such indemnity and limitation of liability may limit rights that Beneficial Owners would otherwise have to seek redress against the Delaware Trustee and the Manager.

Reliance on management is required. The Manager will have the right to make business and administrative decisions on behalf of the Trust. Because the Trust intends to be treated as an investment trust, the Manager's ability to take actions with respect to the Property is limited. After a certain specified number of years, the Manager has the sole discretion to determine when and on what terms to sell, transfer, or otherwise dispose of the Property. The Manager has other extensive powers and authority, some of which are limited by the express terms of the Trust Agreement. In the event of a Transfer Distribution, the Manager or its affiliate, as manager of the Springing LLC, would be granted expanded powers. Accordingly, no Purchaser should purchase Interests unless such Purchaser recognizes that the Trust is limited in its ability to manage the Property, and such Purchaser is willing to entrust management power, together with the discretion to sell the Property, to the Manager. If a Transfer Distribution occurs, the Purchaser must be willing to entrust all aspects of the management of the Springing LLC to the Manager or its affiliate or designee, as the manager of the Springing LLC. Furthermore, under the Trust Agreement, the Delaware Trustee has the power and authority to remove the Manager for cause (fraud or gross negligence causing material damage to, or diminution in value of, the Trust Estate).

Sale, transfer, or disposition will occur without taking into account preference of Beneficial Owners. The Manager may cause the Trust to sell, transfer, or otherwise dispose of the Property upon the Manager's determination (in its sole discretion) that such action is appropriate; provided, however, that the sale or other disposition shall not occur until all Beneficial Owners have held their Interests for at least two years. Any such sale, transfer, or disposition will occur without regard to the tax position, preferences or desires of any of the Beneficial Owners, and the Beneficial Owners will have no right to approve (or disapprove) of the sale of the Property. The Beneficial Owners will not have the right to sell the Property.

A Beneficial Owner may or may not be able to defer the recognition of gain for U.S. federal, state or local income tax purposes when a sale occurs.

The sale of an Interest may be less profitable than the pro rata share of the proceeds the Beneficial Owners would receive from a sale of the Property as a whole. The Interests will be subject to certain agreements and restrictions. Given the form of ownership, it is possible, and may even be likely, that the amount derived from a sale of an Interest will be less than the pro rata share of the proceeds the Beneficial Owners would receive from a sale of the Property as a whole.

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

The transfer of the Property to the Springing LLC will occur under the circumstances set forth in the Trust Agreement without regard to the costs incurred as a result of such transfer. It is possible that such transfer will result in the imposition of (i) state and/or local transfer, sales or use taxes; or (ii) income tax.

A Transfer Distribution may not result in a course of action that increases the value of the Property. The Springing LLC may not be able to execute the intended business plan after the Property has been transferred (or the Trust converted) to the Springing LLC. It is likely that additional capital or financing would be needed upon a Transfer Distribution. If, after a Transfer Distribution, additional funds are not available from any source, the Springing LLC may be forced to dispose of all or a portion of the Property on terms that may not be favorable to the former Beneficial Owners. Thus, the former Beneficial Owners may lose all or a portion of their investment in the Property. In addition, when the Springing LLC disposes of the Property, regardless of whether the value of the Property has recovered, the former Beneficial Owners will not be able to engage in a Section 1031 Exchange with respect to their membership interests in the Springing LLC. See "*Material U.S. Federal Income Tax Consequences*."

The Trust Agreement restricts Beneficial Owners' rights to information. The Trust Agreement eliminates certain rights to information the Beneficial Owners would have otherwise had under the Delaware Statutory Trust Act (the "**DST Act**"). While the Sponsor believes this is reasonable, necessary and prudent to protect the interests of legitimate Purchasers in the Trust from "greenmail" or other attacks by parties such as so-called "vulture investors" that are potentially harmful to the investment program, this nevertheless means that a Purchaser will have less access to information from the Trust than a Purchaser would be entitled to under the DST Act, including contact information for other Beneficial Owners.

RISKS RELATED TO THE MASTER LEASE STRUCTURE

A bankruptcy or insolvency of the Guarantor, inability of the Guarantor to meet or perform its obligations under the Guaranty, or assignment of the Guaranty by the Guarantor may adversely affect the Beneficial Owner of an Interest. The Master Tenant has no significant assets, and the Trust depends upon the ability of the Master Tenant or the Guarantor to perform under the Master Lease. The Guarantor's obligations under the Guaranty are assignable to a similarly creditworthy successor guarantor, and only pursuant to a reorganization, merger, or other similar transaction or by operation of law.

If the Guarantor or successor Guarantor cannot meet or perform its obligations under the Guaranty, this would increase the risk of a default by the Master Tenant and adversely affect the Beneficial Owners.

Performance of the Master Tenant under the Master Lease will impact economic returns. The ability of the Trust to meet its obligations is dependent upon the performance of the Master Tenant and its payment of Rent and other payments required under the Master Lease. If applicable, any payment pursuant to the Guaranty will be dependent on the ability of the Operating Partnership to meet its obligations thereunder. The financial stability of the Master Tenant and the Guarantor may affect the financial performance of the Property. If the Master Tenant is unable to pay rent or satisfy its obligations under the Master Lease, the Master Tenant would be in default under the Master Lease. In addition, the costs and time involved in enforcing the Trust's rights under the Master Lease may be significant. If the Trust terminates the Master Lease, it may not be able to master lease the applicable Property on terms similar to the original Master Lease. If a Trust is unable to enter into a new master lease for the Property, the returns to Purchasers will likely be materially adversely affected. In addition, if the Trust is unable to enter into a new master lease, it will likely become necessary for the Trust to effectuate a Transfer Distribution, in order to engage in leasing activities, which would likely give rise to adverse tax consequences to Purchasers. Absent insolvency or a bankruptcy by the Master Tenant, the Manager is not empowered to execute a replacement master lease.

Termination or expiration of the Master Lease may impact economic returns. To the extent the Master Lease is terminated or expires, the economic success of an investment in the Property (and by extension, the Interests), will depend upon the results of operations of the Property, which will be subject to those risks typically associated with investments in real estate. Fluctuations in vacancy rates, rent schedules and operating expenses can adversely affect operating results or render the sale (or refinancing, where a Transfer Distribution has occurred) of the Property difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Property, cost of improvements or future costs of operating the Property will be accurate since such matters will depend on events and factors beyond the control of the Manager. Such factors include continued validity and enforceability of end-user leases, vacancy rates for properties similar to the Property, financial resources of tenants and rent levels near the Property, adverse changes in local population trends, market conditions, neighborhood property values, local economic and social conditions, supply and demand for property such as the Property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate, rent control, environmental or zoning laws and hazardous material laws, uninsured losses, effects of inflation and other risks. To the extent the Master Lease is terminated or expires, there can be no assurance to the Beneficial Owners that cash flow or profits will be generated by the Property.

The Master Tenant may not be liable for its acts and omissions. Pursuant to the Master Lease, the Master Tenant will indemnify, defend, and hold the Trust and its beneficiaries, officers, directors, trustees, and employees harmless from and against 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 by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct or fraud of the Master Tenant, its agents, officers, directors, or employees or the Master Tenant's breach of the Master Lease.

The Master Tenant will indemnify the Trust from and against any and all losses, damages, expenses, costs and liabilities actually suffered or incurred by the Trust or its affiliates in connection with (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 Property; (ii) the occupancy of the Property or any part thereof by, through or under the Master Tenant; (iii) any failure on the Master Tenant's part to comply with any of the covenants, terms, conditions, representations or warranties contained in the Master Lease; (iv) any property

management agreement related to the Property, unless such liabilities arise from an action or omission by the Trust; and/or (v) by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct, or fraud of the Master Tenant, its agents, or employees. The foregoing indemnity shall not apply to any damages arising out of, or because of, the negligence or willful misconduct of the Trust or its agents, employees, officers and directors. The foregoing indemnity will extend to liability for expenses (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses at both the trial and appellate levels) actually incurred by the Trust in defending any action or proceeding (a) instituted against the Trust by a third-party, or in which the Trust intervenes, or against the Master Tenant in which Landlord is made a party or appears and (b) to which the foregoing indemnity would apply.

The Master Tenant will be liable only for hazardous substances at the Property that were released after the effective date of the Master Lease and as a result of the Master Tenant's gross negligence.

The Master Tenant, its affiliates and employees, agents, attorneys and certain other parties may not be liable to the Trust or the Beneficial Owners for errors of judgment or other acts or omissions not constituting gross negligence, willful misconduct, fraud, and as otherwise described above. A successful claim against the Trust would deplete the Trust's assets by the amount paid. Also, as a result of provisions in the Master Lease, the Master Tenant is not liable for damages resulting from any condition of the Property existing prior to the Master Tenant's first occupancy of the Property, including the presence of any hazardous materials at the Property. See "*Potential Conflicts of Interest*."

The Master Tenant's right to assign management functions may adversely affect you. The Master Tenant has the ability to contract with third parties or its affiliates for the provision of property management and leasing services with regard to the day-to-day operation of the Property and the management of tenant relationships. For example, the Master Tenant may contract with a third-party or an affiliate to perform some or all of the following services: negotiating contracts with independent contractors for services required in the ordinary course of business, including maintenance and repair; maintaining the complete accounting records relating to the Property; collecting all rentals, tax, utility, insurance, maintenance and other charges and income derived from the Property; complying with the obligations of the landlord under all leases of space in the Property to tenants (solely on behalf of the Master Tenant); operating and maintaining the Property in accordance with all laws, rules and regulations affecting the Property; preventing the creation of and removing any liens which attach to the Property without the Master Tenant's consent; and paying all costs and expenses of maintaining and operating the Property. While the fees paid to any third-party or affiliate engaged by the Master Tenant will not reduce the rent payments due to the Trust pursuant to the terms of the Master Lease, the Trust and the Beneficial Owners will not have the right to approve such contractors. Moreover, such contractors will have no fiduciary duty to the Trust or the Beneficial Owners and may not perform as expected. Further, upon a termination of the Master Lease, the Trust may become a direct party to certain agreements with such third-party contractors or affiliate and may be required to assume the obligations and liabilities of the Master Tenant thereunder without any further action or consent of the Trust.

The Master Tenant may have interests that are different from those of the Beneficial Owners. The Master Tenant will lease the Property from the Trust and will endeavor to earn profits by subleasing portions of the Property to end tenants and maintaining occupancy of the Property. The Beneficial Owners will not share in any increased rental income the Master Tenant earns as a result of end tenant leases. The Master Tenant may make decisions regarding the operation of the Property intended to increase current net cash flow such as deferring maintenance and repair costs or entering into short term or higher risk leases which may produce higher rents per square foot at the expense of a more stable tenant base. Alternatively, because the exercise price of the Property pursuant to the FMV Option is fair market value determined at the time of exercise taking into account the Master Lease, the Master Tenant may have an incentive to delay making improvements or taking other actions that might increase the value of the Property, if the Operating

Partnership intends to exercise the FMV Option. Such decisions may be inconsistent with the long-term goals of the Beneficial Owners, as they may decrease the disposition value of the Property or increase the risk associated with the tenants or the Property. See "*Potential Conflicts of Interest*."

The Property will depend upon the end tenants for all rental income. The Property will be occupied by the end tenants described in the accompanying Property Supplement for each Offering under the Program, and all rental income will come from the end tenants. Therefore, the success of the Property is materially dependent on the financial stability of the end tenants. Economic changes could adversely affect their ability to pay rent or the Trust's ability to re-let the corresponding Property as is, in the event of end tenant default.

No assurance can be given that the end tenants (or any future tenants) will not suffer a material financial reversal, resulting in their inability to pay rent, or otherwise default on their obligations under their leases. If the current end tenants do not pay their rent, or default on or terminate their leases, the Property could become partially or fully vacant. If such vacancy occurs, and the Master Tenant does not receive sufficient rental income to meet its own obligations under the Master Lease, the operating results and fair market value of the Property could be substantially and adversely affected. There can be no assurance that the Property will continue to be substantially occupied at the projected rental rates. In addition, lease-up of any space that becomes vacant in the future may only be achievable at comparatively low rental rates and, for certain classes of Property, may require large expenditures for improvements and leasing commissions. For example, if the Property needs to be subdivided into multiple spaces to be re-let, the costs of improvements for such subdivision could be substantial. As a result, to the extent the Master Lease is terminated or expires, the economic success of an investment in the Property, and by extension, the Interests, will depend on the continued occupancy of the Property and the performance of current and future tenants under their leases. If the end tenants do not renew their leases or enter into new leases at the expected rate, the Property would suffer substantial or even complete vacancy. No assurance can be given that the Master Tenant will succeed in leasing or re-leasing any vacant space. If the Master Tenant does not lease any available vacant space, the Property will not perform as contemplated. To the extent the Master Lease is terminated or expires, the economic success of an investment in Interests will be affected by the ability of the Manager to let or re-let any vacant space in the Property on behalf of the Trust.

The Master Tenant may enter into leases that extend beyond the term of the Master Lease. Under the Master Lease, the Master Tenant has the right, without the consent of the Trust, to enter into leases with end tenants that extend beyond the term of the Master Lease (including the terms of any renewal options). Upon the termination of the Master Lease, the Trust agrees that such leases will continue in effect and that the Trust will not disturb the right to possession of the Property of the end tenants under such leases. The terms of such leases could affect the value of the Property following termination of the Master Lease, as any purchaser would take the Property subject to such leases.

RISKS RELATED TO AN OFFERING

Purchasers must bear the economic risks of an investment in Interests for an indefinite period of time and must be prepared to sustain a total loss of such investment. There is no public market for the Interests and we do not expect a public market for the Interests to develop in the future. An investment in an Interest will not be suitable for Purchasers desiring or requiring liquidity in the near future. Each Purchaser must bear the economic risks of an investment in an Interest for an indefinite period of time and be prepared to sustain a total loss of such investment. The offer and sale of Interests will not be registered under the Securities Act or under any state securities laws and will be sold in reliance upon specific exemptions, which depend in part upon the intent of the Purchasers to purchase an Interest for their own account and not with a view toward resale or distribution. As a result, Interests may not be sold, pledged, transferred or otherwise disposed of until registered or otherwise exempted from the registration provisions

of the Securities Act and any applicable state securities laws.

Because of the limitations on transferability of Interests under the Securities Act described above, a Purchaser may not be able to readily liquidate an Interest. Each Purchaser of an Interest will be required to represent that such Purchaser is purchasing for its own account, for investment purposes only and not with a view to resale or distribution. A Beneficial Owner may not transfer its Interest unless the Interest is registered under the Securities Act and applicable state securities laws, or an exemption is available. As a condition to any transfer, the Manager may require the transferor to provide an opinion of legal counsel stating that the transfer complies with all applicable laws. Additionally, Beneficial Owners of Interests in a Portfolio Offering will not be permitted to selectively transfer or assign any number of Interests allocated to any particular Trust less than such Beneficial Owner's aggregate number of Interests in the total number of Trusts in such Portfolio Offering.

While the Operating Partnership may choose to exercise the FMV Option, there is a possibility that the FMV Option will not be exercised at all or with respect to a particular Property. The Beneficial Owners have no control over this decision or the timing of the Operating Partnership's election to exercise the FMV Option or whether the Operating Partnership will provide cash or OP Units as consideration for the Beneficial Owners' Interests. Thus, each Purchaser must acquire an Interest with the understanding that it will be held for investment purposes, and the Beneficial Owner may not ultimately receive OP Units or cash from the Operating Partnership in exchange for the Interest.

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

Purchase price of Interests exceeds the purchase price of the Property. The purchase price of the Interests is based on the purchase price of the Property (which in certain instances may include current payable and receivables, operating capital, reserves, and other similar items), plus the Selling Commission, Dealer Manager Fee, Placement Fee, Organization and Offering Expenses, Loan Fees and Costs, Property Closing Costs, and reserves (where applicable). If the Trust is unable to sell the Property at a price which would net (after repayment of a loan, if applicable, and other applicable expenses) at least the aggregate of the purchase price paid for the Interests, the Purchasers may suffer a loss on their investment.

The fair value of Interests may deviate from the established purchase price during the Offering Period. The initial purchase price of an Interest determined at the outset of the Offering is based on the estimated fair value of the Property and certain upfront reserves, fees, and expenses, as discussed above. The amount of such fees and expenses will vary according to, among other things, the economics of the Master Lease as determined at the outset of the Offering. While actual results may vary from our initial projections, and while the value of the Property, subject to the Master Lease, will fluctuate throughout the Offering Period (for various reasons, including changes in capitalization rates), the purchase price of Interests will remain the same throughout the Offering Period. Because the purchase price will not change in response to changed economics or valuation, it is possible that, at any time throughout the Offering Period, the fair value of an Interest may be higher or lower than the amount a Beneficial Owner paid for such Interest, and that certain Beneficial Owners may acquire their Interest with perceived or actual discount or premium to the fair value of an Interest.

Beneficial Owners will not control the timing of sale, transfer, or disposition of the Property. Beneficial Owners should not expect a sale, transfer, or disposition within any specified period of time even though the Trust Agreement allows the Manager to sale, transfer, or otherwise dispose of the Property at any time that, in the Manager's discretion, such action is appropriate after all Beneficial Owners have held their Interests for at least two years. The decision to sell, transfer, or dispose of the Property will be made at the sole discretion of the Manager, and the Beneficial Owners will not have any right to participate in the decision to sell, transfer, or dispose of the Property.

Operation as a limited liability company after a Transfer Distribution will be subject to restrictions and terms of the Springing LLC Agreement. If a Transfer Distribution occurs and the Property is transferred to the Springing LLC, the manager of the Springing LLC will have exclusive discretion over the management and control of the business and affairs of the Springing LLC. A copy of the limited liability company agreement of the Springing LLC is attached to the Trust Agreement as an exhibit. The members of the Springing LLC will not have the right to take part in the management or control of the business or affairs of the Springing LLC. The members are permitted to vote only in a limited number of circumstances and can remove the manager of the Springing LLC only for "cause." The Manager has the right to sell, transfer, or dispose of the Property at any time that, in the Manager's sole discretion, a sale is appropriate. Such an action could be taken at a time that would be adverse to the interests of any given member either from a financial or tax standpoint. The manager of the Springing LLC, if a holder of membership interests in the Springing LLC, may have conflicts of interest with respect to the Springing LLC and the members. The manager of the Springing LLC is entitled to certain limitations on liability and to indemnity by the Springing LLC against liabilities not attributable to its fraud, gross negligence, bad faith, willful misconduct or material breach of the Springing LLC Agreement. Such indemnity and limitation of liability may limit rights that members would otherwise have to seek redress against the manager of the Springing LLC. See "*Summary of the Springing LLC Agreement*."

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

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

The exercise of the FMV Option will impact the Beneficial Owners' investment. Beginning two years after the last Beneficial Owner has acquired its Interest, the Operating Partnership may decide to

exercise its FMV Option during a one-year option period. At such time and in its discretion, the Operating Partnership can acquire all Interests in the Trust from the Beneficial Owner in exchange for OP Units or cash, as determined by the Operating partnership in its sole discretion. If the Operating Partnership exercises its FMV Option and chooses to purchase the Property by issuing OP Units (and not cash), the Beneficial Owner will receive OP Units and become an OP Unitholder. These OP Units are intended to correspond economically to the applicable class of BF REIT Shares, with the Class D-1, Class I-1, Class S-1, and Class T-1 OP Units corresponding to the Class D, Class I, Class S, and Class T BF REIT Shares, respectively. Different Beneficial Owners may receive different classes of OP Units that bear different fees in the event the Operating Partnership exercises its FMV Option. Any such value shall be determined without any discounts.

The Purchase Agreement will identify which particular class of OP Units you may receive if the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units (the class of OP Units that you may receive is determined by your participating broker-dealer, RIA, or other applicable selling channel). *See* "*Summary of the Trust Agreement.*"

The OP Units are identical except for the Investor Servicing Fee, which will accrue as a class-specific expense on the Class D-1 OP Units, Class S-1 OP Units, and Class T-1 OP Units equal to (i) 0.25% per annum of the aggregate NAV of the Class D-1 OP Units, (ii) 0.85% per annum of the aggregate NAV of the Class S-1 OP Units, and (iii) 0.85% per annum of the aggregate NAV of the Class T-1 OP Units. No investor servicing fee shall be payable with respect to any Class I-1 OP Units. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit, if any, set forth in the applicable selling agreement. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor. On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement, and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units.

A holder of OP Units which were received in connection with the exercise of the FMV Option will have the right to request that the Operating Partnership exchange its OP Units for Class I BF REIT Shares, provided however, that such exchange will be governed by the terms of the BF REIT Prospectus at the time of such exchange. Other than with respect to OP Units held by Brookfield, the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. The exchange of OP Units for Common Stock of BF REIT will be a taxable exchange for U.S. federal income tax purposes. In addition, if and after the FMV Option is exercised, a Beneficial Owner will not be able to engage in a subsequent, individual Section 1031 Exchange because the OP Units will not qualify as real estate for U.S. federal income tax purposes. Furthermore, a Beneficial Owner's ability to sell its OP Units or shares in BF REIT may be impacted by the general volatility of the capital markets, the risks associated with the market for BF REIT shares, and the limited market for OP Units. See "*Summary of Trust Agreement*."

An OP Unitholder's ability to redeem OP Units or BF REIT Shares may be impacted by the general volatility of the capital markets, the risks associated with the market, and the limited market for such OP Units. OP Unitholders who redeem their OP Units for cash or exchange them for BF REIT Shares will be required to recognize gain, if any, with respect to their OP Units and will not be able to defer any such gain.

A Beneficial Owner who receives cash from the exercise of the FMV Option will also be required

to recognize gain, if any, unless that Beneficial Owner decides to defer such gain by engaging in a subsequent, individual Section 1031 Exchange.

The Operating Partnership may choose not to exercise the FMV Option with respect to all or any of the Trusts. The Beneficial Owners have no control over this decision or the timing of the Operating Partnership's election with respect to the FMV Option. Thus, each Purchaser must acquire an Interest with the understanding that it will be held for investment purposes, and the Beneficial Owner may not ultimately receive OP Units or cash from the Operating Partnership in exchange for the Interest.

Value received upon exercise of the FMV Option may not reflect the value of the Property. The Operating Partnership may exercise the FMV Option at the value determined based on the aggregate fair market value of the Trust Estate, less applicable liabilities, and further reduced by any applicable fees, expenses, and adjustments. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion. If the value of the rentals at the relevant Property is increasing relative to the Master Lease rent payments, the presence of the Master Lease may cause the Property to be appraised for less than would be the case if the Property were sold not subject to the Master Lease. This will reduce the number of OP Units, if any, a Beneficial Owner receives in exchange for their Interests. The amount of OP Units or cash, if any, issued by the Operating Partnership upon its exercise of the FMV Option in exchange for a Beneficial Owner's Interest in the Trust will be determined in part by reference to the value of the OP Units, the value of which is inherently subjective.

The poor performance of a Property may adversely affect overall returns. Because the Beneficial Owners may own Interests in a Trust that is the owner of a single Property, the economic return to the Beneficial Owners will depend on the value of that Property. In addition, to the extent the Master Lease has been terminated or has expired with respect to such Property, there can be no assurance that cash flow or profits will be generated for the Interests. In such case, the poor performance of such Property may adversely affect the overall returns to the Beneficial Owners. These returns may be lower than if the Beneficial Owners owned an interest in multiple properties. Therefore, the poor performance of such Property could significantly and adversely impact the ability of the Beneficial Owners to satisfy their financial objectives.

The Purchasers have limited recourse under the Purchase Agreement. Except to the extent otherwise expressly provided in the Purchase Agreement, the Purchasers will acquire their Interests on the Closing Date with respect to the Property in an "as is" and "where is" condition. Each Purchaser agrees that the Trust, as the seller under the Purchase Agreement, will not be liable for any construction, latent or patent defects in the Property, and will not be bound in any manner whatsoever by any guarantees, promises, projections, operating expenses or other information.

Purchaser's recourse for a breach of the Purchase Agreement is limited to the Trust's assets. None of the Sponsor, the Operating Partnership, BF REIT or any of their affiliates are a party to the Purchase Agreement. As such the sole recourse of a Purchaser for a breach of the Purchase Agreement will be limited to the assets of the Trust. The Trust may need to effect a Transfer Distribution to obtain the liquidity to satisfy such claims. In addition, in the event of a breach of a Purchase Agreement (with respect to actions subject to indemnification) entered into with a Purchaser at a closing later in the Offering Period, the investments of those Purchasers who acquired Interests at an earlier closing will be at risk for the indemnification obligations of the Trust, notwithstanding that the Purchasers at the earlier closing had no responsibility for the breach of the Purchase Agreement. Any successful claim against the Trust's assets will result in a reduction of value of the Trust and its assets.

The Beneficial Owners will not receive audited financial statements. We will not obtain audited financial statements in connection with the acquisition of the Property. In the absence of such audited financial statements, there will be no independent review or testing of the accounting practices and procedures used by the sellers from whom we acquired the Property. Additionally, the Beneficial Owners will not be provided audited financial statements during the Trust's ownership of the Property. Accordingly, there can be no assurance that the financial statements for the Property during the time it is owned by the Trust will be substantially similar to statements completed on an audited basis.

Interests may not be a diversified investment. Each Beneficial Owner may own Interests in a Trust that owns only a single Property or several Properties within the same asset class or geographic area. Thus, an investment in such an Interest is not, and will not be, a diversified investment. Beneficial Owners owning Interests with respect to a Portfolio Offering will have an interest in multiple Properties, but such an Interest may still not constitute a diversified investment. Prospective Purchasers should refer to the accompanying Property Supplement for each Offering under the Program for specific information on a Property or Properties held by the Trust.

The anticipated results of operations may not materialize. The anticipated results of operations set forth in the Supplement with respect to any Offering are based upon current estimates of income and expenses relating to the operation of the relevant Property or Properties. If the assumptions for a Property do not prove correct, the Beneficial Owners who own Interests in that Trust may have difficulty in achieving their anticipated results. The anticipated results of operations assume occupancy levels and certain rental rates. There can be no assurance that any specific Property can achieve or maintain the occupancy level or rate increases anticipated. Some of the other underlying assumptions may prove incorrect and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the life of the ownership of any Property may vary from those anticipated, and the variation may be material. As a result, the rate of return to the Trust and the Beneficial Owners may be lower than that projected. Any return to the Beneficial Owners on their investment in Interests will depend on the ability to operate a Property profitably or ultimately sell such Property at a profit, which, in turn, will depend upon economic factors and conditions beyond the control of the Trust.

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

There are conflicts among the Sponsor and its affiliates with respect to the terms of the Offering. The Manager, Operating Partnership, BF REIT and their affiliates are subject to conflicts of interest between their activities, roles and duties for other entities and the activities, roles and duties they have assumed on behalf of the Trust, the Master Tenant, the Operating Partnership and BF REIT. These conflicts include whether or not and when to exercise the FMV Option. Conflicts exist in allocating management time, services and functions between their current and future activities and the Trust. In addition, the Manager may have conflicts allocating leasing opportunities among competing properties. For example, if the term on the Master Lease with respect to a Property were short, the Manager may have an incentive to introduce tenants willing to enter into long term or higher value leases to properties controlled by the Manager or Operating Partnership where the Manager or Operating Partnership are more likely to benefit from the terms of such lease. None of the arrangements or agreements described, including those relating to compensation, is the result of arm's-length negotiations. See "*Potential Conflicts of Interest*."

Beneficial Owners are subject to forum-selection and governing-law provisions in the Offering Documents. Any disputes arising from the Purchase Agreement, Master Lease, Trust Agreement and Springing LLC Agreement (together the "**Offering Documents**") must be brought in a court of competent jurisdiction as described in the applicable document. Additionally, each Purchaser waives his,

hers, or its right to a jury trial. Accordingly, any actions brought under any of the Offering Documents in courts not located in the applicable location may be dismissed for improper venue. Any disputes arising under the Purchase Agreement will be adjudicated under Delaware law and any disputes arising under the Master Lease will be adjudicated under the law of the state in which the applicable Property is located. Further, should the Trust Agreement or Springing LLC Agreement be the subject of any dispute, such dispute will be adjudicated under Delaware law.

The Trust Reserve may be inadequate. The Trust is obligated to pay for the Landlord Costs and other Property costs and expenses as set forth in the Master Lease. If the amount of the Trust's obligations under the Master Lease are higher than the projected amounts assumed by the Manager and the Trust reserves are insufficient to meet such expenses, the Trust may be forced to either use some or all of the Rent payment received from the Master Tenant to pay such obligations of the Trust or, in order to raise additional capital, effect a Transfer Distribution in order to raise the necessary capital through the Springing LLC for such purposes.

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

Actual Uncontrollable Costs, if applicable, may rise above Projected Uncontrollable Costs and reduce the Rent received by a Trust from the Master Tenant. The Master Lease or the applicable Property Supplement (as may be supplemented or modified) may include the Projected Uncontrollable Costs with respect to each Property. In the event that (a) the Projected Uncontrollable Costs for any calendar year (or stub period thereof) exceed the actual Uncontrollable Costs, the Master Tenant would be required to pay the Trust the amount of such excess; and (b) the actual Uncontrollable Costs for any calendar year (or stub period thereof) exceed the Projected Uncontrollable Costs, the Master Tenant would be responsible for the payment of such excess, but would be entitled to a reimbursement by offsetting such excess amount against Rent. In the event that there remains any unreimbursed Excess Uncontrollable Costs (as defined in the Master Lease) upon termination of the Master Lease (including upon sale, transfer, or other disposition of the Property), the Trust will be required to pay any remaining unreimbursed amount at that time. As a result, if actual Uncontrollable Costs (which generally include real estate taxes, insurance costs, and utility costs) increase above Projected Uncontrollable Costs, the Rent received by the Trust from the Master Tenant will be reduced to account for such increase. The Trust or the Manager will have little to no control over any future increases in Uncontrollable Costs, which can be significant and may cause cash flow to the Trust to be such that the Trust may not make distributions or be able to meet its payment obligations under the Loan.

RISKS RELATED TO ADVERSE CHANGES IN GENERAL ECONOMIC CONDITIONS

An economic downturn could adversely affect rental income generated from end tenants. From time to time, an economic downturn could occur that would result in slowed economic activity. If a current or future end tenant were to suffer a serious economic setback, it might not be able to pay rent due under its lease. To the extent the Master Lease is terminated or expires, the economic success of an investment in the Interests will depend on the continued occupancy of the Property and the performance of tenants under their leases.

Historic market conditions and the risk of renewed market deterioration may cause the value of Properties to decline. The economic environment and credit market conditions impact the performance and value of real estate investments generally. If the current economic or real estate environment were to

worsen in the markets where the Properties are located, the aggregate value of the assets may experience more volatility or decline as a result. Volatility in the fair market value and operating performance of commercial real estate is expected to make estimating cash flows from the Properties difficult, since such estimates are dependent upon judgment regarding numerous factors, including, but not limited to, current and potential future refinancing availability, fluctuations in regional or local real estate values and fluctuations in regional or local rental or occupancy rates, real estate tax rates and other expenses. We cannot assure the Beneficial Owners that we will not have to realize or record impairment charges, or experience disruptions in cash flows and/or permanent losses related to the Properties. In addition, to the extent that volatile market conditions obtain, such conditions could adversely impact the Trusts' ability to sell the Properties at a reasonable price and on acceptable terms.

Changes in global economic and capital market conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly affect the results of operations and value of a Property and returns to the Beneficial Owners. Your investment is subject to risks generally incident to the ownership of real property, including changes in global, national, regional or local economic, demographic, political, real estate or capital market conditions and other factors particular to the locations of the respective real property investments. Recently, shifts in U.S. trade policy, including new or increased tariffs and uncertainty surrounding existing international trade agreements, have contributed to heightened volatility in global markets and economic conditions. Such uncertainty can influence business activity and supply chains, which may adversely affect general market performance and the Properties. Furthermore, the imposition of such tariffs or other similar trade restrictions may strain international trade relations and increase the risk that foreign governments implement retaliatory tariffs on goods imported from the United States. Any future financial market disruptions may adversely affect the value of the Properties and their profitability, and impede the ability of the Properties to perform under or refinance their existing obligations. We are unable to predict future changes in these market conditions. A recession could adversely impact your investment as a result of, among other items, increased tenant defaults under the leases, lower demand for rentable space, as well as potential oversupply of rentable space, each of which could lead to increased concessions, tenant improvement expenditures or reduced rental rates to maintain occupancies. These conditions could also adversely impact the financial condition of the tenants that occupy the Properties and, as a result, their ability to pay rents. As a result, an economic downturn or rise in interest rates could make it more difficult to lease Properties or dispose of them. In addition, rising interest rates could make alternative interest bearing and other investments more attractive and, therefore, potentially lower the relative value of the Beneficial Owner's Interests. We believe the risk associated with investments in Properties are more severe during periods of economic slowdown or recession if these periods are accompanied by deteriorating fundamentals and declining values in the real estate industry. To the extent that there is a general economic slowdown or real estate fundamentals deteriorate, it may have a significant and adverse impact on the revenues, results from operations, financial condition, liquidity, overall business prospects and ultimately the Trust's, Operating Partnership's and BF REIT's ability to make distributions to the Beneficial Owners.

Uncertainty and volatility in the credit markets could affect the ability to obtain debt financing on reasonable terms, or at all. The U.S. and global credit markets recently experienced severe dislocations and liquidity disruptions, which caused volatility in the credit spreads on prospective debt financings and constrained the availability of debt financing due, in part, to the reluctance of lenders to offer financing at high leverage ratios. Similar conditions in the future could adversely impact our ability to access additional debt financing on reasonable terms or at all, which may adversely affect investment returns on future acquisitions or our ability to make acquisitions.

If mortgage debt is unavailable on reasonable terms as a result of increased interest rates, increased credit spreads, decreased liquidity or other factors, we may not be able to finance the initial purchase of Properties. In addition, when we incur mortgage debt on Properties, we run the risk of being unable to

refinance such debt upon maturity, or of being unable to refinance on favorable terms.

If interest rates are higher, or other financing terms (such as principal amortization, the need for a corporate guaranty, or other terms), are not as favorable when we refinance debt or issue new debt, the Trusts' income could be reduced. To the extent we are unable to refinance debt on reasonable terms, at appropriate times or at all, we may be required to sell Properties on terms that are not advantageous to the Beneficial Owners, or could result in the foreclosure of such Properties. If any of these events occur, cash flow would be reduced. This, in turn, would reduce cash available for distribution to the Beneficial Owners.

Inflation or deflation may adversely affect the financial condition and results of operations. Increased inflation could have an adverse impact on floating rate mortgages, interest rates and general and administrative expenses, as these costs could increase at a rate higher than rental and other revenue. Inflation could also have an adverse effect on consumer spending which could impact tenants' sales and, in turn, percentage rents, where applicable. The United States may experience periods of significant inflation. Inflation may cause, among other things, increased costs of operation of a Property and the implementation of macroeconomic 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 a Trust. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Cybersecurity failures and data security incidents could materially adversely affect our performance by causing a disruption to our operations, a compromise or corruption of our confidential, personal or other sensitive information and/or damage to our business relationships or reputation, any of which could negatively impact our performance, financial condition and operating results. As a Delaware statutory trust, we are highly dependent on the information technology systems and cybersecurity practices of the Manager and third-party service providers to conduct our operations. Cybersecurity failures or other security incidents may result in disrupted operations, misstated or unreliable financial data, fraudulent transfers or requests for transfers of money, fines or penalties, investigations, increased cybersecurity protection and insurance costs, litigation, and damage to our business relationships and reputation, causing our performance and results of operations to suffer. Additionally, the risk of cybersecurity incidents may be heightened by the increased prevalence and use of artificial intelligence and machine-learning technology, including through automated attacks, sophisticated phishing schemes, data scraping or misuse of proprietary or confidential information. We rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks, and in the computer systems and networks of third parties with whom we do business or communicate. Because we do not directly operate or control many of these systems, our ability to prevent, detect, remediate or mitigate cybersecurity incidents is limited. Our information technology systems face ongoing cybersecurity threats and attacks, which could result in the failure of such infrastructure. Our cybersecurity measures may not be effective against all future threats. We may not be able to anticipate all types of security threats or implement preventive measures effective against all such threats. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for extended periods of time. Hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff. In addition, we may experience operational disruptions or information security breaches at third-party vendors, counterparties, service providers or other entities that interact with our systems or that could otherwise affect our performance, including administrators, custodians, transfer agents, broker-dealers, lenders, property managers and other agents of the Trust. Such disruptions or breaches could result in the unauthorized acquisition, use, disclosure, modification or destruction of our confidential information or that of our Beneficial Owners, portfolio companies, tenants or employees, litigation, regulatory investigations, remediation costs, increased

cybersecurity protection costs, reputational damage, or potential liability. Any such incident could also divert management's attention, increase operating expenses, impair our ability to raise capital or make distributions, and negatively affect Beneficial Owner confidence. Impacts from any such incidents could have a material adverse impact on our performance, financial condition, and results of operations. Further, in the event that the Manager or a third-party service provider fails to promptly notify us of a technology breach, or fails to provide complete, accurate or timely information regarding the scope or impact of such breach, you may not receive prompt notification of such breach, if at all, and the delay or failure to disclose a technology breach may have a material adverse effect on our performance and results of operations.

We are subject to risks associated with artificial intelligence and machine learning technology. Artificial intelligence, including machine learning and similar tools and technologies that collect, aggregate, analyze or generate data or other materials (collectively, "**AI**"), and its current and potential future applications including in the private investment and financial industries, as well as the legal and regulatory frameworks within which AI operates, continue to rapidly evolve. The rapid evolution of AI technologies, and the uncertain legal and regulatory standards governing their use, may give rise to novel and unpredictable risks. Recent technological advances in AI pose risks to the Trust, the Manager, and their respective affiliates. We could also be exposed to the risks of AI if third-party service providers or any counterparties, whether or not known to us, also use AI in their business activities. As a Delaware statutory trust, we are highly dependent on the Manager and various third-party service providers, and we generally do not control whether or how such parties deploy AI technologies in the course of providing services to the Trust. We may not be in a position to control the use of AI technology in third-party products or services. Use of AI could include the input of confidential information in contravention of applicable policies, contractual or other obligations or restrictions, resulting in such confidential information becoming accessible by other third-party AI applications and users, or otherwise leading to data leakage, misuse or loss of proprietary or personal information. While the Manager does not currently use AI to make Trust operational recommendations, the Manager or third-party service providers may adopt AI technologies in the future, and the use of AI could also exacerbate or create new and unpredictable risks to our performance and our Properties, cash flows or distributions, including by potentially significantly disrupting the markets in which we operate or subjecting us to increased competition and regulation, which could materially and adversely affect our performance, financial condition or results of operations. Increased regulatory scrutiny or compliance obligations relating to AI, including with respect to data privacy, consumer protection or fiduciary standards, could result in additional costs, limitations on business practices or potential liability. In addition, the use of AI by bad actors could heighten the sophistication and effectiveness of cybersecurity and other security attacks experienced by us and our service providers, including through enhanced phishing, social engineering, automated attacks or the generation of fraudulent communications or instructions, which could result in financial losses, operational disruptions, reputational harm or potential liability, each of which could materially and adversely affect the Trust and Beneficial Owners.

Our collection and use of sensitive personal and confidential information subjects us to data privacy, regulatory, litigation, and reputational risks. The collection, storage and processing of sensitive personal and confidential information relating to tenants, employees, Beneficial Owners, counterparties, and other third parties may result in additional risk of litigation, regulatory action, and reputational damage. The information is subject to increasingly complex and evolving data privacy and protection laws, regulations, and contractual obligations across multiple jurisdictions. The failure to adequately protect such information, comply with applicable data privacy requirements, or respond effectively to a data breach, cybersecurity incident, or unauthorized access could result in regulatory enforcement actions, litigation, financial penalties, remediation costs, operational disruption, and reputational harm.

Changes in the real estate market and capitalization rates may adversely impact economic performance. 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. If capitalization rates increase, the Properties will likely realize a lower sales price than anticipated, resulting in reduced returns.

RISKS RELATED TO INVESTMENTS IN REAL PROPERTY

The anticipated results of operations may not materialize. The anticipated results of operations for a Trust, including the pro forma financial projections, will be based upon estimates of income and expenses relating to the operation of the Property and the Guarantor's ability to meet its Guaranty obligation. The anticipated results should be considered speculative and are qualified in their entirety by the assumptions, information, limitations, and risks disclosed in the Property Supplement for an Offering. If the assumptions on which these estimates are based do not prove correct, the Beneficial Owners will have difficulty in achieving their anticipated results. Some of the other underlying assumptions may prove incorrect and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the life of the ownership of the Property may vary from those anticipated, and the variation may be material. As a result, the rate of return to the Trust and the Beneficial Owners may depend on the Guarantor's ability to meet its Guaranty obligation. The ability of the Manager to ultimately sell the Property at a profit will depend upon economic factors and conditions beyond its control.

Real properties are illiquid investments, and we may be unable to sell, refinance or reposition a Property or Properties in response to changes in economic or other conditions. Real properties are illiquid investments and we may be unable to sell, refinance or reposition a Property or Properties in response to changes in economic or other conditions. In addition, the real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any Property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Manager. We cannot predict the length of time needed to find a willing purchaser and to close on the sale of a Property. In addition, a Property may be subject to contractual "lock-out" provisions that could restrict our ability to dispose of the Property for a period of time.

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

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

operations can be given.

Each Property is subject to risks relating to its local real estate market. Weakness or declines in the local economy and real estate market could cause vacancy rates at a Property to increase and could adversely affect the relevant Trust's ability to sell the Property on favorable terms. The factors which could affect economic conditions in the market generally include business layoffs, industry slowdowns, relocations of businesses, changing demographics, infrastructure quality, high unemployment levels, rising interest rates, increased tax rates, increasing fuel and energy costs and any oversupply of or reduced demand for real estate. Declines in the condition of the market could diminish the value of your investment and the relevant Property.

A Property that incurs a vacancy could be difficult to sell or re-lease. A Property may incur a vacancy either by the continued default of a tenant under its lease or the expiration of the lease. In addition, certain of the Properties may have some vacancies at the time of closing. Certain other Properties may be specifically suited to the particular needs of a tenant and such Property may become vacant and difficult to re-tenant. Certain leases with retail tenants contain provisions giving the particular tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center. These provisions may limit the number and types of prospective tenants able to lease space in a particular retail Property. Therefore, we may have difficulty obtaining a new tenant for any vacant space we have in such a Property. If the vacancy continues for a long period of time, the Master Tenant would suffer reduced revenues, which could materially and adversely affect its ability to make payments under the Master Lease. In addition, the resale value of the real property could be diminished because the market value may depend principally upon the value of the leases of such Property.

Changes in supply of or demand for similar real properties in a particular area may adversely affect the value of a Property. The real estate industry is subject to market forces and we are unable to predict certain market changes including changes in supply of or demand for similar real properties in a particular area. For example, if demand for the types of real property assets which we seek to acquire were to sharply increase or supply of those assets were to sharply decrease, the prices of those assets could rise significantly. Any potential purchase of an overpriced asset could decrease your rate of return on these investments and result in lower operating results. Likewise, a sharp increase in supply could adversely affect leasing rates and occupancy, which could lower operating results, and overall returns to the Beneficial Owners.

The Master Tenant faces considerable competition in the leasing market and may be unable to renew subleases or re-let space on favorable terms, or it may expend significant capital in its efforts to re-let space, which may adversely affect operating results. Because the Master Tenant expects to compete with a number of other developers, owners and managers of real estate, the Master Tenant may be unable to renew subleases with tenants, and it may be unable to re-let the space to new tenants. To the extent that the Master Tenant is able to renew subleases or re-let such space to new tenants, heightened competition resulting from adverse market conditions may require the Master Tenant to utilize rent concessions and for certain property types, tenant improvements to a greater extent than currently anticipated. Further, subleases of long-term duration or which include renewal options that specify a maximum rate increase may not result in fair market lease rates over time if the Master Tenant does not accurately estimate inflation or market lease rates. If the Master Tenant is subject to below-market lease rates on a significant number of Properties pursuant to long-term leases, cash flow from operations and financial position may be adversely affected. In addition, economic turmoil has led to foreclosures and sales of foreclosed properties at depressed values, and the Master Tenant may have difficulty competing with competitors who purchase properties in the foreclosure process, because their lower cost basis in their properties may allow them to offer space at reduced rental rates.

If competitors offer space at rental rates below current market rates or below the rental rates the Master Tenant charges tenants, it may lose potential tenants, and it may be pressured to reduce its rental rates below those it currently expects to charge in order to retain tenants upon expiration of their existing leases. Even if tenants renew their subleases or the Master Tenant is able to re-let the space, the terms and other costs of renewal or re-letting, including, for certain property types, the cost of required renovations, increased tenant improvement allowances, leasing commissions, declining rental rates, and other potential concessions, may be less favorable and could require significant capital expenditures. If the Master Tenant is unable to renew leases or re-let space in a reasonable period of time, or if rental rates decline or tenant improvement, leasing commissions, or other costs increase, the Trusts' financial condition, cash flows, cash available for distribution, value of the Properties, and ability to satisfy debt service obligations could be materially adversely affected.

Competition in acquiring Properties may reduce the Trusts' profitability and materially affect your returns. We face competition from various entities for investment opportunities in properties, including other REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers. We may also face competition from real estate programs sponsored by the Sponsor or its affiliates. Some third-party competitors may have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage. Competition from these entities may reduce the number of suitable investment opportunities offered or increase the bargaining power of property owners seeking to sell. Additionally, disruptions and dislocations in the credit markets may materially impact the cost and availability of debt to finance real estate acquisitions, which is a key component of the Sponsor's acquisition strategy. A lack of available debt could result in a further reduction of suitable investment opportunities and create a competitive advantage for other entities that have greater financial resources than we do. In addition, the number of entities and the amount of funds competing for suitable investments may continue to increase. If we acquire Properties at higher prices or by using less-than-ideal capital structures, the Trusts' returns will be lower and the value of the Properties may not appreciate or may decrease significantly below the amount we paid for such assets. If such events occur, the Beneficial Owners may experience a lower return on their investment. It may take considerable time to identify and acquire appropriate Properties. In general, the availability of desirable Properties and the Beneficial Owners' investment returns will be affected by the level and volatility of interest rates, conditions in the financial markets and general, national and local economic conditions. The real estate industry is competitive and we compete for investments with traditional equity sources, both public and private, as well as existing funds, or funds formed in the future, with similar investment objectives. If we cannot effectively compete with these entities for investments, the Trusts' financial performance may be adversely affected.

Properties are subject to property and other taxes that may increase in the future, which could adversely affect cash flow. Properties are subject to real and personal property and other taxes that may increase as tax rates change and as the Properties are assessed or reassessed by taxing authorities. Subject to certain adjustments for uncontrollable costs, the Master Lease provides that the property taxes, or increases therein, are charged to the Master Tenant as an expense related to the Properties subject to the leases. However, leases from the Master Tenant to the ultimate tenants may provide that the Master Tenant is responsible for such taxes. In any case, as the owner of a Property, the Trust is ultimately responsible for payment of the taxes to the applicable governmental authorities. If property taxes increase, the Master Tenant and ultimate tenants may be unable to make the required tax payments, ultimately requiring the Trust to pay the taxes even if otherwise stated under the terms of the Master Lease. If any such taxes are not paid when due, the applicable taxing authorities may place a lien on the Property and the Property may be subject to a tax sale.

Potential losses or damage to the Properties may not be covered by insurance. As provided in the Master Lease, the Master Tenant will maintain insurance, subject to applicable deductibles, on each of

the Properties in amounts believed appropriate relative to the risks to those properties (which amounts may be different (and, in certain cases, significantly different) for different risks). The Master Tenant will carry insurance covering the Properties with policy specifications and insured limits that it believes to be appropriate and adequate given the relative risk of loss, the cost of the coverage, and industry practice. Insurance policies on the Properties may include some coverage for losses that are generally catastrophic in nature, such as losses due to terrorism, earthquakes and floods, though certain losses of a catastrophic nature may be uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact to our profitability. There are certain types of losses, however, generally of a catastrophic nature, including those due to earthquakes, floods, hurricanes, pandemics and other acts of God, which may be uninsurable or not economically insurable. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. We cannot assure you that insurance will be adequate to cover all losses and some of the policies will be insured subject to limitations involving large deductibles or co-payments and policy limits which may not be sufficient to cover losses. If we, the Master Tenant, or other tenants of the Properties experience a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged Properties as well as the anticipated future cash flows from those Properties. In addition, if the damaged Properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these Properties were irreparably damaged. In certain cases, to leverage scale and for other reasons, the Master Tenant may utilize Brookfield Accounts (as defined herein) and their portfolio companies as affiliated insurance brokers or providers in connection with all or part of their insurance coverage that the Master Tenant is required to carry. The Master Tenant may leverage the scale of Brookfield by participating in shared, or umbrella, insurance policies as part of a broader group of entities affiliated with Brookfield as described in greater detail in "*Decisions Made and Actions Taken by the General Partner or the Manager May Raise Potential Conflicts of Interest–Insurance*."

The costs of compliance with governmental laws and regulations may adversely affect the Trusts' financial condition and results of operations. Real estate and the operations conducted on Properties are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Tenants' ability to operate and generate income to pay their lease obligations may be affected by permitting and compliance obligations arising under such laws and regulations. Some of these laws and regulations may impose joint and several liability on tenants, owners, or managers for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may hinder the Manager's ability to sell, rent, or pledge such Property as collateral for future borrowings. Compliance with new laws or regulations or stricter interpretation of existing laws by agencies or the courts may require the Trusts to incur material expenditures. Future laws, ordinances, or regulations may impose material environmental liability. Additionally, tenants' operations, the existing condition of land when acquired, operations in the vicinity of a Property such as the presence of underground storage tanks or activities of unrelated third parties may affect the Property. In addition, there are various local, state, and federal fire, health, life-safety, and similar regulations with which we, the Trust or the Master Tenant may be required to comply, and which may subject the Trust or the Master Tenant to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce cash flows, the ability to pay distributions to the Beneficial Owners and the value of the Interests.

Regulatory matters may adversely affect economic performance. The value of a Property may be adversely affected by legislative, regulatory, administrative, and enforcement actions at the local, state and national levels in the area, among others, of environmental controls. In addition to possible increasingly restrictive zoning regulations and related land use controls, such restrictions may relate to air and water quality standards, noise pollution and indirect environmental impacts such as increased motor vehicle

activity.

Compliance or failure to comply with the Americans with Disabilities Act of 1990, as amended (the "ADA") and other similar regulations could result in substantial costs. Investments in the Properties may be, or become, subject to the ADA. Under the ADA, all places of public accommodation must meet federal requirements related to access and use by persons with disabilities. The ADA's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. New legislation at the federal, state and local levels also may require modifications to the Properties or restrict the Trusts' ability to renovate the Properties. We will attempt to acquire Properties that comply with the ADA and other similar legislation or place the burden on the seller or other third-party to ensure compliance with such legislation. However, we may not be able to acquire Properties or allocate responsibilities in this manner which could reduce cash available for investments and the amount of distributions to the Beneficial Owners.

Operating results are affected by economic and regulatory changes that impact the real estate market in general. Real estate historically has experienced significant fluctuations and cycles in value that have resulted in reductions in the value of real estate-related investments. Real estate will continue to be subject to such fluctuations and cycles in value in the future that may negatively impact the value of your investment. The marketability and value of Properties will depend on many factors beyond our control. The ultimate return on your investment will be subject to varying degrees of risk generally incident upon the ownership and operation of the Properties. The ultimate value of the Properties depends upon the Manager's ability to operate the Properties in a manner sufficient to maintain or increase revenues in excess of operating expenses and debt service. Revenues and the values of the Properties may be adversely affected by:

- changes in national or international economic conditions;
- the cyclicality of real estate;
- changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics;
- adverse economic conditions as a result of an epidemic, pandemic or other health-related issues in one or more markets where we own Properties;
- the financial condition of tenants, buyers and sellers of Properties;
- competition from other properties offering the same or similar services;
- changes in interest rates and in the availability, cost and terms of mortgage debt;
- access to capital;
- the impact of present or future environmental legislation and compliance with environmental laws;
- the ongoing need for capital improvements (particularly in older Properties);
- changes in real estate tax rates and other operating expenses;
- adverse changes in governmental rules and fiscal policies;
- civil unrest;
- acts of God, including earthquakes, hurricanes and other natural disasters, acts of war, acts of terrorism (any of which may result in uninsured losses);
- adverse changes in zoning laws; and
- other factors that are beyond our control or the control of the real property owners.

All of these factors are beyond our control. Any negative changes in these factors could affect our ability to meet the Trusts' obligations and pay distributions to Beneficial Owners.

We may not have funding for future improvements, which may adversely affect the value of a Property and returns to the Beneficial Owners. If an occupancy rate at a Property drops, it is likely

that, in order to attract new tenants, the Master Tenant may be required to expend substantial funds to construct new improvements. We do not anticipate that the Master Tenant will maintain permanent working capital reserves, and the Master Tenant does not currently have an identified funding source to provide funds that may be required in the future for tenant improvements and tenant refurbishments in order to attract new tenants. If the Master Tenant does not establish, or obtain access to, sufficient reserves for working capital or obtain adequate financing to supply necessary funds for capital improvements or similar expenses, the Master Tenant may be required to defer necessary or desirable improvements to the Property. If the Master Tenant defers such improvements, the applicable Property may decline in value. It may be more difficult to attract or retain tenants to such Property, and the amount of rent that the Master Tenant may charge at such Property may decrease. We cannot assure prospective Purchasers that any sources of funding will be available to the Master Tenant for repair or reconstruction of damaged real property in the future.

Lease agreements may have specific provisions that may adversely affect a Property. Lease agreements are regulated by local, municipal, state and federal laws, which may grant certain rights to tenants, such as the compulsory renewal of their lease by filing lease renewal actions when certain legal conditions are met. A lease renewal action may represent two principal risks for the owner of a Property: (i) if we plan to vacate a given unit in order to change or adapt an asset's mix of tenants, the tenant could remain in that unit by filing a lease renewal action and interfere with our strategy; and (ii) if we desire to increase the lease price for a specific unit, this increase may need to be approved in the course of a lease renewal action, and the final value could be decided at the discretion of a judge. We would then be subject to the court's interpretation and decision and could be forced to accept an even lower price for the lease of the unit. The compulsory renewal of lease agreements and/or the judicial review of lease prices may adversely affect cash flow from, and the value of, a Property.

Increases in operating expenses may adversely impact a Property. Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance are not fixed and may increase in the future. There is no guarantee that the Master Tenant will be able to pass such increases on to the tenants. To the extent such increases cannot be passed on to tenants, any such increases would cause cash flow to the Master Tenant to decrease which could negatively impact the Master Tenant's ability to meet its obligations under the Master Lease. To the extent that such increases give rise to Excess Uncontrollable Costs, such increase would result in decrease of Rent payable by the Master Tenant to the Trust.

We depend on the availability of public utilities and services, especially for water and electric power; any reduction, interruption or cancellation of these services may adversely affect your investment in a Property. Public utilities, especially those that provide water and electric power, are fundamental for the sound operation of the Properties. The delayed delivery or any material reduction or prolonged interruption of these services could allow certain tenants to terminate their leases or result in an increase in costs, as the Master Tenant may be forced to use backup generators (to the extent any are available), which also could be insufficient to fully operate the facilities and could result in the Master Tenant's inability to provide services. Accordingly, any interruption or limitation in the provision of these essential services may adversely affect cash flows from and the value of a Property.

Investment ratings and creditworthy status are subject to change. The Sponsor will seek to identify for purchase by a Trust Properties that are generally leased to suitable creditworthy tenants. The creditworthiness of a tenant can change at any time. A tenant's debt or credit rating may fall or its creditworthiness may change during the term of the lease. That tenant could, however, continue to remain as the tenant of that Property. The applicable Property could thus be occupied by tenants that are no longer considered creditworthy. A downgrading of tenant ratings or status could adversely affect the value of a Property, as the value is dependent in part on the certainty of the income generated by leases.

Properties may contain or develop harmful mold, which could lead to liability for adverse

health effects and remediation costs. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed within a certain period of time. Some molds may produce airborne toxins or irritants. Public concern about indoor exposure to mold has been increasing along with awareness that exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of a significant amount of mold at any of the Properties could require the Master Tenant to undertake a costly remediation program to contain or remove the mold from the affected Property. In addition, the presence of mold could expose the Master Tenant to liability from tenants, employees of tenants and others if property damage or health concerns arise as a result of the presence of mold in or on the Properties. If the Master Tenant or the Trust ever becomes subject to mold-related liabilities, the Trusts' business, financial condition and results of operations could be materially and adversely affected.

Future terrorist attacks may result in financial losses for the Properties and limit the Trusts' ability to obtain terrorism insurance. We may acquire Properties in areas that are located in or around major population centers that may be high-risk geographical areas for terrorism and threats of terrorism. Future terrorist attacks and the anticipation of any such attacks could severely impact the demand for, and value of, the Properties. Terrorist attacks in and around any of the major metropolitan areas in which Properties are located also could directly impact the value of the Properties through damage, destruction, loss, or increased security costs. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a Property. As a result, not all Properties may be insured against terrorism.

No diversification. The Trusts will only acquire the Properties specified in the Property Supplements. Therefore, the only assets of the Trusts will be the applicable Properties and any cash reserves. Thus, the Trusts will have no diversification with respect to their assets and the Trusts will be dependent on the results of operation of the Properties. A decline in the real estate market in which the Properties are located, or the occurrence of any one of many other adverse circumstances, could substantially and adversely affect the performance of the Properties and return to the Beneficial Owners.

Changes in laws could adversely affect the Property. Various federal, state and local regulations, such as fire and safety requirements, environmental regulations, the ADA, non-discrimination and employment laws, land use restrictions and taxes affect the Properties. If any Property does not comply with these requirements, the Trust may incur governmental fines or private damage awards. New, or amendments to existing, laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the operation, redevelopment or sale of the Property. Such laws, rules, regulations or ordinances may adversely affect the ability of the Trust to operate or sell a Property.

Compliance with the Corporate Transparency Act limits privacy and increases compliance costs. As of the date of this Memorandum and pursuant to an interim final rule issued by the Financial Crimes Enforcement Network ("**FinCEN**"), the Trust is currently expected to be exempt from to the Beneficial Ownership Information (the "**BOI**") reporting obligations under the Corporate Transparency Act (the "**CTA**"). Under the CTA, "reporting companies" (as defined under the CTA) are required to file BOI reports with FinCen disclosing information about the entity itself and "beneficial owners" (also as defined under the CTA) of the entity. BOI consists of identifying information about the individuals who directly or indirectly own or control a company, i.e., who (i) exercise substantial control over a reporting company, or (ii) own or control at least 25% of the ownership interests of a reporting company. When filing BOI reports with FinCEN, a reporting company is required to identify and report information about itself and each of its beneficial owners, including: name, birthdate, address, and a unique identifying number and issuing jurisdiction from an acceptable identification document (and the image of such document), such as

a driver's license, State ID, or passport. If the Trusts become subject to the reporting obligations, the Trust would be required to file a BOI report identifying and disclosing certain information with respect to all Purchasers who exercise substantial control, or own or control at least 25% of its Interests (and update its BOI report if that information changes). Certain Purchasers may initially be over the 25% threshold, and then, after additional sales, may be diluted to below 25%, in which case such Purchasers will be reported and then removed from later BOI report updates. Where applicable, purchasers with a FinCEN ID may supply such ID in lieu of their personal information. In connection with the ongoing developments regarding the implementation of the CTA, the Manager expects to undertake any required actions to ensure that the Trust remains compliant with any BOI reporting obligations it may have with respect to the CTA.

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

The Trust reserve may be inadequate. The Trust is obligated to pay for the Landlord Costs and other Property costs and expenses as set forth in the Master Lease. If the amount of the Trust's obligations under the Master Lease is higher than the projected amounts assumed by the Manager and the Trust Reserves, the Trust may be forced to either use some or all of the Rent payment received from the Master Tenant to pay such obligations of the Trust or, in order to raise additional capital, effect a Transfer Distribution to raise the necessary capital through the Springing LLC for such purposes.

Uninsured bank deposits could be lost in a bank failure. Each 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, a Trust may have deposits at financial institutions in excess of the FDIC limits. The failure of any financial institution in which a Trust has funds on deposit in excess of the applicable FDIC limits may result in the relevant Trust's loss of such excess amounts, which would adversely impact such Trust's performance.

RISKS ASSOCIATED WITH DEBT FINANCING

An Offering may include mortgage indebtedness and other borrowings, including financing provided by affiliates of the Adviser, with respect to a Property, which may increase business risks and conflicts of interest and could hinder the ability to make distributions to the Beneficial Owners. If there is a shortfall between the cash flow from a Property and the cash flow needed to service mortgage loans on that Property, then the amount of cash available for distributions to the Beneficial Owners may be reduced. In addition, incurring mortgage debt increases the risk of loss of a Property since defaults on indebtedness secured by a Property may result in lenders initiating foreclosure actions. In that case, we could lose the Property securing the loan that is in default, thus reducing the value of your investment. For tax purposes, a foreclosure on any of the Properties will be treated as a sale of the Property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the loan attributable to your Interest secured by the mortgage exceeds your, as a Beneficial Owner, tax basis in the Property, you will recognize taxable income on foreclosure, but you, as a Beneficial Owner, would not receive any cash proceeds. We may give non-recourse carveout guarantees to lenders of mortgage loans to the entities that own the Properties. With respect to a single Portfolio Offering, if any mortgage contains cross-collateralization or cross-default provisions, a default on a single Property could affect multiple Properties. If any of the Properties are foreclosed upon due to a default, the Trusts' ability to pay cash distributions to holders of the Interests may be adversely affected. Affiliates of the Adviser may provide

mortgage financing with respect to certain Properties and are expected to receive fees in connection with the sale of the Interests and the management of the Trusts. Transactions between the Trusts and these affiliates could present conflicts of interest.

Increases in interest rates could increase the amount of debt payments and therefore adversely impact cash flows from and the value of a Property. Variable rate debt financing may be used with respect to a Property. Interest paid on loan obligations will reduce cash available for distributions to holders of the Interests. If the Trusts obtain variable rate loans, increases in interest rates would increase interest costs, which would reduce cash flows and the Trusts' ability to pay distributions to the Beneficial Owners. In addition, if the Trusts need to repay existing loans during periods of rising interest rates, we could be required to liquidate the investments in the Properties at times which may not permit realization of the maximum return on such investments.

Derivative instruments used to hedge against interest rate fluctuations may not be successful in mitigating the risks associated with interest rates and could reduce the overall returns on your investment. We may utilize derivative instruments to hedge exposure to changes in interest rates on loans secured by Properties, but no hedging strategy can protect the Trust and the Beneficial Owners completely. We may use derivative instruments, such as forward starting swaps, interest rate caps, collar agreements, and interest rate swap agreements, to hedge interest rate risks associated with debt incurrences that we anticipate may occur. However, if we fail to accurately forecast such debt incurrences, we will remain subject to interest rate risk. The use of derivative instruments may cause us to forgo the benefits of otherwise favorable fluctuations in interest rates, since derivative instruments may prevent the Trust from realizing the full benefits of lower borrowing costs in an environment of declining interest rates (although, subject to narrow exceptions, the Trust Agreement will generally prohibit the Trust from entering into new financing, renegotiating the terms of existing financing, or investing available cash into derivative instruments, including hedges). The hedging arrangements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements and that these arrangements may not be effective in reducing the Trusts' exposure to interest rate changes. These interest rate hedging arrangements may create additional assets or liabilities from time to time that may be held or liquidated separately from the underlying Property or loan for which they were originally established. Failure to hedge effectively against interest rate changes may materially adversely affect the Trusts' ability to achieve investment objectives.

In addition, derivative instruments will not mitigate all of the risk associated with fluctuations in borrowing costs, including due to hedging costs. Derivative instruments are generally used to hedge fluctuations in benchmark interest rates, such as Secured Overnight Financing Rate and U.S. treasury security-based interest rates. However, there are other components of borrowing costs that may comprise the "spread" that lenders apply to the benchmark interest rates. The "spread" that lenders apply to benchmark interest rates when making loans may fluctuate from time to time. Fluctuations in the "spread" may be attributable to volatility in the credit markets or borrower-specific credit risk. When we enter into derivative instruments in anticipation of certain debt incurrences, such derivative instruments do not mitigate the risks of fluctuations in "spread" which could exacerbate the risks described above. We cannot assure Beneficial Owners that a hedging strategy and the derivatives that will be used will adequately offset all of the risk related to interest rate volatility or that the hedging of these risks will not result in losses.

Lenders may require the Trusts to enter into restrictive covenants relating to the Properties, which could limit the Trusts' ability to pay distributions to the Beneficial Owners. When providing financing, a lender may impose restrictions on us that affect the distribution and operating policies and our ability to obtain additional loans. Loan documents may limit the Master Tenant's ability to enter into or terminate certain operating or lease agreements related to the Property. These or other limitations may adversely affect a Trust's flexibility and ability to achieve investment objectives. There can be no assurance

that a Property and Trust will be able to comply with these covenants in the future, or that if a covenant were violated the lender would be willing to provide a waiver of such covenant. Violation of these covenants could result in the acceleration of maturities under the default provisions of loan agreements.

If the Trusts enter into financing arrangements involving balloon payment obligations, it may adversely affect the Trusts' ability to pay distributions to holders of the Interests. Some of our financing arrangements may require the Trusts to make a lump-sum or "balloon" payment at maturity. The Trusts' ability to make a balloon payment at maturity will be uncertain and may depend upon the Trust's ability to obtain replacement financing (but only after a Transfer Distribution) or the Trust's ability to sell the particular Property. At the time the balloon payment is due, the Trusts may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the particular property at a price sufficient to make the balloon payment. The effect of a refinancing, sale, or other transfer or disposition could affect the rate of return to the Beneficial Owners of that Property and the projected time of disposition of our assets.

The Trusts will not be able to refinance loans. The Trusts will not be permitted to refinance or undergo a workout of a loan, which could be otherwise possible but for the restrictions in the Trust Agreement. Thus, to avoid a foreclosure, the Property will have to be sold or transferred (or the Trust converted) to the Springing LLC to pursue a potential loan workout or alternative financing. If the Property is not sold or if the Property is transferred (or the Trust is converted) to the Springing LLC and is unable to be refinanced, the continued ownership of the Property may be jeopardized because the applicable lender may foreclose on the Property.

Absence of, or mismatch in, leverage may require recognition of taxable gain in a Section 1031 Exchange. Some Properties may not be subject to financing. Code Section 1031 generally requires taxpayers to offset debt on their relinquished property with equal or greater debt on their replacement property (or additional cash from another source). Purchasers who are exchanging relinquished property encumbered by debt may recognize taxable gain (although additional cash from another source may offset the reduction in debt). Each Purchaser will have its own unique debt and other Section 1031 Exchange issues. Therefore, each Purchaser must seek the advice of its own independent tax advisor as to qualification for tax deferral under Code Section 1031 and the Treasury Regulations promulgated thereunder, including the debt replacement rules.

RISKS RELATED TO THE FMV OPTION

The Interests are subject to the FMV Option, which may impact valuation of Beneficial Owners' investment in Interests. The Interests will be subject to the FMV Option. The fact that the Interests are subject to the FMV Option could adversely affect the amount a third-party would be willing to pay for the Property or an Interest. The purchase price of the Interests in each Offering is inclusive of upfront fees and expenses. For purposes of exercise of the FMV Option, the fair market value of a Beneficial Owner's Interest will be determined by multiplying: (i) a Beneficial Owner's percentage of Interests in the Trust by (ii) the aggregate fair market value of the Trust Estate less applicable liabilities of the Trust, and further reduced by any applicable fees, expenses, and adjustments incurred in connection with the exercise of the FMV Option. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion. There are no guarantees that the future adjusted fair market value of the Interests will be equal to or greater than the price originally paid for the Interests. In many instances, the future fair value may be less than the original purchase price as a result of the inclusion of fees and expenses in the purchase price of the Interests.

You have no control over whether, when or if your Interest will be exchanged in whole or in part by the Operating Partnership for OP Units pursuant to the FMV Option. The Operating Partnership will decide, in its sole and absolute discretion, whether or not to exchange your Interest for OP Units and may do so at any time during the option exercise period or may choose to never exchange any part of your Interest for OP Units. You have no control over this decision, the timing of the Operating Partnership's election to exercise the FMV Option, whether the Operating Partnership will exercise the FMV Option with respect to all Properties or less than all Properties that are subject to a Portfolio Offering, and whether the Operating Partnership may offer cash. The FMV Option could be exercised at a time when the fair market value of your Interest is below the amount you paid for your Interest or at a time when the relative fair market value of your Interest is low versus the value of the OP Units. The Operating Partnership will be operating for its own best interest when making any decision to exercise the FMV Option. Your investment risks will change if you hold OP Units. In addition, the purchase price paid pursuant to the FMV Option will take into account fees, expenses, and certain adjustments and may be lower than the price a Beneficial Owner paid for its Interest. See "*Potential Conflicts of Interest*."

You have no control over the Operating Partnership's election to offer cash or OP Units in connection with the FMV Option. The Operating Partnership has the right, in its sole discretion and without input from the Beneficial Owners, to offer cash or OP Units in connection with an exercise of the FMV Option. Thus, the Beneficial Owners will not be able to elect to receive cash and may be required to receive OP Units if the FMV Option is exercised.

Value received upon exercise of the FMV Option may not reflect the value of the Property. The Operating Partnership may exercise the FMV Option at the value determined based on the aggregate fair market value of the Trust Estate, less applicable liabilities, and further reduced by any applicable fees, expenses, and adjustments. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion. If the value of the rentals at the relevant Property is increasing relative to the Master Lease rent payments, the presence of the Master Lease may cause the Property to be appraised for less than would be the case if the Property were sold not subject to the Master Lease. This will reduce the number of OP Units, if any, a Beneficial Owner receives in exchange for their Interests. The amount of OP Units or cash, if any, issued by the Operating Partnership upon its exercise of the FMV Option in exchange for a Beneficial Owner's Interest in the Trust will be determined in part by reference to the value of the OP Units, the value of which is inherently subjective.

The OP Units will not be appraised in connection with the exercise of the FMV Option. Upon exercise of the FMV Option, the number of OP Units a Beneficial Owner will receive will be equal to (i) the Beneficial Owner's *pro rata* share of the fair market value of the applicable Trust Estate on the date of exercise (subject to certain fees, expenses, and adjustments) less applicable liabilities, divided by (ii) the NAV per unit of the OP Units at the time of exercise. The calculation of NAV per share is discussed "*Summary – FMV Option*" in this Memorandum. The fair market value of the Property, subject to the Master Lease (which is necessary for determination of the fair market value of the Trust Estate) shall be determined by a third-party appraisal firm selected by the Manager in its sole discretion. Such appraisal shall have been completed 90 business days prior to the date the FMV Option is exercised. No discounts for lack of liquidity or minority interests shall be considered in determining the fair market value of the Interests. However, a Beneficial Owner has no right to require an appraisal of the fair market value of the OP Units. As a result, if the actual fair market value of an OP Unit is less than the amount determined under the formula described above, the value of the OP Units received by a Beneficial Owner may be lower than the fair market value of the Beneficial Owner's Interest.

RISKS RELATED TO THE OPERATING PARTNERSHIP AND OWNERSHIP OF THE OP UNITS

Holders of OP Units are subject to similar risks, fees and expenses as holders of BF REIT Shares, without the same voting rights. Your Interest in the Property is subject to the FMV Option. As such, you could be required to sell your Interest in whole or in part in return for OP Units. As an UPREIT, BF REIT conducts substantially all of its business and owns substantially all of its assets through the Operating Partnership, other than BF REIT's interest in one or more Master Tenants, which BF REIT may hold outside of the Operating Partnership. The OP Units are structured to be economically equivalent to the corresponding class of BF REIT Shares, with Class D-1, Class I-1, Class S-1, and Class T-1 OP Units corresponding to Class D, Class I, Class S, and Class T BF REIT Shares, respectively. If you become an investor in the Operating Partnership, your investment profile and concentration will change because, as an investor in the Operating Partnership, you will be economically participating in all of the investments of the Operating Partnership. Therefore, because you may acquire OP Units or BF REIT Shares, your investment is subject to the risks associated with an investment in BF REIT Shares. Please review the section titled "*Risk Factors"* in the BF REIT Prospectus for a description of the risks associated with an investment in BF REIT Shares.

Except for class-specific expenses described in the BF REIT Prospectus and herein, all BF REIT expenses are borne by holders of BF REIT Shares and the Operating Partnership's partners *pro rata*. Therefore, as an owner of OP Units or BF REIT Shares, you will bear a proportionate share of these general expenses. In addition, class-specific Investor Servicing Fees, management fees, and performance fees are payable with respect to the Class C, Class D, Class I, Class S, and Class T BF REIT Shares and the Class C, Class D, Class D-1, Class I, Class I-1, Class S, Class S-1, Class T, and Class T-1 OP Units held by unitholders other than BF REIT, as described herein and in the BF REIT Prospectus. Holders of these OP Units and BF REIT Shares will bear the costs of these class-specific fees, which are deducted from the monthly distribution per share or unit. Despite some similarities between the BF REIT Shares and the OP Units, they differ with respect to voting rights. Holders of OP Units have very limited voting rights with respect to the Operating Partnership and no voting rights with respect to the election of the directors of BF REIT or any other matters regarding BF REIT, which is the sole member of the Operating Partnership General Partner.

Holders may have to file state income tax returns in multiple states. If the FMV Option is exercised and the Beneficial Owners become OP Unitholders, unless the Operating Partnership files returns on a consolidated basis, the OP Unitholders may be required to file state tax returns in each of the states in which the Operating Partnership owns properties. In such case, there may be significant costs to the Beneficial Owners.

The Operating Partnership will rely on the Adviser and the board of directors of BF REIT for management. All decisions regarding the management of the Operating Partnership's affairs will be made exclusively by BF REIT (through a wholly-owned subsidiary) with the advice of the Adviser and not the limited partners of the Operating Partnership. Accordingly, limited partners in the Operating Partner must entrust all aspects of management to the board of directors of BF REIT and the Adviser. Investors must carefully evaluate the personal experience and business performance of the officers of BF REIT and the Adviser.

The Operating Partnership General Partner will not have a fiduciary duty to the limited partners of the Operating Partnership. The OP Partnership Agreement provides that BF REIT is acting on behalf of itself and its stockholders collectively and is under no obligation to consider the separate interests of the limited partners of the Operating Partnership. As a result, BF REIT (through a wholly-owned subsidiary) will have no duties, stated or implied by law or equity, to the limited partners of the

Operating Partnership, provided that BF REIT (through a wholly-owned subsidiary) has acted in good faith.

Limited partners of the Operating Partnership will be bound by majority votes. Limited partners holding a majority of the OP Units, with the consent of the Operating Partnership General Partner, may vote to amend the OP Partnership Agreement in very limited circumstances. Limited partners who do not vote with the majority in interest of the limited partners nonetheless will be bound by the majority vote with the consent of the Operating Partnership General Partner.

There will be conflicts of interest between the Adviser, BF REIT, and the Operating Partnership. The senior officers of BF REIT, the Adviser, and their affiliates are employed independently of the Operating Partnership, may be engaged in other activities and intend to continue to engage in such activities in the future, including other real estate ventures, and such persons will, therefore, have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises they may organize, as well as other business ventures in which they and their affiliates may be or may become involved. BF REIT, the Adviser, and their affiliates, however, believe that they will have sufficient staff, consultants, independent contractors, and business managers to perform adequately their responsibilities to the Operating Partnership.

Any future investment in the Operating Partnership or BF REIT will be subject to compensation payable to the Adviser and its Affiliates. The Adviser and its affiliates are entitled to receive certain significant fees and other compensation, payments and reimbursements as set forth in the BF REIT Prospectus.

Offerings of BF REIT Shares and OP Units will dilute the ownership interest of limited partnership in the Operating Partnership. Future offerings of OP Units or BF REIT Shares will dilute the ownership percentage in the Operating Partnership of a limited partner and the Operating Partnership may value the OP Units at amounts in excess of or less than the value of the OP Units. Future offerings may require that the Operating Partnership book-up or book-down the capital accounts of its partners, including the limited partners, to reflect the fair market value of the OP Units at the time of future offerings.

There are limitations on Operating Partnership General Partner's and the Adviser's liability. The Operating Partnership General Partner, its affiliates, and its officers or any officers of the Operating Partnership and the Adviser will not be liable for, and will be indemnified and held harmless by the Operating Partnership, for errors of judgment or other acts or omissions performed or omitted in good faith, not constituting fraud, gross negligence, or willful misconduct as a result of certain indemnification provisions in the OP Partnership Agreement and the Advisory Agreement, as applicable.

TAX RISKS

The Offering is subject to substantial tax risks. There are substantial issues associated with the U.S. federal income tax aspects of a purchase of an Interest, especially if the purchase is part of a Section 1031 Exchange. The following paragraphs summarize some of the tax risks to a Purchaser. A further discussion of the tax aspects (including other tax risks) of a purchase of an Interest is set forth under "*Material U.S. Federal Income Tax Consequences*." Purchasers should also carefully review any discussion of tax risks and tax aspects of the purchase of Interests in the accompanying Property Supplement for each Offering under the Program. **Because the tax aspects of an Offering are complex and certain of the tax consequences may differ depending on individual tax circumstances, each prospective Purchaser is strongly encouraged to consult with and rely on his, her or its own tax advisor about the Program's and an Offering's tax aspects and their individual situation. No representation or warranty of any kind is made with respect to the IRS' acceptance of the treatment of any item by a Purchaser.**

The IRS may disagree with Tax Counsel's opinion; we are not seeking an IRS ruling. We believe the Offering described in this Memorandum is structured in a manner that the Interests should be treated for tax purposes as interests in real property and not as interests in a partnership for Code Section 1031 purposes. If the Interests were treated as interests in a partnership, then no Purchaser or Beneficial Owner would be able to use its acquisition of Interests as "replacement property" for a Section 1031 Exchange to defer gain. The IRS may challenge the tax treatment related to the Interests as described in this Memorandum.

We will obtain an opinion from Tax Counsel in connection with each Offering that: (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a); (ii) the Beneficial Owners should be treated as "grantors" of the Trust; (iii) as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Property or in each of the Properties for U.S. federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Code Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031; (vi) the Master Lease should be treated as a true lease and not a financing for U.S. federal income tax purposes; (vii) the Master Lease should be treated as a true lease and not a deemed partnership for U.S. federal income tax purposes; (viii) the discussions of the U.S. federal income tax consequences contained in this Memorandum and the accompanying Property Supplement for each Offering under the Program are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions.

The issues that would be the subject of such opinions have not been definitely resolved by statutory, administrative or case law. This opinion will be based on the facts and circumstances of the particular Offering, as well as certain representations that will be made to Tax Counsel in connection with such Offering, and will not be a guarantee of the current status of the law, and, as such, it should not be treated as a guarantee that the IRS or a court would concur with the conclusions of the opinion. If any of such facts or circumstances were to change, the tax consequences could change. A more complete discussion of the Tax Counsel opinion is set forth in "*Material U.S. Federal Income Tax Consequences*" herein as may be supplemented (as necessary) in the Property Supplement for a particular Offering. The opinion of Tax Counsel for any Offering will be attached as an exhibit to the accompanying Property Supplement for each Offering under the Program and to support the promotion and marketing of such Offering.

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

The identification rules of Code Section 1031 are strictly construed; failure to properly identify the replacement property will invalidate a Section 1031 Exchange. Treasury Regulation Section 1.1031(k)-1(c)(4) permits taxpayers to identify alternative and multiple replacement properties under Code Section 1031. A prospective Purchaser desiring to acquire an Interest as "replacement property" in a Section 1031 Exchange, as well as such Purchaser's tax advisor, should carefully review the Property Supplement for the particular Offering to determine the appropriate identification rule for such Purchaser. The identification rules of Code Section 1031 are strictly construed, and a Purchaser's exchange will not qualify for deferral of gain under Code Section 1031 if too many properties are identified or if the deadlines for identification are not met. Prospective Purchasers should seek the advice of their tax advisors prior to subscribing for the Interests or identifying the Property (or Properties).

There is a risk that a Section 1031 Exchange may not be completed. If a Purchaser is unable to acquire an Interest for any reason, its ability to effect a Section 1031 Exchange may be impaired. A Purchaser's acquisition of an Interest in an attempt to complete a Section 1031 Exchange would be subject to a number of uncertainties, including that we may choose not to accept a Purchaser's investment or a Purchaser's investment may be rejected for other reasons. No extensions will be granted or other relief is afforded to taxpayers who do not satisfy the timing requirements related to Code Section 1031. Therefore, a delayed closing on the acquisition of an Interest could adversely affect the qualification of a Section 1031 Exchange. Because of these uncertainties, each Purchaser should confer with its own tax advisors to identify the maximum allowed number of alternative replacement properties and to ensure compliance with the applicable reinvestment deadlines of Code Section 1031. Subject to the identification rules, the Sponsor believes that no Purchaser should identify only the Property or Properties that are included in a particular Offering for his, her or its Section 1031 Exchange.

Funds from a Section 1031 Exchange may not be used for certain costs associated with the Property. Each Purchaser of an Interest will be obligated to pay its pro rata share of closing costs, financing expenses and reserves. Under certain conditions, these costs, as well as reserves relating to a Property, may not constitute property that is like-kind to real property for purposes of Code Section 1031. You may elect to pay these costs with personal funds separate from your Section 1031 Exchange funds or may be able to designate a portion of the loan proceeds to be used to pay such items. No advice or opinion of Tax Counsel will be given regarding the U.S. federal income tax treatment of such costs and the treatment of proceeds attributable to reserves, each of which may be taxable to those purchasers who purchase their Interest as a part of a Section 1031 Exchange. You must consult your own tax advisor regarding these costs and their treatment for U.S. federal income tax purposes.

Certain personal property that may be conveyed to the Beneficial Owners in connection with their acquisition of Interests may not qualify as like-kind property for purposes of Section 1031. A Property may include a number of incidental items which may be treated as personal property or property other than real estate for purposes of a like-kind exchange. A portion of the purchase price of an Interest may be allocable to personal or intangible property (if any) attributable to a Property. Because the amount of purchase price that may be allocable to personal or intangible property (if any) is unclear and may vary depending upon the circumstances, Tax Counsel will not render an opinion regarding the tax treatment of such amounts. Any portion of the purchase price of an Interest that may be allocable to personal or intangible property may be taxable as "boot" to a Purchaser engaging in a Section 1031 Exchange. Therefore, each Purchaser must seek the advice of a qualified tax advisor as to the proper treatment of such items. See "*Material U.S. Federal Income Tax Consequences*."

Any amounts treated as "boot" will be taxable to the Purchasers. If, in a Section 1031 Exchange, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the relinquished property is recognized up to the amount of boot. Although there is no direct authority on point (other than certain potentially favorable authority that allows taxpayers to treat certain transaction expenses as reducing amounts otherwise taxable as boot in a Section 1031 Exchange), prospective Purchasers should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the relinquished property are boot and, therefore, income to the Purchasers. For example, the IRS may contend that some amounts paid into the Supplemental Trust Reserve, if any, and amounts paid in connection with the Offering constitute boot received by the Purchasers and not a reinvestment in real estate. Amounts raised in connection with the Offering and used to establish the Supplemental Trust Reserves may not be treated as an interest in real estate and will be treated as boot, which may be taxable.

Absence of, or mismatch, in leverage in a Section 1031 Exchange may result in taxable gain. It is expected that some of the Properties may be subject to financing in the form of a loan. Code Section

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

Some states may not allow for the deferral of gain even if a taxpayer otherwise successfully completes a Section 1031 Exchange. Some states adopt Code Section 1031 in whole, other states adopt it in part, and still other states either impose their own requirements to qualify for deferral of gain under state law or do not have an applicable income tax. In addition, while many states follow U.S. federal tax law by treating the owner of an interest in a fixed investment trust as owning an interest in the assets held by the Trust, other state laws may differ and could result in the imposition of income or other taxes on such entities. Furthermore, certain states also impose "clawback" provisions that may require ongoing reporting requirements and/or recognition of previously deferred gain in certain circumstances. Therefore, each Purchaser must consult his, her or its own tax advisor as to the qualification of a transaction for deferral of gain under state law, if applicable. Ownership of an Interest may result in a tax return filing obligation and obligation to pay state or local income tax in the state in which the Property is located. In addition to state law, Purchasers must also consider whether there will be any local tax consequences, including a possible return filing obligation. Each Purchaser must consult his, her or its own tax advisor concerning the applicability and impact of any state and local tax laws.

Construction of improvements will be severely limited. Under applicable tax rules, if the Trust were to cause construction or modifications that are structural or more than minor to the Property, this activity could require a Transfer Distribution, which may have adverse tax consequences for the Beneficial Owners.

Transfer Distribution to the Springing LLC will likely limit future availability of a Section 1031 Exchange and may result in tax. Tax law regarding investment trusts and exchanges under Code Section 1031 places strict limitations on actions that can be taken with respect to a Property. The Trust Agreement prohibits the Manager, Delaware Trustee and Signatory Trustee from taking these prohibited actions including the following: (i) selling, transferring or exchanging the Property except as required or permitted under the Trust Agreement; (ii) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (iii) renegotiating the terms of the loan or entering into new financing, except in the case of the tenant's bankruptcy or insolvency; (iv) renegotiating the leases on the Property or entering into new leases, except in the case of the tenant's bankruptcy or insolvency; (v) making modifications to the Property (other than minor non-structural modifications) unless required by law; (vi) accepting any capital from a Beneficial Owner (other than capital from a Beneficial Owner that will be used to repurchase the Depositor's class 2 beneficial interests and thereby reduce the Depositor's ownership interest); or (vii) taking any other action that would in the opinion of Tax Counsel cause the Trust to be treated as a business entity for U.S. federal income tax purposes. Subject to the provisions of the Trust Agreement, if the Manager, Delaware Trustee or Signatory Trustee determined that any of the prohibited actions would need to be taken to preserve the value of the Property, they would need to cause a Transfer Distribution to occur. If a Transfer Distribution were to occur, a Property would be transferred from the Trust to a Springing LLC and the interests in such Springing LLC would be held by the Beneficial Owners. Under current law, such a transfer, generally, is not expected to be subject to U.S. federal income tax pursuant to Code Section 721. The transfer could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that such transfer would not be taxable under the U.S. federal income or other tax laws in effect at the time that any

such transfer would occur. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Beneficial Owners in the event of a Transfer Distribution. However, the interests in the Springing LLC that would be received in exchange for the Property would not be treated as interests in real property for Code Section 1031 purposes and, thus, a Beneficial Owner that receives an interest in the Springing LLC would not be able to defer the recognition of gain under Code Section 1031 in a subsequent sale of such interest.

PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE EFFECT AND TAX IMPLICATIONS OF THE PROPERTY BEING HELD BY THE SPRINGING LLC RATHER THAN THE TRUST AND A BENEFICIAL OWNER HOLDING AN INTEREST IN A PARTNERSHIP RATHER THAN AN INTEREST IN A GRANTOR TRUST FOR U.S. FEDERAL INCOME TAX PURPOSES.

Qualification under Code Section 1033 differs from Code Section 1031. Code Section 1033 allows nonrecognition of gain (but not loss) if: (1) the gain is realized on an involuntary conversion of property as a result of its destruction, theft, seizure, or condemnation, and (2) within a prescribed period of time, the property is replaced with other property that is "similar or related in service or use" (the "**Similar Use Property**"). If the condemned property is converted directly into Similar Use Property, nonrecognition of gain is mandatory.

Thus, similar to a Section 1031 Exchange, Code Section 1033 allows a taxpayer to reinvest proceeds from a forced conversion into a like-kind exchange of real property in a tax-deferred manner. Although similar in some respects, the rules and timelines relating to an exchange under Code Section 1033 are different than those under Code Section 1031. **Accordingly, a prospective Purchaser seeking to complete a Code Section 1033 exchange should understand the type and value of assets that qualify for such exchange and the timelines involved in completing such exchange. Each prospective Purchaser should seek advice, based on his, her, or its particular circumstances, from an independent tax advisor.** See "*Material U.S. Federal Income Tax Consequences—Qualification under Code Section 1033*."

The Beneficial Owners' income and loss from the Trust will generally constitute income and loss from passive activities and will be subject to limitations. Losses from passive trade or business activities generally may not be used to offset "portfolio income," such as interest, dividends and royalties or salary or other active business income. Deductions from such passive activities generally may only be used to offset passive income. Interest deductions attributable to passive activities are treated as passive activity losses, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rules 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 trade or business activities in which the taxpayer does not materially participate and any rental activity, subject to certain exceptions. The Beneficial Owner's income and loss from the Trust will generally constitute income and loss from passive activities. A taxpayer may deduct passive losses from rental real estate activities against other income if: (i) more than half of the personal services performed by the taxpayer in trades or businesses are performed in a real estate trade or business in which the taxpayer materially participates and (ii) the taxpayer performs more than 750 hours of service during the tax year in real property trades or businesses in which the taxpayer materially participates. See "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Other Tax Consequences—Limitations on losses and credits from passive activities*."

A loss from investment in the Trust may be subject to limitation on excess business losses. Excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such

losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. **Each prospective Purchaser should seek advice, based on his, her, or its particular circumstances, from an independent tax advisor. No assurance can be given that these rules will not be modified by future legislative, judicial or administrative changes, possibly with retroactive effect.**

A Purchaser may be required to make an election if the Purchaser wishes to avoid the limit on business interest deductions. Interest deductions for taxpayers with average annual gross receipts in excess of $31 million (for taxable years beginning in 2025 and subject to annual inflation adjustments) are in general deferred to the extent that annual business interest expense exceeds business interest income plus 30% of adjusted taxable income, subject to certain adjustments. The adjusted taxable income of a taxpayer means taxable income computed without regard to any item not properly allocable to a trade or business, any business interest income or expense, any net operating loss deduction, any deduction allowable for depreciation, amortization, or depletion, and certain other items (the "**ATI**"). See "*Material U.S. Federal Income Tax Consequences–Limit on business interest deductions*."

A real estate trade or business, however, may elect out of the deferral regime, in which case the business must depreciate certain types of real property by the straight line method over slightly longer recovery periods under the alternative depreciation system (i.e., 40 years for nonresidential property, 30 years for residential rental property, and 20 years for qualified interior improvements). While certain Purchasers may be eligible to make this election, there is considerable uncertainty as to the application of the rules, which will depend in part upon a Purchaser's specific circumstances. Each prospective Purchaser should consult with his, her, or its tax advisor concerning the applicability of the limitations on business interest deductions and as to its ability to make such election. See "*Material U.S. Federal Income Tax Consequences*."

A loss from investment in the Trust may be subject to at-risk rules. A Beneficial Owner that is an individual or closely held corporation will be unable to deduct losses from the Trust, if any, to the extent such losses exceed the amount such Beneficial Owner has "at risk." Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. See "*Material U.S. Federal Income Tax Consequences*."

Beneficial owners may have taxable income in excess of cash receipts. It is possible that a Beneficial Owner's taxable income resulting from its Interest will exceed its share of cash attributable thereto. This may occur because cash flow from the Property may, not inconsistent with Revenue Ruling 2004-86, be used to fund nondeductible Property expenses or reserves. Thus, there may be years in which a Beneficial Owner's tax liability exceeds its share of cash from the Property. 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. If this were to occur, a Beneficial Owner would have to use funds from other sources to satisfy its tax liability. See "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Other Tax Consequences*."

The investment in Interests is subject to risk of audit. An audit of the tax returns of a Beneficial Owner could result in the challenge to, and disallowance of, some of the deductions claimed in such returns. An audit could also address the validity of a Section 1031 Exchange. No assurance or warranty of any kind can be made with respect to the deductibility of any items, or of the validity of a Section 1031 Exchange, in the event of either an audit or any litigation resulting from an audit. An audit could arise as a result of an examination by the IRS or any state or local taxing authority of tax returns filed by the Sponsor, its affiliates or the Beneficial Owner or any information returns filed by the Trust.

Changes in U.S. federal income tax law may adversely impact an investment in Interests. The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, Purchasers should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of an investment in an Interest. Any such change may or may not be retroactive with respect to transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in an Interest.

The rules governing U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury, which may result in revisions of regulations and revised interpretations of established concepts, as well as statutory changes. In particular, the "One Big Beautiful Bill Act," enacted on July 4, 2025, made many significant changes to the U.S. federal income tax laws. To date, only limited guidance exists with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance.

Further, there can be no guarantee that any current or future proposal related thereto will not be enacted into law, and accordingly, there can be no guarantee that the rules governing the taxation of entities (including entities treated as partnerships for U.S. federal income tax purposes) will not be subject to change after an investment in an Interest. Any such change could have a significant impact on the tax treatment and ultimate economics of the Operating Partnership and its partners, and, therefore, may materially affect the tax and economic consequences of an investment in an Interest. Beneficial Owners should consult their own tax advisor as to the tax implications of any current and future proposed changes to the mechanics of partnership taxation.

Ability to claim privilege could be limited. A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

Beneficial Owners may be subject to potential gain recognition as a result of relief from liabilities. If the FMV Option is exercised, the Beneficial Owner may contribute the Interests to the Operating Partnership in exchange for partnership interests in the Operating Partnership. A partner's share of the liabilities of a partnership is determined under Code Section 752 and the Treasury Regulations thereunder. In general, each liability of a partnership is allocated to those partners, if any, who bear the economic risk of loss if the liability is not paid by the partnership. Liabilities for which no partner bears the economic risk of loss (i.e., "nonrecourse" liabilities) are allocated among the partners in accordance with certain priorities set forth in the Treasury Regulations, which generally follow either the partners' shares of certain categories of built-in gain on the partnership's properties or the partners' interests in the general profits of the partnership. If there is a reduction of liabilities in excess of the limited partner's tax basis in the Interest, such limited partner will realize income to the extent of such excess and the allocation to built-in gain will decrease as the book-tax difference is eliminated. Because of the complexity of the rules under which partnership liabilities are allocated and the potential adverse tax consequences of changes in an OP Unitholder's share of Operating Partnership liabilities, prospective investors are strongly encouraged to consult their tax advisors regarding the application of these rules to their particular circumstances.

The IRS may disagree that the Trust complies with Revenue Ruling 2004-86. Tax Counsel believes that, if structured properly, the powers and authority granted to a Delaware Trustee, Signatory Trustee, Manager, Beneficial Owners and a Trust in the Trust Agreement may fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." A Trust Agreement authorizes a Trust to own the Property, receive distributions from Rent received pursuant to the Master

Lease, and make distributions thereof, enter into any agreements with qualified intermediaries for purposes of a Beneficial Owner's acquisition of an Interest pursuant to Code Section 1031, and notify the relevant parties of any defaults under the relevant transaction documents. Additionally, a Trust Agreement expressly denies the Manager any power or authority to take an action that would cause a Trust to cease to be an investment trust described in Treasury Regulation Section 301.7701-4(c). Furthermore, a Trust Agreement will expressly prohibit the applicable Delaware Trustee, Manager, Beneficial Owners and Trust, as the case may be, from exercising any of the enumerated powers that are prohibited under Revenue Ruling 2004-86.

Tax Counsel believes that the distinctions between the anticipated forms of the Trust Agreements for the Offerings and other related arrangements described in Revenue Ruling 2004-86 are not material and are consistent both with treating the Trust as an investment trust and the analysis in Revenue Ruling 2004-86. These distinctions include, but are not limited to the following: (i) the conversion of the Trust for tax purposes by the Sponsor from a "disregarded entity" for U.S. federal income tax purposes into an investment trust prior to admission of the Beneficial Owners; (ii) the ongoing role of the Manager, but with limited enumerated powers; (iii) the power of the Manager to terminate the Trust in order to protect and conserve the Property by transferring the Property to a newly formed Delaware limited liability company, that would constitute a "partnership" for U.S. federal income tax purposes, as a result of a Transfer Distribution, and to distribute the limited liability company interests to the Beneficial Owners; (iv) the Trust's acceptance of multiple contributions from Purchasers over time, rather than through a single contribution, (v) the Depositor's retention of a beneficial interest in the Trust for purposes of facilitating Offering; and (vi) authorization for the Manager to determine, in its sole discretion, when a sale of the Property would be appropriate. Tax Counsel will conclude that all of these distinctions should be consistent with the analysis in Revenue Ruling 2004-86 and the underlying cases and rulings, but no ruling will be obtained from the IRS in this regard.

If, however, the IRS or a court were to disagree with the opinion of Tax Counsel, the Interests may be treated for U.S. federal income tax purposes as interests in a partnership and not as interests in real estate, and Purchasers would not be able to use their acquisition of Interests as "replacement property" for a Section 1031 Exchange to defer gain under Code Section 1031. See "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Nature of Interests—Potential significant tax costs if Interests were deemed to be Partnership Interests*" below.

The above is a prospective summary of Tax Counsel's comparison of the Trust to the trust arrangement described in Revenue Ruling 2004-86. For the entire discussion, please see the opinion of Tax Counsel accompanying the Property Supplement with respect to an Offering.

An Interest will not be treated as qualifying replacement property if the Master Lease is treated as a financing or a partnership, rather than as a "true lease," for U.S. federal income tax purposes. Transactions structured as leases may be re-characterized for U.S. federal income tax purposes to reflect their economic substance. For example, in certain circumstances a purported lease may be re-characterized as a sale of the property providing for deferred payments or as a partnership. Such a re-characterization in this context would have significant and potentially adverse U.S. federal income tax consequences. For example, if the Master Lease were to be re-characterized as a sale of the Property, then a Purchaser desiring to purchase an Interest as "replacement property" for a Section 1031 Exchange would be unable to treat the acquired Interest as qualifying "replacement property" because the Interest would constitute an interest in real property that the Purchaser would not hold for investment. The Purchaser would be treated as having immediately sold the acquired interest in the Property to the Master Tenant in exchange for an installment note. As the owner of the Property for U.S. federal income tax purposes, the Master Tenant would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were re-characterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income to the Purchasers and would not be deductible by the Master Tenant.

Similarly, because Code Section 1031 does not apply to an exchange involving a partnership interest, an Interest would not constitute qualifying "replacement property" for a Section 1031 Exchange if the Purchasers were treated as entering into a partnership with the Master Tenant and, as a result, a Purchaser desiring to treat his, her or its Interest as "replacement property" for a Section 1031 Exchange may nonetheless be subject to gain recognition and a resulting income tax liability. All of these consequences could have a significant negative impact on the tax consequences of an investment in an Interest.

Purchasers should be aware that the IRS has issued Revenue Procedure 2001-28, 2001-1 C.B. 1156, setting forth advance ruling guidelines under which leveraged leases of equipment will be treated as true leases for U.S. federal income tax purposes. We have not sought, and do not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction would consider these ruling guidelines, together with existing cases and rulings, for purposes of determining whether the Master Lease qualifies as a true lease for U.S. federal income tax purposes. As is intended to be discussed in the Tax Opinion, the Master Lease is intended to satisfy most of the requirements set forth in Revenue Procedure 2001-28. However, Tax Counsel does not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Master Lease should be characterized as a true lease for U.S. federal income tax purposes. Rather, Tax Counsel believes that satisfying most of the material ruling guidelines should be sufficient for purposes of determining the characterization of the Interests for U.S. federal income tax purposes. Prior to issuing the relevant Tax Opinion, Tax Counsel will conclude that the Master Lease should be treated as a true lease for U.S. federal income tax purposes. However, there can be no assurance that the IRS would agree with this conclusion.

IRS could challenge the purchase of an Interest followed by possible exercise of the FMV Option under step transaction principles. The acquisition of an Interest and a subsequent exchange of such Interest for OP Units pursuant to the FMV Option (if such option were to be exercised by the Operating Partnership), may be challenged by the IRS under "step transaction" principles on the basis that they should be treated as a single transaction, whereby a Beneficial Owner should be treated for U.S. federal income tax purposes as having simply purchased OP Units (or BF REIT Shares) and as not ever having held an undivided interest in the Property held by the Trust. The receipt of an interest in the Operating Partnership (or BF REIT Shares) would not qualify as "replacement property" for a Section 1031 Exchange. In addition, the IRS could also conceivably assert that, given the FMV Option, a Beneficial Owner should be treated as purchasing its Interest for resale, rather than to hold for investment purposes, and thereby disqualifying the Interest as potential "replacement property" for a Section 1031 Exchange on that basis as well. Tax Counsel will issue an opinion that the "step transaction" doctrine should not apply to disregard a Beneficial Owner's purchase (and subsequent holding) of an Interest notwithstanding the existence of the FMV Option. This opinion will be based in part on the factors which may influence the exercise of the FMV Option, and that there is a possibility that the FMV Option would not be exercised. In addition, the FMV Option would first become exercisable after two years following the final closing of the sale of Interests in the Trust pursuant to the Offering. Thus, the future fair market value of the Interests would not (and could not) be known at the time of the Offering. See "*The FMV Option and the OP Units—Description of the FMV Option*."

OP Unitholders may recognize gain upon the sale of a contributed Property. It is possible that future economic, market, legal, tax, or other considerations may cause the Operating Partnership to dispose of a contributed Property in a manner that results in taxable gain to OP Unitholders who contributed such property. There are a variety of transactions that the Operating Partnership may, in its sole discretion, undertake with respect to contributed Property that could cause a Beneficial Owner who contributes property to the Operating Partnership in exchange for OP Units (a "**Contributing Partner**") to recognize taxable gain, even though little or no cash is distributable to the Contributing Partner as a result thereof. Such transactions include, but are not limited to, a future taxable sale of the contributed Property (including,

without limitation, in connection with a Liquidity Event or other corporate transaction involving BF REIT or the Operating Partnership), which could result in an allocation of taxable gain only to those OP Unitholders who received their OP Units for the contribution of such property. Although the Operating Partnership may utilize like-kind exchanges under Section 1031, there is no certainty that it will do so in the future. Consequently, if the Operating Partnership sells the Property after the FMV Option has been exercised and does not participate in a Section 1031 exchange or a Section 1031 exchange is not available the built-in gain attributable to the Property at the time of the contribution to the Operating Partnership, as adjusted (the "**704(c) Gain**"), will be allocated to the Contributing Partner. **Purchasers will have no control over whether the Operating Partnership disposes of contributed property in a manner that results in taxable gain to a Contributing Partner.**

Failure of an OP Unitholder to provide baseline or updated tax basis and depreciation information to the Operating Partnership will require the Operating Partnership to use certain assumptions that may result in adverse tax consequences to such OP Unitholder. Each year, the Operating Partnership will provide each OP Unitholder with a Schedule K-1, which sets forth, among other things, a, OP Unitholder's capital account analysis with respect to his, her or its Interest. The Operating Partnership will require each OP Unitholder to provide information regarding his, her or its tax basis. Initially, this will include providing a copy of any related IRS Form 8824 and related depreciation methodologies and related information upon an OP Unitholder's acquisition of an Interest. At the time a Beneficial Owner becomes an OP Unitholder, the Operating Partnership will require updated depreciation information. In the event updated depreciation information is not provided, the Operating Partnership will estimate such OP Unitholders' tax basis using previously provided tax basis information. In the event no information is provided, the Operating Partnership may assign a zero tax basis to the OP Unitholder which may create adverse tax consequences for such OP Unitholder. You should consult your tax advisor concerning determining your initial tax basis and maintaining the necessary records in order to meet this requirement.

COMPENSATION AND FEES

We may earn fees in connection with the acquisition, organization, sale, management, leasing, financing, re-financing, and disposition of a Trust and a Property or Properties owned therein and the exchange of the OP Units for cash or BF REIT Shares. The following table identifies a portion of the compensation, fees, and other distributions that we, the Manager, the Dealer Manager, and affiliates thereof may receive, but does not include any compensation, fees, and other distributions that may be received from the Operating Partnership or BF REIT as more fully described in the BF REIT Prospectus. Actual amounts and calculations will be included in the accompanying Property Supplement for each Offering under the Program, as applicable.

Type of Compensation or Reimbursement	Method of Computation
Offering:	
Organization and Offering Expenses	BF REIT, the Sponsor, or their assignee, will receive a fixed percentage reimbursement of up to 0.5% of the Maximum Offering Amount to pay for organization and offering costs and related expenses (the "**Organization and Offering Expenses**"). This allowance does not include amounts payable to the Dealer Manager (or participating broker-dealers) for Selling Commissions and expenses, the Dealer Manager Fee or the Placement Fee.
Dealer Manager Fee	A Dealer Manager Fee of up to 1.0% of the Maximum Offering Amount will be payable to the Dealer Manager (all or a portion of which may be re-allowed to participating broker dealers and/or used to compensate consultant(s) engaged by the Dealer Manager to coordinate sales efforts, train personnel, and manage the private placement business).
Selling Commissions	Selling Commissions of up to 5.0% of the Maximum Offering Amount will be payable to the Dealer Manager which may be reduced or waived in the Dealer Manager's sole discretion (all or a portion of which may be re-allowed to participating broker-dealers).
Placement Fee	A Placement Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager for placement services relating to the Offering.
Loan Fees and Costs	The Trust may pay a fee to a lender or another party and may also be required to pay any costs and fees, including recording fees and taxes, legal fees, title fees and other expenses associated with the closing of such indebtedness (the "**Loan Fees and Costs**").
Property Closing Costs	BF REIT, the Sponsor, or their assignee, will receive a

	fixed percentage reimbursement of up to 0.5% of the Maximum Offering Amount to pay for legal and closing costs incurred in connection with the due diligence and acquisition of the Property, including but not limited to certain closing costs with respect to the Property, such as title insurance, transfer taxes, recording fees, legal fees and other expenses that may be incurred in the purchase of real estate (the "**Property Closing Costs**"). This reimbursement does not include real estate brokerage fees.
Operations:	
Administration Fee	Pursuant to the Trust Agreement (and, if applicable the Springing LLC Agreement), the Manager will be entitled to be paid the Administration Fee of up to 0.15% per annum of the amount of the Maximum Offering Amount that consists of Interests, as compensation to the Manager for management of the Trust (or, if applicable, the Springing LLC). The Administration Fee will be paid monthly in arrears as set forth in the Trust Agreement, which may be subject to adjustment over time. The Administration Fee is intended to compensate the Manager for managing a Trust (or a Springing LLC) and a Property or Properties pursuant to a Trust Agreement (or a Springing LLC Agreement). The Manager reserves the right to subcontract such management services and will pay all fees payable to such third-party contractors from such Administration Fee.
Master Lease	The Master Tenant will retain the excess of the rental income received from end tenants after payment of all amounts owed to a Trust under a Master Lease and other capital and operating expenses applicable to the Master Tenant associated with the maintenance and operation of a Property and the establishment of any reserves required under mortgage loans or maintenance reserves.
Investor Servicing Fees	A Trust (or a Springing LLC, if applicable), prior to any exercise of the FMV Option, will pay an ongoing DST Investor Servicing Fee of up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Interests in a particular Offering, that shall be calculated daily and paid monthly to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Trust. Following the exercise of the FMV Option, if the former

	Beneficial Owners became holders of OP Units or BF REIT Shares, they will pay an Investor Servicing Fee in an amount equal to (a) 0.25% per annum of the NAV of the applicable Class D-1 OP Units, (b) 0.85% per annum of the NAV of the applicable Class S-1 OP Units, and (c) 0.85% per annum of the NAV of the applicable Class T-1 OP Units. No Investor Servicing Fee shall be payable with respect to any Class I-1 OP Units. The Investor Servicing Fee (all or a portion of which may be re-allowed to participating broker-dealers) shall be paid monthly in arrears to the Dealer Manager for ongoing services rendered. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor. On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such investor shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement, and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units.
Property Fees	The Trust, or the applicable Master Tenant, may engage one or more service providers for certain professional property services, including property management services, leasing services, and construction and development management. In certain instances, such a service provider will be an affiliate of the Sponsor, in which case such affiliate will earn fees for property management and related services and will be entitled to certain expense reimbursements, as specified in the applicable Property Supplement. Any such fees and/or expense reimbursements may not apply with respect to each Property or at all times.

We, the Manager, the Dealer Manager, the Delaware Trustee and affiliates thereof may receive additional compensation for any additional services performed on behalf of the Trust or the Beneficial Owners so long as such services are provided on terms and conditions no less favorable to the Trust and Beneficial Owners than can be obtained from independent third parties for comparable services in the same location. Any such fees will be more specifically described in the applicable Property Supplement. Further, the actual fees charged to the Beneficial Owners for a particular Interest may vary due to the individual

circumstances surrounding the Trust. Accordingly, please refer to the accompanying Property Supplement for each Offering under the Program for our fees as it relates to the specific Trust.

The Maximum Offering Amount of each Offering will be inclusive of the Placement Fee, Selling Commissions, Dealer Manager Fee, Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs (to the extent applicable) as if each Purchaser pays the maximum amount of such fees and expenses, even if such fees and expenses may be waived in whole or in part.

The actual amount of the costs and expenses of an Offering may be greater or less than estimated. If actual costs and expenses, including Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs, are less than projected or estimated, the additional amount will be retained by the Depositor or certain of its affiliates on a non-accountable basis. To the extent that the aggregate of the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, then any such excess may be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess. The fee and expense percentages set forth above will be calculated using the applicable Maximum Offering Amount and assume that each Purchaser of Interests will pay the maximum amount of all such fees and expenses. The amount of a Purchaser's actual fees and expenses and Interest in the Trust will be calculated prior to applying any waiver of any fees and expenses, in whole or in part. Therefore, if any such fees or expenses are waived in whole or in part for a Purchaser, or the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, the actual fees and expenses charged and expressed as a percentage of such Purchaser's purchase price will exceed the percentages noted above.

We reserve the right to vary the amounts and types of fees charged in connection with a particular Offering in the accompanying Property Supplement. To the extent that any discussion of fees in a particular Property Supplement differs from the discussion in this Memorandum, the terms of such Property Supplement will apply.

The Trust will sell the Interests to the Beneficial Owners at a price that exceeds the amount that the Depositor paid for its class 2 beneficial interests. The Depositor or its affiliates will assume the obligation to pay the Organization and Offering Expenses, Selling Commissions, Dealer Manager Fee, Placement Fees, Loan Fees and Costs, and Property Closing Costs, but will be reimbursed for such fees, expenses, and costs, which have the effect of increasing the purchase price of the Interests.

The Adviser, the Dealer Manager, and their affiliates may also be entitled to additional fees and payments in connection with services provided to the Operating Partnership and BF REIT as more fully described in the BF REIT Prospectus. If your Interest is acquired by the Operating Partnership in exchange for OP Units or your OP Units are exchanged for BF REIT Shares, these fees and expense reimbursements will reduce the return on your investment.

USE OF PROCEEDS

The Interests offered in an Offering under the Program are being issued by a Trust. All proceeds will be received in consideration for the Interests. The estimated use of funds derived from the sale of Interests and financing proceeds for each Property will be set out in the appropriate Property Supplement. Fees paid in connection with the sale of Interests, including fees paid to our affiliates, may exceed actual out of pocket costs incurred by the person receiving such fees. **ALL FEES AND EXPENSES WILL BE SET OUT IN EACH PROPERTY SUPPLEMENT.**

DUTIES OF THE MANAGER, THE MASTER TENANT, THE DEPOSITOR AND THE BENEFICIAL OWNERS

The Delaware statutes that govern statutory trusts do not impose any fiduciary duty upon the trustees, managers or owners of statutory trusts and permit the waiver of all fiduciary duties other than the implied duty of good faith and fair dealing. None of the Manager, the Master Tenant, the Depositor or the other Beneficial Owners will have a fiduciary duty to a Beneficial Owner other than as required by applicable statute or regulation.

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

The Trust Agreement further provides that the Delaware Trustee will not be liable to the Beneficial Owners for certain acts or omissions performed or omitted by it except for acts or omissions arising out of willful misconduct, bad faith, fraud or gross negligence and that the Beneficial Owners will indemnify the Delaware Trustee and each of its directors, officers, employees, and agents for any liability suffered by them arising out of their activities in connection with the Trust, except for liabilities resulting from willful misconduct, bad faith, fraud, or gross negligence. The Trust Agreement further provides that the Beneficial Owners will indemnify the Manager and each of its directors, officers, employees, and agents for any liability suffered by them arising out of their activities in connection with the Trust, except for liabilities resulting from gross negligence, bad faith, willful misconduct, fraud, or material breach of the Trust Agreement and related transaction documents. See "*Summary of the Trust Agreement*" in the Memorandum. Accordingly, the Beneficial Owners may have a more limited right of action than would otherwise be the case, absent such provisions.

POTENTIAL CONFLICTS OF INTEREST

The structure and proposed method of operation with respect to the Program and an Offering creates certain inherent conflicts of interest between the Trust, the Manager, the Beneficial Owners, and the Sponsor and its affiliates.

Brookfield is a leading global alternative asset manager with over $1 trillion of assets under management as of December 31, 2025 across renewable power and transition, infrastructure, private equity, real estate and credit. Brookfield invests client capital for the long-term with a focus on real assets and essential service businesses that form the backbone of the global economy. Brookfield offers a range of alternative investment products to investors around the world — including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield draws on its heritage as an owner and operator to invest for value and seeks to generate strong returns for its clients, across economic cycles.

Brookfield's real estate business is one of the world's largest investors in real estate, with approximately $273 billion of assets under management across office, rental housing, logistics, retail, hospitality, mixed-use and alternative real estate (such as life sciences, manufactured housing, student housing and serviced apartments). Through its deep global sourcing network of 278 real estate investment professionals and approximately 24,000 real estate operating employees around the world, Brookfield seeks to acquire high-quality assets in supply-constrained markets and execute operational enhancements to deliver consistent cash flows. Building on Brookfield's history of successfully operating properties through multiple market cycles, Brookfield's long-term goal is to generate strong risk-adjusted returns while mitigating downside risk.

The Sponsor may leverage Brookfield's experience, expertise, and its broad reach, relationships, and position in the market for investment opportunities and deal flow, financial resources, access to capital markets, and operating needs. Brookfield believes that this is in the Trust's best interests. However, Brookfield currently acts, and will act in the future, as general partner and/or investment adviser to, and otherwise participates in the management of, other public and or private investment vehicles or other consortiums, partnerships and/or similar endeavors (including private funds, publicly listed investment vehicles, joint ventures and other similar arrangements, coinvestment vehicles, side-car vehicles, separate accounts, region-specific vehicles, sector-specific vehicles and strategy-specific vehicles) (such vehicles and accounts, collectively with Brookfield, the "**Brookfield Accounts**"), which gives rise to actual or potential conflicts of interest which may not be resolved in favor of the Trust's interests. Certain Other Brookfield Accounts may invest in, and in some cases, have priority ahead of us, with respect to properties or investments that are suitable for us. In this "*Potential Conflicts of Interest*" section of this Memorandum, unless the context requires otherwise, references to the "Trust" should be read as equally applying to the Springing LLC, references to the "Beneficial Owners" should be read as equally applying to members of the Springing LLC, and references to the "Delaware Trustee," the "Signatory Trustee," and the "Manager" should be read as equally applying to the manager of the Springing LLC, noting, however, that the applicability and magnitude of such risks may vary considerably, depending on which entity (the Trust or the Springing LLC) holds the Property and whether or not the FMV Option has been exercised.

Brookfield's activities include, among others: investment and asset management; sponsoring, offering and managing private and public investment vehicles that invest in the global fixed income, currency, commodity, equities, private and other markets; developing, constructing, owning, managing, operating and servicing real estate and related companies and assets, renewable power and related companies, assets and facilities, infrastructure and related companies and assets, and other businesses and assets including data centers, transportation facilities, electric utilities, industrial and manufacturing facilities, energy companies, metals and mining companies, timberlands and agricultural lands, natural gas

pipelines and storage systems and other assets; providing capital and financing solutions, as well as financial advisory, business development and other financial services; and other activities (collectively, the "**Brookfield Activities**"). While the Trust may benefit from Brookfield's expertise, market positioning and the connectivity that arises from Brookfield Activities, in the ordinary course of its business, Brookfield's interests or the interests of the clients or others receiving services through Brookfield Activities (including other Brookfield Accounts) may conflict with the interests of the Trust. While Brookfield expects that the Trust may benefit from the greater Brookfield ecosystem, there can be no assurance, both in light of the Trust's limited operational flexibility and more generally, of any such successful collaboration or the realization of any such synergies. A lack of successful collaboration or synergies, whether as a result of concerns related to conflicts or otherwise, may impact the Trust's performance as an investment.

Investors should note that the Trust Agreement contains provisions that, subject to applicable law, (a) reduce or modify the duties, including any fiduciary or other duties owed to the Trust and the Beneficial Owners to which the Delaware Trustee, the Signatory Trustee, or the Manager may otherwise be subject, (b) waive duties or consent to conduct of the Delaware Trustee, the Signatory Trustee, and the Manager that might not otherwise be permitted pursuant to such duties and (c) limit the remedies of Beneficial Owners with respect to breaches of such duties. Additionally, the Trust Agreement contains exculpation and indemnification provisions that, subject to the specific exceptions enumerated therein, provide that the Manager and their respective affiliates will be held harmless and indemnified for matters relating to the operation of the Trust, including matters that may involve one or more potential or actual conflicts of interest. Finally, the Trust, as a fixed investment trust, is subject to significant limitations with respect to financing and the liquidity of its assets.

The discussion below enumerates certain actual and potential conflicts of interest (some of which are considerably more likely to impact the Springing LLC in the event of a Transfer Distribution, rather than the Trust) that may arise in connection with Brookfield Activities (including those relating to Brookfield Accounts), on the one hand, and the services Brookfield provides to the Trust and in connection with the Trust's property, on the other hand. These conflicts of interest do not purport to be a complete list or explanation of all actual or potential conflicts of interest that could arise in connection with an investment in the Trust. Dealing with conflicts of interest is difficult and complex, and it is not possible to predict all of the types of conflicts that may arise. Brookfield will monitor potential conflicts of interest and manage such conflicts of interest with regard to the interests of both the Trust and other relevant Brookfield Accounts; however, conflicts may not always be resolved in a manner that is favorable to the Trust. Prospective Purchasers should note that Brookfield often holds significant proprietary interests in Brookfield Accounts, and it is expected that in some cases conflicts of interest will arise between the Trust and another Brookfield Account in which Brookfield has a larger absolute and/or relative interest than its interest in the Trust. In such circumstances, Brookfield's conflict of interest will be more pronounced. For the avoidance of doubt, Brookfield is not required to and generally does not expect to seek investor approval to manage the conflicts of interest described herein or other potential conflicts of interest that may arise from time to time unless required by applicable law or the Trust Agreement. By acquiring an Interest in the Trust, each Beneficial Owner will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any and all claims with respect to the existence of any such conflicts of interest and any actions taken or proposed to be taken in respect thereof. To the extent that prospective investors would benefit from an independent review, such benefit is not available through the Trust's counsel or through the Manager or any of their respective affiliates. Prospective Purchasers are encouraged to seek the advice of independent legal counsel in evaluating the conflicts involved in the offering and operation of the Trust.

MARKETING OF INTEREST

The Dealer Manager will be engaged in the placement of Interests (including acting as a dealer in

respect of Interests). The Dealer Manager is wholly owned by Brookfield; Brookfield also controls the Manager.

The Dealer Manager is expected to receive compensation in connection with the sale of Interests, a portion of which may be paid to their representatives, employees, and/or affiliates. The Dealer Manager is affiliated with the Manager. Accordingly, the Trust may be considered a "related issuer," a "connected issuer" or a similar related person of the Dealer Manager within the meaning of applicable securities laws. The Dealer Manager played no direct role in the formation of the Trust, in the decision to offer Interests or in determining the terms of the offering of the Interests or the terms of the Trust Agreement.

The compensation paid to the Dealer Manager with respect to the placement of Interests may be higher than the compensation that they would receive in respect of the sale of other (including similar) products or services, which may give such persons an incentive to promote the Interests over other (including similar) products or services. Potential investors should therefore be aware that there are financial and other interests that incentivize the Dealer Manager and their representatives, employees and affiliates to promote the Trust and the Interests. The considerations set forth above are similar (and in certain instances may be heightened) in the event the Manager retains a third-party placement agent to market Interests.

CONFLICTS RELATING TO INVESTMENT BY OTHER BROOKFIELD ACCOUNTS

Advice to Other Brookfield Accounts May Conflict with the Trust's Interests. It is expected that (a) Brookfield (including through the Manager, its personnel or one of their affiliates) will give advice, and take actions, with respect to current or future Brookfield Accounts (including Brookfield and proprietary accounts of Brookfield) that will compete or conflict with the advice the Manager gives to the Trust, or will involve a different timing or nature of action than that taken with respect to the Trust, and (b) investments by Brookfield Accounts may have the effect of disadvantaging the values, prices, or investment strategies of the Trust. When another Brookfield Account either manages or implements a business decision ahead of, or contemporaneously with, a business decision for the Trust, market impact, liquidity constraints, or other factors could result in the Trust receiving less favorable results, paying higher transaction costs, or being otherwise disadvantaged (noting that for so long as the property of the Trust remains in the Trust, these risks are attenuated by the fixed nature of the Trust's property).

In making certain decisions with regard to the Trust's business interests that compete with or differ from the interests of one or more Brookfield Accounts, the Manager could face certain conflicts of interest between the interests of the Trust and the interests of such Brookfield Accounts. These potential conflicts will be exacerbated in situations where Brookfield is entitled to higher fees from other Brookfield Accounts than from the Trust, or where there are capacity constraints with respect to a particular strategy or opportunity as a result of, for example, regulatory reporting obligations applicable to the Manager. In addition, over time, additional conflicts of interest are expected to arise. Business decisions made with respect to other Brookfield Accounts may be made without regard to the interests of the Trust, even where such decisions are informed by the Trust's activities and/or adversely affect the Trust.

Different business units and teams within the Manager and Brookfield may take views and make decisions or recommendations, that are different than other areas of the Manager and Brookfield. Different portfolio management teams within the Manager and Brookfield may make decisions or take (or refrain from taking) actions with respect to Brookfield Accounts they advise in a manner that may be different than or adverse to the Trust. Such teams might not share information with the Manager, including as a result of certain information barriers. See *"Data and Information Sharing"* below.

Allocation of Personnel. The Manager and its affiliates will devote such time as they deem necessary to conduct the business affairs of the Trust in an appropriate manner. However, the various teams and

personnel working on the Trust will also work on matters related to other Brookfield Accounts. Accordingly, conflicts may arise in the allocation of personnel among the Trust and such other strategies. For example, certain of the investment professionals who are expected to devote their business time to the Trust are also contractually required to, and will, devote substantial portions of their business time to the management and operation of the BAM, Brookfield, and other Brookfield Accounts, and such circumstances may result in conflicts of interest for such portfolio managers and/or other personnel who are in a similar position.

Other Activities of the Manager. Brookfield employees who will play key roles in managing the Trust will all spend a portion of their time on matters other than or only tangentially related to the Trust. Time will be spent on managing and exiting investments of other Brookfield Accounts, including investments made on behalf of Brookfield, and on providing services to and effecting transactions on behalf of other groups within Brookfield and accounts other than the Trust. Such obligations of these individuals could conflict with their responsibilities to the Trust. These potential conflicts may be exacerbated in situations where employees may be entitled to greater incentive compensation or other remuneration in connection with certain responsibilities than in connection with other responsibilities (including responsibilities in connection with the Trust).

Data and Information Sharing. In light of the extensive scope of Brookfield's activities, Brookfield often has or obtains data and information that are utilized by Brookfield, other Brookfield Accounts, and/or their portfolio companies across multiple strategies, businesses and operations that it would not otherwise have or obtain in the ordinary course. For example, information relating to business operations, trends, budgets, customers or users, assets, funding and other metrics that Brookfield has or acquires through its management of other Brookfield Accounts and/or its own business and investment activities is used by Brookfield to facilitate the management of investments, including through operational improvements. Conversely, Brookfield uses data and information that it has or acquires in connection with the Trust's activities for the benefit of its own business and investment activities as well as those of other Brookfield Accounts and their portfolio companies (for example, by utilizing data to train AI models owned by Brookfield Accounts (including proprietary accounts)). Such benefits could be material and Brookfield will have no duty, contractual, fiduciary or otherwise, to keep such information confidential from, or not use such information in connection with the business and investment activities of itself, other Brookfield Accounts, other Oaktree Accounts, and/or their respective portfolio companies.

Brookfield believes that it will be better able to anticipate macroeconomic and other trends, and otherwise make more informed investment and other decisions for the Trust as a result of its access to (and rights regarding) the data and information that it has or obtains through the business and investment activities of Brookfield, other Brookfield Accounts, and/or their portfolio companies. Brookfield will also make investment and other decisions for itself, other Brookfield Accounts, and their portfolio companies on the basis of information Brookfield has or obtains through the Trust's activities. Brookfield believes that using this data and information from across Brookfield Accounts (including the Trust) and their portfolio companies will provide overall benefits to, and improve Brookfield's management of, the Trust. For example, data analytics based on inputs from a portfolio company of another Brookfield Account could inform business decisions for the Trust. In addition, aggregating data provides Brookfield with opportunities to obtain bulk discounts for itself, other Brookfield Accounts and their portfolio companies on products and services if that data shows significant demand across multiple Brookfield Accounts and/or portfolio companies. Any such discounts would be allocated among Brookfield, other Brookfield Accounts, and their portfolio companies on a fair and equitable basis as determined by Brookfield in its sole discretion, with Brookfield able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable.

This practice gives rise to conflicts of interest, however, because in some cases, this will result in

Brookfield, another Brookfield Account, or its portfolio company taking a position that is different from, and potentially adverse to, a position taken by the Trust (noting the Trust's limited operational flexibility), or result in Brookfield, another Brookfield Account, or its portfolio company benefiting from the activities of the Trust (or vice versa). For example, Brookfield's ability to invest on behalf of another Brookfield Account in a particular asset could be enhanced by information obtained from the Trust. Such investments can be expected to provide a material benefit to Brookfield (and/or other Brookfield Accounts or their portfolio companies) without compensation or other benefits to, or participation by the Trust or the Beneficial Owners, and the benefits received by Brookfield (and/or other Brookfield Accounts or their portfolio companies) will not offset fees or otherwise be shared with the Trust or the Beneficial Owners. In certain cases, portfolio companies of other Brookfield Accounts will compete with, or provide services to competitors of, Properties held by the Trusts.

As a result, Brookfield has an incentive to manage the Trust in a manner that potentially generates data and information that can be utilized to benefit the Trust, Brookfield, other Brookfield Accounts, and/or their portfolio companies, including investments that Brookfield would not otherwise have invested in or investments on terms less favorable than Brookfield otherwise would have sought in the ordinary course. Brookfield has implemented policies and procedures designed to mitigate conflicts of interest and address certain regulatory requirements and contractual restrictions with respect to its use and sharing of data and information. Brookfield is also subject to contractual obligations and legal limitations on its use and sharing of data and information. Such policies and procedures, obligations and limitations generally reduce synergies across Brookfield's various activities and negatively affect Brookfield's and the Trust's ability to pursue and manage opportunities that would otherwise be available to Brookfield or the Trust if such policies and procedures were not implemented. From time to time, these policies and procedures also will result in the Trust or other Brookfield Accounts having reduced opportunities or investment flexibility, or otherwise restrict the Trust or Brookfield in its management and investment activities with respect to such information (noting that such reduced opportunities and investment flexibility is likely to affect the property of the Trust should a Transfer Distribution to the Springing LLC be implemented).

Regardless of the existence of information barriers, Brookfield will not have any obligation or other duty to make available for the benefit of the Trust any information regarding Brookfield's investment activities, strategies or views, or the activities, strategies or views used for other Brookfield Accounts. Brookfield may share any information relating to the Trust with its affiliates, including those that are managed independently (in accordance with information barriers and related protocols). Furthermore, to the extent that the Manager has access to analyses, models, and/or information developed by other parts of Brookfield and/or its personnel, the Manager will not be under any obligation or other duty to effect transactions on behalf of the Trust in accordance with such analysis and models and in some cases (such as research) may be prohibited from disseminating information between areas within Brookfield, including to the Trust. In the event Brookfield or the Manager does not share certain information with the Manager, the Manager may make decisions that differ from those it would have made if the Manager had such information, which may be disadvantageous to the Trust.

Data Management. To the extent it deems necessary or appropriate, in its sole discretion, Brookfield may provide data management services to Brookfield Accounts other than the Trust (collectively, the "**Data Holders**"). Such services could include, among other things, assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, holding, transforming, enhancing, marketing and selling data for monetization through licensing and/or sale arrangements with third parties and/or directly with Data Holders. To the extent provided, these services would be subject to the limitations discussed below and applicable contractual and/or legal obligations or limitations, including on the use of material non-public information. Moreover, where an arrangement is with the Trust or one of its investments, the Trust would directly or indirectly bear its appropriate share of related compensation. In addition, in Brookfield's sole discretion, data from one Data Holder may be pooled with data from other Data Holders, subject to

applicable laws and regulations (including privacy laws and regulations), and any revenues arising from such pooled data sets would be allocated among Brookfield and the applicable Data Holders on a fair and equitable basis as determined by Brookfield in its sole discretion, with Brookfield able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable.

Brookfield's compensation for any data management services could include a percentage of the revenues generated through any licensing and/or sale arrangements, fees, royalties, and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits, and other similar expenses)). This compensation will not offset management fees or otherwise be shared with the Data Holders, the Trust, other Brookfield Accounts, their portfolio companies or any Beneficial Owners. Brookfield may share the products from its data management services within Brookfield (including other Brookfield Accounts and/or their portfolio companies) at no charge and, in such cases, the Data Holders are not expected to receive any financial or other benefit from having provided their data to Brookfield. The provision of data management services will create incentives for Brookfield to pursue and make investments that generate a significant amount of data.

Terms of an Investment by a Brookfield Account May Benefit or Disadvantage Another Brookfield Account. From time to time, in making business decisions for the Trust or another Brookfield Account, the Manager will face certain conflicts of interest between the interests of the Trust, on the one hand, and the interests of the other Brookfield Account, on the other hand. In situations where the activities of the Trust enhance the profitability of other Brookfield Accounts with respect to their investments, the Manager could take the interests of such other Brookfield Accounts into consideration in connection with actions it takes on behalf of the Trust. See *"Investments with Related Parties"* below.

Conflicts among Portfolio Companies and Brookfield Accounts. There may be conflicts between the Trust, on the one hand, and Brookfield or another Brookfield Account or one or more portfolio companies thereof, on the other hand. For example, a portfolio company of another Brookfield Account may be a competitor, customer, service provider or supplier of the Trust. There may also be circumstances where a tenant or a prospective tenant of a Property held by a Trust may also be interested in or eligible to be a tenant or prospective tenant at a property owned by another Brookfield Account. In addition, in such circumstances, the Manager may not pursue certain actions on behalf of the Trust, which could result in a benefit to a Brookfield Account other than the Trust, or vice versa. Brookfield has implemented policies and procedures designed to mitigate such potential conflicts of interest. Such policies and procedures could reduce the business activity among the portfolio companies of Brookfield Accounts, which could negatively affect a Trust. Another Brookfield Account or its portfolio company thereof may nonetheless continue to take such actions that have adverse consequences for the Trust, and Brookfield will not have any obligation or duty in this regard.

Investments with Related Parties. Brookfield and/or another Brookfield Account may lend in respect of the Property or Properties, including as a mortgage lender. Such Brookfield Account could foreclose on the Property or Properties, and as a result, become the equity owner of such asset. The Trust may, or may not, be successful in managing itself out of such distress, and any such distress may result in a Transfer Distribution to the Springing LLC. The conflicts between such parties and the Trust will be more pronounced where a Property is near default on an existing loan, and any Trust reserves are insufficient to avoid a foreclosure. In this case, Brookfield, Brookfield Accounts, Brookfield Wealth Solutions Ltd., formerly known as Brookfield Reinsurance Partners (together with any other insurance and reinsurance-related Brookfield Accounts, the "**Brookfield Credit & Insurance Accounts**"), Oaktree, and/or Oaktree Accounts could, for a relatively small investment, obtain a stake in such asset or take over the management of (and risk relating to) such asset to the detriment of the Trust. Conflicts of interest could also arise for reasons other than the asset experiencing financial distress.

In these situations, Brookfield will face conflicts in managing each side's investment with a view to maximizing its value and, in connection therewith, pursuing or enforcing rights or activities. At all times, Brookfield will seek to treat each Brookfield Account (including the Trust) fairly, equitably, and consistent with its investment mandate in pursuing and managing these investments. However, these factors could result in the Trust's and other Brookfield Accounts' interests being managed differently under certain circumstances and the Trust realizing different returns (including, possibly lower returns) on its investment than Brookfield and/or other Brookfield Accounts on theirs.

In addition, Brookfield is expected to advise other Brookfield Accounts with respect to different parts of the capital structure of an investment. As a result, Brookfield could pursue or enforce rights or activities, or refrain from pursuing or enforcing rights or activities, with respect to a particular investment in which the Trust has invested. The Trust or such investment could be negatively affected by these activities, and the Trust's transactions may be executed at prices or on terms that may be less favorable than would otherwise have been the case.

As a result of the various conflicts and related issues described above, the Trust could sustain losses during periods where a Brookfield Account achieves profits generally or with respect to particular holdings, or could achieve lower profits or higher losses than would have been the case had the conflicts described above not existed.

In order to mitigate potential conflicts of interest in these situations, Brookfield could but will not be obligated to take one or more actions on behalf of itself, the Trust (to the extent permitted by the Trust Agreement and not inconsistent with Revenue Ruling 2004-86) or another Brookfield Account, including one or more of the following (as it determines in its sole discretion): (i) forbearance of rights, such as causing Brookfield or another Brookfield Account to remain passive in a situation in which it is otherwise entitled to vote or make a business decision, which could mean that Brookfield or another Brookfield Account defers to the decision or judgment of an independent, third-party investor in the same class of securities with respect to decisions such as those regarding defaults, foreclosures, workouts, restructurings, and/or similar matters, including actions taken by a trustee or administrative or other agent of the investment, such as a release, waiver, forgiveness or reduction of any claim for principal or interest, extension of maturity date or due date of any payment of any principal or interest, release or substitution of any material collateral, release, waiver, termination or modification of any material provision of any guaranty or indemnity, subordination of any lien, and release, waiver or permission with respect to any covenants; (ii) causing Brookfield or another Brookfield Account to hold only a non-controlling interest in any such investment; (iii) referring the matter to one or more persons that is not affiliated with Brookfield, such as a third-party loan servicer, administrative agent or other agent to review and/or approve of an intended course of action; (iv) consulting with the investors for approval on such matter; (v) establishing ethical screens or information barriers (which can be temporary and of limited purpose) designed to separate Brookfield investment professionals to act independently on behalf of the Trust, on the one hand, and the other Brookfield Account, on the other hand, in each case with support of separate legal counsel and other advisers; (vi) causing the Trust (or another Brookfield Account) to divest of an investment that it otherwise could have held on to, including causing the Trust to sell its position to Brookfield or another Brookfield Account (or vice versa); and/or (vii) such other actions or measures (which could be limited to internal reviews and assessments) that it deem reasonable under the circumstances.

At all times, Brookfield will endeavor to treat all Brookfield Accounts (including the Trust) fairly, equitably and in an impartial manner. However, there can be no assurance that any action or measure pursued by Brookfield will be feasible or effective in any particular situation, or that its own interests will not influence its conduct, and it is possible that the outcome for the Trust will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. In addition, the actions and measures that Brookfield pursues are expected to vary based on the particular facts and circumstances of

each situation and, as such, there will be some degree of variation and potentially inconsistency in the manner in which these situations are addressed.

Financings. If an other Brookfield Account, other Oaktree Account, or Brookfield Credit & Insurance Account participates as a lender in borrowings by the Trust, Brookfield's or Oaktree's interests may conflict with the interests of the Trust or its investments. In this situation, the Trust's assets may be pledged to such other Brookfield Account, other Oaktree Account, or Brookfield Credit & Insurance Account as security for the loan. In its capacity as a lender, the relevant other Brookfield Account, other Oaktree Account, or Brookfield Credit & Insurance Account may act in its own interest, without regard for the interests of the Trust, the Property or the Beneficial Owners, which may materially and adversely affect the Trust, any subsidiary or investment entity and, in certain circumstances such as an event of default, ultimately may result in realization of the Trust's assets and a loss of the entire investment of the Beneficial Owners. In addition, if the Manager or any of its affiliates is a party to a transaction or an agreement with the Trust to provide services or financing to the Trust or is a lender to the Trust, the Manager will, to the extent permitted by the Trust Agreement, have the sole right to, through or on behalf of the Trust, either (a) take any action to implement the agreement, enforce any provisions thereof or any rights of the Trust thereunder, terminate the agreement pursuant to any right of termination provided in such agreement, give required notices or give or make any approval, consent, decision or waiver under such agreement or (b) nominate a third party to approve any action or inaction to be taken with respect to any such related party transaction or agreement. See *"Investments with Related Parties"* above for further discussion with respect to the conflicts of interest that may arise in connection with Brookfield acting as a lender.

Financing to Trust Counterparties. There may be situations in which a Brookfield Account, Brookfield Credit & Insurance Account or Oaktree Account will offer and/or commit to provide financing to one or more third parties that are expected to bid for and/or acquire an interest in the Property or Properties. This type of financing could be provided through pre-arranged financing packages arranged and offered by a Brookfield Account, Brookfield Credit & Insurance Account or Oaktree Account to potential bidders in the relevant sales process or otherwise pursuant to bilateral negotiations between one or more bidders and such account. For example, where the Trust seeks to sell the Property to a third party in the normal course, a Brookfield Account, Brookfield Credit & Insurance Account, or Oaktree Account may offer the third-party debt financing to facilitate its bid and potential purchase of the Property.

Acquisition financing arranged and offered by Brookfield Accounts, Brookfield Credit & Insurance Accounts, or Oaktree Accounts creates potential conflicts of interest. In particular, where Brookfield has control or influence in selecting a third-party bidder, such account's participation as a potential lender in the sales process could create an incentive to select a third-party bidder that uses financing arranged by a Brookfield Account, Brookfield Credit & Insurance Account, or Oaktree Account to the potential detriment of the Trust.

In order to mitigate potential conflicts of interest in situations where Brookfield has control or influence in selecting a third-party bidder, Brookfield generally will seek to take one or more of the following actions (as it determines in its sole discretion) in satisfaction of its duties to the Trust: (a) offer the Property or Properties for sale in the normal course via competitive and blind bidding processes designed to maximize the sales value for the Trust; (b) engage one or more independent advisers, such as sell-side bankers, on behalf of the Trust to administer and facilitate a commercially fair and equitable sales process; (c) establish ethical screens or information barriers (which can be temporary and of limited purpose) to separate the Brookfield investment professionals that act on behalf of the Trust, on the one hand, from the Brookfield investment professionals that act on behalf of the Brookfield Account, Brookfield Credit & Insurance Account or Oaktree Account arranging and offering the acquisition financing, on the other hand; and (d) such other such actions that Brookfield deems necessary or appropriate, taking into account the relevant facts-and-circumstances. However, there can be no assurance that any particular action will be feasible or

effective in any particular situation, or that Brookfield's own interests won't influence its conduct, and it is possible that the outcome for the Trust will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. In addition, the actions that Brookfield pursues are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation and potential inconsistency in the manner in which these situations are addressed.

In addition, in such situations where Brookfield has control or influence over selecting a third-party bidder, Brookfield may accept a bid for a Property from a bidder that received acquisition financing from a Brookfield Account, Brookfield Credit & Insurance Account or Oaktree Account that is at a lower price than an offer that it received from a party that has independent financing sources. For example, although price is often the deciding factor in selecting whom to sell a Property to, other factors frequently influence the seller, including, among other things, closing conditions, lack of committed financing sources, regulatory or other consent requirements, and such other factors that increase the risk of the higher-priced bidder being able to complete or close the transaction under the circumstances. Brookfield could therefore cause the Trust to sell a Property to a third party that has received financing from another Brookfield Account, Brookfield Credit & Insurance Account, or Oaktree Account, even when such third party has not offered the most attractive price.

In exercising its discretion hereunder, Brookfield will seek to ensure that the Trust obtains the most favorable sale package (including sales price and other factors, including certainty and speed of closing) on the basis of a commercially fair and equitable sales process. No sale of a Property involving acquisition financing provided by a Brookfield Account, Brookfield Credit & Insurance Account, or Oaktree Account will require Beneficial Owner approval as a result of such financing being provided by Brookfield.

Oaktree. Brookfield holds a majority stake in Oaktree Capital Group, LLC (together with its affiliates, "**Oaktree**"). Oaktree is a global investment manager with significant assets under management, emphasizing an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. Brookfield and Oaktree operate their respective investment businesses largely independently pursuant to an information barrier, with each remaining under its current brand and led by separate management and investment teams.

It is expected that Brookfield Accounts (including the Trust) and their portfolio companies will engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interest between them, on the one hand, and Oaktree, Oaktree-managed funds and accounts (collectively, the "**Oaktree Accounts**") and their portfolio companies, on the other hand. For so long as Brookfield and Oaktree manage their investment operations independently of each other pursuant to an information barrier, Oaktree, Oaktree Accounts and their respective portfolio companies generally will not be treated as affiliates of Brookfield or the Trust for purposes of the Trust Agreement, and conflicts (and potential conflicts) considerations, including in connection with allocation of investment opportunities, investment and trading activities, and agreements, transactions and other arrangements entered into with Oaktree, Oaktree Accounts and their portfolio companies, generally will be managed in accordance with the Trust Agreement and as further summarized herein.

There is (and in the future will continue to be) overlap in investment strategies and investments pursued by the Trust and Oaktree Accounts. Nevertheless, Brookfield generally does not expect to coordinate or consult with Oaktree with respect to investment activities and/or decisions. This absence of coordination and consultation, and the information barrier described above, will in some respects mitigate conflicts of interests between the Trust and Oaktree Accounts; however, these same factors also will give rise to certain conflicts and risks in connection with Brookfield's and Oaktree's investment activities, and make it more difficult to mitigate, ameliorate or avoid such situations.

Oaktree will not be restricted from forming or establishing new Oaktree Accounts, such as additional funds or successor funds. Moreover, Brookfield expects to provide Oaktree, from time to time, with (a) access to marketing-related support, including, for example, strategy sessions, introductions to investor relationships and other marketing facilitation activities, and (b) strategic oversight and business development support, including general market expertise and introductions to market participants such as portfolio companies, their management teams and other relationships. Certain such Oaktree Accounts could compete with or otherwise conduct their affairs without regard as to whether or not they adversely impact the Trust.

Oaktree may provide similar information, support and/or knowledge to Brookfield, and the conflicts (and potential conflicts) of interest described above will apply equally in those circumstances.

The potential conflicts of interest described herein are expected to be magnified as a result of the lack of information sharing and coordination between Brookfield and Oaktree. The Manager is not expected to be aware of, and will not have the ability to manage, such conflicts. This will be the case even if they are aware of Oaktree's investment activities through public information.

Brookfield and Oaktree may decide, at any time and without notice to the Trust or the Beneficial Owners, to remove or modify the information barrier between Brookfield and Oaktree. In the event that the information barrier is removed or modified, it would be expected that Brookfield and Oaktree will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of their investment activities in a different or modified framework.

To the extent that the information barrier is removed or otherwise ineffective and Brookfield has the ability to access analysis, models, and/or information developed by Oaktree and its personnel, Brookfield will not be under any obligation or other duty to access such information or effect transactions on behalf of Brookfield Accounts (including the Trust) in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so. The Trust may make decisions that differ from those it would have made if Brookfield had pursued such information, which may be disadvantageous to the Trust. See "*Data and Information Sharing*" above.

This does not purport to be a complete list or explanation of all actual or potential conflicts that may arise, and additional conflicts not yet known by Brookfield or Oaktree may arise in the future and such conflicts will not necessarily be resolved in favor of the Trust's interests. Because of the extensive scope of both Brookfield's and Oaktree's activities and the complexities involved in combining certain aspects of existing businesses, the policies and procedures to identify and resolve such conflicts of interest will continue to be developed over time.

DECISIONS MADE AND ACTIONS TAKEN THAT MAY RAISE POTENTIAL CONFLICTS

Reputational Considerations. Given the nature of its broader platform, Brookfield has an interest in preserving its reputation, including with respect to certain of its affiliates' statuses as publicly traded vehicles, and in certain circumstances, such reputational considerations may conflict with the interests of the Trust. The Manager will likely make decisions on behalf of the Trust for reputational reasons that may not be directly aligned with the interests of the Beneficial Owners or consistent with the determination the Manager otherwise would have made absent its interest in Brookfield's broader reputation. For example, the Manager may limit transactions and activities on behalf of the Trust for reputational or other reasons, including where Brookfield is providing (or may provide) advice or services to an entity involved in such activity or transaction, where a Brookfield Account is or may be engaged in the same or a related activity or transaction to that being considered on behalf of the Trust, where a Brookfield Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction on behalf of or in

respect of the Trust could affect the Manager, Brookfield Accounts or their activities.

Administration Fee. The Administration Fee payable by the Trust to the Manager (or an affiliate thereof) will not be used solely to compensate Brookfield employees. For example, a portion of the Administration Fee may be retained by Brookfield for the benefit of its public shareholders. Additionally, Brookfield may pledge, make a collateral assignment of, or otherwise use as credit support all or any portion of its right to receive the Administration Fee. The payment of the Administration Fee to persons other than the team responsible for managing the Trust reduces the alignment of interest between the Manager and the Beneficial Owners.

Allocation of Costs and Expenses. In the ordinary course, Brookfield is required to decide whether costs and expenses (including, among others, Affiliate Services (as defined below), internal audits, and other fees charged by third-party service providers) are to be borne by the Trust and/or its investments, on the one hand, or other Brookfield Accounts (including Brookfield), on the other hand, and/or whether such costs and expenses should be allocated among the Trust and other Brookfield Accounts (including Brookfield). These costs and expenses include operating expenses and expenses charged to investments, including (among others) fees, costs and expenses payable to service providers, including related parties, affiliates of Brookfield and/or third-party service providers. Brookfield expects to allocate costs and expenses to or among the Brookfield Accounts (including the Trust and/or Brookfield) that benefit from such costs and expenses in a fair and reasonable manner using its good faith judgment, which is inherently subjective.

Brookfield generally will utilize one or more methodologies (that it determines, in its sole discretion, to be fair and reasonable) to determine (a) the costs and expenses relating to a particular service (that are not otherwise provided pursuant to a fixed rate) and (b) the allocation of costs and expenses (including, among others, Affiliate Services and other fees charged by third-party service providers) among Brookfield Accounts (including the Trust and/or Brookfield). These methodologies are expected to include one or more of the following: (i) quarterly, semi-annual, annual or other periodic estimates (including budgetary estimates) of (A) the amount of time spent by or to be spent by employees on provision of a service to one or more Brookfield Accounts, or (B) the estimated level of effort required to provide a particular service relative to other services provided by the same employees (for instance, costs and expenses relating to financial reporting services could be allocated based on the estimated level of effort required for audited versus unaudited financial statements), and the Manager is not required to subject such estimates to true-up once the relevant costs or expenses have been completed; (ii) the relative size (e.g., value or invested equity), number, output, complexity and/or other characteristic relating to the Brookfield Accounts, investments and/or potential investments to which the services relate; (iii) where services are provided by groups of employees, utilization of blended compensation rates across groups of such employees (which rates may blend together the compensation of employees with different seniority, regions, functions and individual compensation, such that the particular employees who provide services to a particular Brookfield Account may actually be compensated at higher or lower rates than the blended rate that is charged to such Brookfield Account); and/or (iv) any other methodology deemed fair and reasonable by Brookfield in determining (and/or estimating) the cost and expenses relating to the provision of a particular service.

The methodologies that Brookfield utilizes to determine the costs and expenses relating to a particular service and the allocation of costs and expenses (including, among others, Affiliate Services and other fees charged by third-party service providers) among Brookfield Accounts (including Brookfield) are expected to vary based on the particular facts and circumstances of each situation (including potentially analogous situations) and over time, and as such there will be some degree of variation in the manner in which situations are addressed (including similar situations over time). As a result of the foregoing, there can be no assurance that any such determination will accurately reflect the actual cost of a service in any particular situation, that Brookfield's own interests won't influence its determination, and/or that a different methodology would not have also been fair, reasonable and/or yield a different (including more accurate)

result. Moreover, it is possible that the Trust could be allocated a larger portion of costs and expenses relating to one or more services, including services provided by Brookfield Accounts (including Brookfield) and/or services that are provided to the Trust and other Brookfield Account(s), than they otherwise would have if Brookfield did not face the conflicts of interest considerations discussed herein. Among other things, the determination of cost and expenses generally will be based on estimates (which are inherently subjective) and/or blended rates determined by blending and averaging employee costs. As a result, there can be no assurances that the amounts charged by Brookfield to the Trust for any service will not be greater (or lower) than the amount that would be charged had Brookfield determined the costs and expenses relating to the service(s) and/or the allocation of such costs and expenses among Brookfield Accounts (including Brookfield) via a different methodology or engaged a similarly-situated third party-service provider to provide the services.

Costs and expenses that are suitable for only the Trust or another Brookfield Account (and/or its investments) are expected to be allocated only to the Trust or such other Brookfield Account, as applicable. Notwithstanding anything in the foregoing to the contrary, in certain situations costs and expenses are expected to be allocated only to the Trust despite the fact that the incurrence of such costs and expenses did not or will not directly relate solely to the Trust and could, in fact, also benefit other Brookfield Accounts or not ultimately benefit the Trust at all. For example, costs and expenses could be allocated to the Trust in respect of a specific legal, regulatory, tax, commercial and/or other matter, structure and/or negotiation that does not relate solely to the Trust and/or was addressed prior to the formation of the Trust, and Brookfield could determine to allocate all or a significant portion of such costs and expenses to the Trust based on factors that it deems reasonable in its sole discretion, regardless of the amount of capital raised for and/or number of investors (if any) who ultimately invest in, the Trust in connection with such matter, structure and/or negotiation, and regardless of the extent to which other Brookfield Accounts (including Brookfield) ultimately benefit from such matter, structure and/or negotiation. Costs and expenses incurred in connection with a matter, structure and/or negotiation unrelated to the Trust could therefore be allocated to the Trust even if such costs and expenses were incurred prior to the existence of the Trust.

In certain circumstances, in order to create efficiencies and optimize performance, Brookfield expects that the asset(s) of a Trust will share the operational, legal, financial, back-office, and/or other resources of another investment, potential investment, portfolio company and/or asset of other Brookfield Accounts, including Brookfield. Brookfield will determine the costs and expenses as well as the allocation of such costs and expenses among the relevant Brookfield Accounts (and/or their assets) utilizing the methodologies set forth above. These types of arrangements will not require the consent of Beneficial Owners. Determining an allocable share of internal and other costs, or otherwise allocating costs, inherently requires the judgment of Brookfield and there can be no assurance that the Trust will not bear a disproportionate amount of any costs, including Brookfield's internal costs.

Operating Expenses. The Trust (or the Springing LLC, as applicable) will bear all fees, costs, and expenses relating to its operations (collectively, the "**Operating Expenses**" and, together with organizational expenses and the Administration Fee, the "**Trust Expenses**"), including, but not limited to, those relating to: (i) legal, auditing, consulting, accounting, back-office services, communication, and other administration; (ii) the administration of the Trust (including both third-party and internal administrator services); (iii) reporting and other professional and administrative fees, costs and expenses, including, but not limited to, fees, costs and expenses incurred in connection with information technology utilized by the Trust, the preparation and circulation of distribution notices (including fees, expenses and costs of service providers); (iv) the maintenance of the Trust's books of account and other reports and the preparation of unaudited financial statements required to implement the provisions of the Trust Agreement or by any governmental authority with jurisdiction over the Trust (including those of independent auditors, accountants and counsel, the costs and expenses of preparing and circulating reports (including applicable tax documents) and any fees or imposts of a governmental authority imposed in connection with such books

and records and statements) and other routine administrative fees; (v) expenses and costs of the Trust, including those relating to cash management expenses and insurance and legal expenses; (vi) indemnification and insurance, including those incurred in connection with any litigation, investigation, arbitration, settlements or reviews or other extraordinary events involving the Trust, terrorism, property, title, liability (directors and officers liability, professional liability), fire insurance and/or extended coverage and other insurance and indemnity expenses, including the amount of any judgments or settlements paid in connection therewith; (vii) the identification, structuring, negotiation, acquisition, making, sourcing (including any retainers, success and finder's fees and other compensation paid to contractors, senior advisors and sourcing and operating partners), researching, holding, monitoring, developing, owning, operating, managing, financing, sale, proposed sale, restructuring, proposed restructuring, other disposition or valuation of its proposed or actual investments (including due diligence in connection therewith), including, but not limited to, legal, accounting, audit, consulting, back office services, appraisal, travel, lodging, transportation, meals, business development, hedging and other expenses (to the extent not subject to reimbursement), and the attendance at conferences and meetings; (viii) all permitted borrowings made by the Trust (including interest thereon), and those incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing, guarantee or other credit arrangement permitted to be incurred under the Trust Agreement; (ix) a Sanctioned Beneficial Owner; (x) communications (including any software or online data portal used in connection with reporting and any expenses incurred in connection with webcasts, video conferencing or similar technology services); (xi) any restructuring, amendments to the constituent documents of the Trust and the Manager, to the extent necessary to implement a restructuring or amendment to the Trust documents; (xii) administering and complying with the governing documents of the Trust, including the Trust Agreement, including summaries thereof, finance, and operations manuals in respect thereof and any revisions or amendments to any governing documents; (xiii) government and regulatory filings; (xiv) any depositary, custodian, paying agent, trustee, rating agent, transfer agent and similar services; (xv) liquidating or restructuring the Trust, its successor, or the Manager, a Transfer Distribution, or the exercise of the FMV Option; (xvii) brokerage commissions, custodial expenses, appraisal fees and other costs incurred in connection with actual or proposed investments and temporary investments, including those related to, or losses incurred in respect of, transactions in derivative instruments; (xviii) hedging transactions; (xix) any taxes, fees related to governmental or regulatory charges payable by the Trust or the Springing LLC (including taxes, interest, penalties and other amounts related thereto, including, for the avoidance of doubt, any imputed underpayment under U.S. Code Section 6225), and those incurred in connection with any tax audit, investigation, settlement or review of the Trust or Springing LLC, in each case, except to the extent such amounts are (a) allocable to or indemnifiable by a Beneficial Owner, and (b) actually borne and paid by such Beneficial Owner; (xx) those incidental to the transfer, servicing and accounting for the Trust's cash and securities; (xxi) those incurred in connection with an actual or potential assignment, pledge or transfer of a Beneficial Owner's Interest in the Trust as permitted by the Trust Agreement; (xxii) those incurred in connection with anti-bribery and corruption, anti-money laundering or "know your customer" compliance, tax diligence and/or related procedures (including in relation to the initial onboarding and admission of Beneficial Owners); (xxiii) the collection of any amounts due to the Trust from any person; (xxiv) the assessment of the global and localized impact and sustainability of the Trust's investments, including during due diligence, monitoring and reporting in connection therewith, and including those associated with the management of data and information in connection with tracking software used for tracking key performance indicators for investments; (xxv) collecting and managing data and information relating to key impact performance indicators whether in connection with tracking software or otherwise, and those incurred in connection with the monitoring and reporting on such key impact performance indicators; (xxvi) membership and association fees (including any verification fees) with respect to organizations that verify the Trust's alignment with impact principles and criteria; (xxvii) third-party verification costs associated with impact measurement; (xxviii) the maintenance and operation of the Manager; (xxix) to a financial technology provider and similar services and service providers; and (xxx) compliance with privacy laws, rules or regulations of any applicable jurisdiction. For the avoidance of doubt, Operating Expenses will

include, and the Trust will bear, all such expenses (including expenses related to services or products performed or provided by Brookfield) whether incurred by, on behalf of or in connection with the formation, operation and/or liquidation of any Trust investment.

The amount of such Operating Expenses will be substantial and will reduce the actual returns realized by Beneficial Owners on their investment in the Trust. The list of Operating Expenses above encompasses a broad range of expenses but is not exhaustive; additional and/or new costs and expenses are expected to arise over time. Operating Expenses also includes both recurring items as well as extraordinary expenses which may be hard to budget or forecast. As a result, the amount of Operating Expenses ultimately borne by the Trust at any one time may also exceed expectations. See additional detail regarding the allocation of costs and Operating Expenses in "*Allocation of Costs and Expenses*" above.

The list of Operating Expenses herein is based on Brookfield's current expectations of the types of costs and expenses to be incurred by a Trust. Additional and/or new costs and expenses are expected to arise over time and Brookfield will allocate such costs and expenses to the Trust (or among the Trust and other Brookfield Accounts) as it determines, in its discretion, to be fair and reasonable.

Affiliate Services and Transactions. Where it deems appropriate and relevant, in its sole discretion, Brookfield will perform or will engage its affiliates and/or related parties to provide a variety of different Affiliate Services (as defined herein) in connection with the operation and/or management of the Trust and/or the Manager including (among others): lending and loan special servicing; investment support, including investment backstop, guarantees and similar investment support arrangements; advisory, consulting, market research, appraisal, valuation, risk management and innovation (including cyber/digital security and related services), assurance, and audit services (including related to investments, assets, goods and services); the placement and provision of various insurance policies and coverage and/or reinsurance thereof, including risk retention and/or insurance captives and/or alternative insurance solutions; entitlement; development (including oversight thereof) and development management (including identification and assessment of development opportunities, project planning, engineering analysis, preparing and managing interconnection approvals and permitting, and managing related stakeholder matters); design and construction (including oversight thereof); procurement services; portfolio company and property management (and oversight thereof) and leasing or facility management; operational, legal, financial, compliance, regulatory; tax, back office, environmental, social and governance related services, health, life and safety and security services, operations and maintenance services; brokerage, corporate secretarial, human resources, bank account and cash management; financial planning and related controls, books and records; supply or procurement of power and energy and/or other commodities/goods/products; transaction support; accounting and reporting; trust administration; arranging, negotiating and managing financing, refinancing, other financial operations services, hedging, derivatives, managing workouts and foreclosures, financing and other treasury and capital markets services; data generation, analytics, analysis, collection and management services; participation in and/or advice on a range of activities by strategic and/or operations professionals with established industry expertise, including among others in connection with (or with respect to) the origination, identification, assessment, pursuit, coordination, execution and consummation of investment opportunities, including project planning, engineering and other technical analysis, securing site control, preparing and managing approvals and permits, financial analysis and managing related-stakeholder matters; real estate, leasing and/or asset/facility management; service as administrative and collateral agent; development management (including pre-development, market and site analysis, modeling, zoning, entitlements, land use, pre-construction, community and government relations, design, environmental review and approvals, securing and administering compliance with governmental agreements, government approvals and incentive programs, permitting, site safety planning and construction); environmental and sustainability services; physical and digital security, life and physical safety, maintenance and other technical specialties; information technology services and innovation; appraisal and valuation services; market research; cash flow modeling and forecasting, consolidating,

reporting, books and records; arranging, negotiating and managing financing and derivative arrangements; accounting, administrative services, reporting, legal, compliance and tax services relating to the Trust and/or its Beneficial Owners, and the Trust's investments; managing workouts and foreclosures; client onboarding (including review of subscription materials and coordination of anti-bribery and corruption, anti-money laundering and "know your customer" reviews, assessments and compliance measures); client reporting; investment onboarding (including training employees of investments on relevant policies and procedures relating to risks); preparation and review of documents; negotiation with prospective investors; other services that would be considered operating expenses if performed by a third party; other operational, back office, administrative and governance related services; oversight and supervision of the provision, whether by a Brookfield affiliate/related party or a third party, of the above-referenced services and products; and any other services that Brookfield deems appropriate and relevant and/or necessary in connection with the operation and/or management of the Trust (to the extent permitted by the Trust Agreement) and the Manager, and/or affiliates, investments, and/or potential investments (such services, collectively, the "**Affiliate Services**"). The types of Affiliate Services that Brookfield provides will not remain fixed and are expected to change and/or evolve over time as determined by Brookfield in its sole discretion.

Some of these services give rise to additional conflicts of interest considerations because they are similar to the services provided by the Manager to the Trust. However, Brookfield deems these services to be appropriate for and value enhancing to the operations and/or management of the Trust, the Manager, and any relevant affiliates, and these services otherwise would be provided by third parties engaged to provide the services. Amounts charged to the Trust for Affiliate Services will be in addition to the Administration Fee payable to the Manager, will not be shared with the Trust and/or the Beneficial Owners (or be offset against the Administration Fee), will increase the overall costs and expenses borne indirectly by investors in the Trust, and are expected to be substantial.

Providing services or products to the Trust and its investments is expected to enhance Brookfield's relationships with various parties, facilitate additional business development and enable Brookfield to obtain additional business and generate additional revenue.

For the avoidance of doubt, the costs to be paid in respect of Affiliate Services will include, among other components: (i) personnel compensation costs and expenses (e.g., salary, benefits (including, among others, paid time off)), (ii) short- and long-term incentive compensation (including management promote, incentive fee and/or other performance-based compensation), (iii) costs and expenses of professional development, professional certifications, professional fees, training, business travel (including, among others, transportation, lodging and meals) and related matters, (iv) an allocable share of corporate costs and expenses associated with employment, including (among others) office rent, human resources personnel, talent acquisition fees and expenses, and office services costs, and (v) an allocable share of technology costs and expenses associated with employment of personnel, including, among others, information technology hardware, human resources technology, computing power and/or storage, software, cybersecurity, and related costs. These costs and expenses are expected to be substantial and will, in certain cases, be based on estimates made by Brookfield, both in respect of the total amount of costs and expenses relating to a particular service as well as the shares of such costs and expenses allocable to Brookfield Accounts (including, among others, Brookfield and the Trust). In addition, certain personnel costs are expected to be based on a blended rate methodology that blends together the compensation of employees with different seniority, regions, functions, and individual compensation, such that the particular employees who provide Affiliate Services to a particular Brookfield Account may actually be compensated at higher or lower rates than the blended rate that is charged to such Brookfield Account. See also "*Allocation of Costs and Expenses*" above.

At all times, Brookfield will endeavor to determine the costs and expenses and/or the fee rates applicable

with respect to a particular Affiliate Service, in a fair, reasonable, and impartial manner. However, there can be no assurance that any such determination will accurately reflect the actual cost and/or arm's length market rate of an Affiliate Service in any particular situation, that Brookfield's own interests won't influence its determination, and/or that a different methodology would not have also been fair, reasonable and/or yield a different (including more accurate) result. Among other things, the determination of cost and expenses generally will be based on estimates (which are inherently subjective) and, in determining a fee rate, there are variances in the marketplace for similar services based on an array of factors that affect providers and rates for services, including, among others, loss leader pricing strategies, other marketing and competitive practices, integration efficiencies, geographic market differences, and the quality of the services provided. In addition, in determining the fee rate for any Affiliate Service, Brookfield will exercise discretion as to which factor(s), and which elements within such factor(s), to rely on. For example, in relying on information provided by one or more third parties, such as fee data and benchmark analyses, Brookfield could determine to rely on data and/or analyses relating to one benchmark transaction, a set of transactions that were executed within a particular time period and/or one or more particular industries, or other universe of benchmark transaction(s), as it determines in its sole discretion. As a result, there can be no assurances that the amounts charged by Brookfield for any Affiliate Service will not be greater (or lower) than the rate that would be charged had Brookfield determined the rate via a different methodology or engaged a similarly-situated third-party service provider to provide the services. The fee rate charged for any Affiliate Service at any given time following the relevant engagement could be higher (or lower) than the then-current market rate for the service because the market rate has decreased (or increased) over time. However, Brookfield generally will not adjust (i.e., decrease or increase) the fee rate in any particular case. Brookfield's methodology of estimating the costs and expenses attributable to a particular Affiliate Service could be higher (or lower) than the actual cost of providing the service, particularly as Brookfield will rely on estimates of costs and expenses (including, among others, estimates of budgets, expected services, relative sizes (or other metric) of assets and/or businesses, and/or time periods) and blended rates of employees. However, unless otherwise determined by Brookfield, in its sole discretion, the associated charges to the Trust will not be subject to true-up once the relevant Affiliate Services are completed or periodically throughout the services period.

In certain cases, Brookfield will oversee and/or supervise third-party service providers who provide services that, if performed by Brookfield, would be charged to the Trust, in such cases, Brookfield may charge, (i) fees that, when combined with the fees charged by the third-party service provider, are at a rate equal to or less than those set out in a certain rate schedule, or (ii) at cost (including an allocable share of internal costs) plus an administrative fee in addition to the third-party service provider's fees. In addition to overseeing or supervising third-party service providers, Brookfield may provide certain ancillary services connected to the third-party service provider's engagement including, but not limited to, financial reporting and business planning.

From time to time, Brookfield will terminate Affiliate Services arrangements entered into between the Trust, on the one hand, and Brookfield and/or other Brookfield Accounts (and/or their investment(s)), on the other hand, including prior to the expected termination or expiration of the arrangements. In such instances, Brookfield will endeavor to act fairly and reasonably taking into account the interests of the Trust as well as its counterparties and the applicable facts and circumstances at such time. However, there can be no assurance that any such termination will be effected in such manner as it otherwise would have been had the counterparty not been a Brookfield related entity and/or that Brookfield's own interests won't influence the manner of such termination. In particular, Brookfield could determine to waive and/or otherwise negotiate certain terms relating to the termination, including early termination fees and related provisions, in a manner that it would not have pursued if the counterparty were not a Brookfield related entity. In addition, it is possible that the Trust could bear a larger portion of the termination costs than it otherwise would have if Brookfield did not face the conflicts of interest considerations discussed herein.

For the avoidance of doubt, the foregoing procedures and limitations regarding compensation for transactions will not apply to transactions for services and/or products between the Trust's investments and portfolio companies of another Brookfield Account, Oaktree, Oaktree Account and/or certain companies affiliated with Brookfield that (a) are controlled, in whole or in part, by persons other than Brookfield or entities controlled by it, including, for example, joint ventures or similar arrangements with third parties where Brookfield does not have complete control or (b) do not coordinate or consult with the Manager with respect to investment decisions (each, a "**Non-Controlled Affiliate**"). Brookfield believes that providing these Affiliate Services results in increased focus, attention, efficiencies, and related synergies that facilitate alignment of interest and the ability to offer customized solutions and value creation that would not be available from third-party providers. While Brookfield believes that the cost of the Affiliate Services will be reasonable, the extensive and specialized nature of services could result in such costs being higher than those charged for similar services (to the extent available) by third-party providers. Brookfield will be under no obligation to evaluate alternative providers or otherwise benchmark the costs of such Affiliate Services. While Brookfield believes that this enhances the overall services that Brookfield provides to the Trust and its investment in a cost-efficient manner, the arrangement gives rise to conflicts of interest considerations, including among others in connection with the methodologies employed to determine the compensation for the employees who provide Affiliate Services and the cost and expenses of the services provided to the Trust and/or the determination of the portion of the costs and expenses relating to support services to be allocated among the Trust, on the one hand, and other Brookfield Accounts (and their investments), on the other hand, including Brookfield.

With respect to Affiliate Services, the costs of personnel managing day-to-day building operations (i.e., facilities personnel), and personnel managing day to day execution of a development (collectively, the "**Operating Personnel**"), in each case whether employed by Brookfield or a third party and whether performing services on site or off site, will be charged to the Trust's investments at cost (including an allocable share of internal costs) in addition to the fees. For the avoidance of doubt, the fees so charged will not be reduced by the costs of Operating Personnel. The passed-through costs of such Operating Personnel are often substantial.

Conflicts of Interest Related to Property Fees Paid to Affiliates. The Trust, or the applicable Master Tenant, may engage one or more service providers for certain professional property services. In certain instances, such a service provider will be an affiliate of the Sponsor, in which case such affiliate will earn fees for property management and related services and will be entitled to certain expense reimbursements, as specified in the applicable Property Supplement. Any such fees and/or expense reimbursements may not apply with respect to each Property or at all times. When an affiliate earns fees, Brookfield and its affiliates have an economic interest in arrangements under which such fees are earned. These interests may create conflicts between the interests of Beneficial Owners and those of Brookfield and its affiliates, including with respect to decisions regarding the engagement and retention of property service providers, the scope of services provided, and the continuation of the applicable fee structure. Beneficial Owners will not have the ability to negotiate these arrangements, and such arrangements may not be on terms as favorable as those that could be obtained from unaffiliated third parties.

Intangible Benefits and Discounts. Brookfield, the Manager, and their personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Trust which will not reduce the Administration Fee or otherwise be shared with the Trust and/or its Beneficial Owners. Such benefits will inure exclusively to Brookfield and/or its personnel receiving them, even if they are significant or difficult to value and even though the cost of the underlying service is borne by the Trust. For example, certain affiliates may receive portions of fees paid by third parties that relate to transactions involving Properties and/or tenants, such as a portion of broker commissions paid by sellers of Properties, and portions of the insurance premiums and fees paid by tenants to insurance providers. In addition, airline travel or hotel stays incurred as Trust expenses typically result

in "miles" or "points" or credit in loyalty/status programs and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Brookfield, the Manager, and/or such personnel (and not the Trust and/or its Beneficial Owners) even though the cost of the underlying service is borne by the Trust. Similarly, the volume of work that service providers receive from Brookfield, which include those from the Trust, results in discounts for such services that Brookfield will benefit from, while the Trust will not be able to benefit from certain discounts that apply to Brookfield. Brookfield and/or its employees will, from time to time, make or receive employment referrals for certain contacts and/or their family members, including those contacts that relate to the Trust's investment in a Property and/or Brookfield affiliates. Such referrals may result in employment that benefits the contacts and/or their family members and the financial benefit of that employment will not be individually disclosed to the Trust and/or shared with the Trust and/or the Beneficial Owners. In addition, Brookfield has in the past, and expects to continue to make available in the future certain discount programs to its employees as a result of Brookfield's relationship with a Trust investment (e.g., "friends and family" discounts), and which discounts are not available to the Beneficial Owners. The size of these discounts on products and services (and, potentially, customers or suppliers of such portfolio companies) could be significant. The potential to receive such discounts could provide an incentive for Brookfield to cause the Trust to enter into transactions that may or may not have otherwise been entered into in the absence of these arrangements and benefits. Financial benefits that Brookfield and its personnel derive from such transactions will generally not be shared with the Trust and/or the Beneficial Owners. Such discounts may include the ability to lease units in multifamily buildings owned by the Trust at significantly discounted rates. Brookfield may also offer referral bonuses to its employees who refer tenants to buildings owned by the Trust. In certain cases, Brookfield may be engaged by purchasers of investments to provide various services, including real estate operations and property management services (and oversight thereof), with respect to such investments for an interim period following the Trust's disposition of such investments, until such functions are fully transitioned to the purchaser's service providers. Any such services will be provided on rates agreed with the purchasers (which may be different from the rates charged for Affiliate Services) and payment will not be shared with the Trust or reduce the Administration Fee. For a discussion regarding the resolution of the conflicts of interest noted above (and throughout this Memorandum), see "*Resolution of Conflicts—Resolution of Conflicts Generally*" below.

Linked Transactions/Arrangements. Brookfield intends from time to time to contract with third parties for various linked business transactions and/or arrangements (e.g., agreements to supply power to a third party while at the same time agreeing to procure technology services from such third party) as a part of broader business or other similar relationships with such third parties. Such transactions and/or arrangements (and related benefits) generally will be for the benefit of Brookfield's broader business platform and will be allocated in accordance with Brookfield's allocation policies and procedures in a fair and reasonable manner. In connection with these transactions and/or arrangements, Brookfield will allocate certain transactions among various Brookfield Accounts, including the Trust, and may in connection therewith commit such Brookfield Accounts to purchase and/or backstop certain services or products provided by such third parties. In addition, Brookfield expects to receive discounts and other special economic benefits in respect of the services and/or products provided by the third parties, which will be allocated among Brookfield and various Brookfield Accounts in a fair and reasonable manner, including Brookfield Accounts that do not participate in providing goods and/or services to the third parties.

Possible Future Activities. Brookfield expects to expand the range of services that it provides over time. Except as provided herein, Brookfield will not be restricted in the scope of its business or in the performance of any services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Brookfield has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with companies that hold or may have held investments similar to those made by the Trust.

Advisors. Brookfield from time to time engages or retains strategic advisors, senior advisors, operating partners, executive advisors, consultants and/or other professionals who are not employees or affiliates of Brookfield, but which include former Brookfield employees as well as current and former officers of Brookfield portfolio companies (collectively, the "**Consultants**"). Consultants generally have established industry expertise and are expected to advise on a range of investment-related activities, including by providing services that may be similar in nature to those provided by the investment team of the Trust such as strategies to achieve investment objectives, and development and implementation of business plans. Additionally, Brookfield's decision to initially perform certain services in-house for the Trust will not preclude a later decision to outsource such services, or any additional services, in whole or in part, to any Consultants, and Brookfield has no obligation to inform the Trust of such a change. Brookfield believes that these arrangements benefit its investment activities. However, they also give rise to certain conflicts of interest considerations.

Consultants are expected, from time to time, to receive payments (including directors' fees) from, or allocations or performance-based compensation with respect to, Brookfield and/or the Trust. In such circumstances, payments from, or allocations or performance-based compensation with respect to, the Trust a will not have the effect of reducing retainers or minimum amounts otherwise payable by Brookfield. Additionally, while Brookfield believes such compensation arrangements will be reasonable and generally at market rates for the relevant services provided, exclusive arrangements or other factors may result in such compensation arrangements not always being comparable to costs, fees, and/or expenses charged by other third parties. In addition to any compensation arrangements, the Trust may also generally bear its share of any travel costs or other out-of-pocket expenses incurred by Consultants in connection with the provision of their services. Accounting, network, communications, administration, and other support benefits, including office space, may be provided by Brookfield or the Trust to Consultants without charge, and any costs associated with such support may be borne by the Trust.

In certain cases, these persons are likely to have certain attributes of Brookfield "employees" (e.g., they have dedicated offices at Brookfield, receive access to Brookfield information, systems and meetings for Brookfield personnel, work on Brookfield matters as their primary or sole business activity, have Brookfield-related e-mail addresses, business cards and titles, and/or participate in certain benefit arrangements typically reserved for Brookfield employees) even though they are not considered Brookfield employees, affiliates or personnel for purposes of the Trust Agreement. In this scenario, a Consultant would be subject to Brookfield's compliance policies and procedures. Where applicable, Brookfield allocates to the Trust the costs of such personnel or the fees paid to such personnel in connection with the applicable services. There can be no assurance that any of Consultants will continue to serve in such roles and/or continue their arrangements with Brookfield and/or the Trust throughout the term of the Trust.

Travel Expenses. The Trust will reimburse the Manager and its affiliates for certain travel expenses, including air travel (generally business class), car services, meals and hotels (generally business or luxury class accommodations), incurred in identifying, evaluating, sourcing, researching, structuring, negotiating, acquiring, making, holding, developing, operating, managing, selling or potentially selling, restructuring or otherwise disposing of the Trust's proposed or actual investments (including fees for attendance of industry conferences), in connection with the formation, marketing and offering of the Trust and otherwise in connection with the business of the Trust. Brookfield employees will generally be encouraged to utilize preferred travel and accommodation partners, including hotels, when incurring travel expenses. Such preferred partners will often be assets or portfolio companies of Brookfield Accounts and typically will not be the most economical option available.

Service Providers. In managing business activities, Brookfield, Brookfield Accounts and their portfolio companies utilize and rely on various independent service providers, including attorneys, accountants, fund administrators, consultants, financial and other advisors, deal sources, lenders, brokers and outside

directors. Brookfield relies on these service providers' independence from Brookfield for various purposes, including (among other things) audits of Brookfield Accounts and/or their portfolio companies, transaction related services, benchmarking analyses, fairness and similar opinions of value, and/or verification of arm's length terms, in each case designed to facilitate resolution of conflicts of interest considerations relating to transactions between Brookfield Accounts and/or their portfolio companies with Brookfield and/or other Brookfield Accounts and/or their portfolio companies.

Brookfield, Brookfield Accounts, and their portfolio companies have various business relationships and engage in various activities with these service providers and/or their affiliates, which give rise to conflicts of interest considerations relating to the selection of the service providers. For example, service providers and/or their personnel could: (a) be investors in Brookfield, Brookfield Accounts, and/or their portfolio companies, (b) provide services to multiple Brookfield business lines, Brookfield Accounts, and/or portfolio companies, (c) be engaged to provide various different types of services to Brookfield, Brookfield Accounts, and their portfolio companies, (d) provide certain services, such as introductions to prospective investors and/or counterparties, to Brookfield, Brookfield Accounts, and their portfolio companies at favorable rates or no additional cost, (e) be counterparties to transactions with Brookfield, Brookfield Accounts, and/or their portfolio companies. In addition, certain service providers (particularly large global service providers, such as law firms, accounting firms and financial institutions) employ family members of personnel of Brookfield, Brookfield Accounts, and/or their portfolio companies. Moreover, in the regular course of business, personnel of Brookfield, Brookfield Accounts, and/or their portfolio companies give (or receive) gifts and entertainment to (or from) personnel of service providers.

Notwithstanding these relationships and/or activities with service providers, Brookfield has policies and procedures designed to address these conflicts of interest considerations and to ensure that its personnel select service providers for Brookfield, Brookfield Accounts, and their portfolio companies that they believe are appropriate for and in the best interests of Brookfield, Brookfield Accounts, and/or their portfolio companies (as the case may be) in accordance with Brookfield's legal and regulatory obligations, provided that (for the avoidance of doubt) Brookfield often will not seek out the lowest-cost option when engaging such service providers as other factors or considerations typically prevail over cost.

Brookfield Accounts (including the Trust, other Brookfield-managed investment vehicles and Brookfield for its own account) and their portfolio companies often engage common providers of goods and/or services. These common providers sometimes provide bulk discounts or other fee discount arrangements, which could be based on an expectation of a certain amount of aggregate engagements by Brookfield Accounts and their portfolio companies over a period of time. Brookfield generally extends these fee discount arrangements to Brookfield, Brookfield Accounts, and/or their portfolio companies in a fair and equitable manner.

In certain cases, a service provider (e.g., a law firm) will provide all Brookfield Accounts and their portfolio companies a bulk discount on fees that is applicable only prospectively (within an annual period) once a certain aggregate spending threshold has been met by the group during the relevant annual period. As a result, Brookfield Accounts and their portfolio companies that engage the service provider after the aggregate spending threshold has been met will get the benefit of the discount and, as a result, pay lower rates than the rates paid by Brookfield Accounts and their portfolio companies that engaged the same provider prior to the discount being triggered.

The engagement of common providers for Brookfield Accounts and their portfolio companies and the related fee discount arrangements give rise to conflicts of interest considerations. For example, as a result of these arrangements, Brookfield will face conflicts of interest in determining which providers to engage on behalf of the Trust and when to engage such providers, including an incentive to engage certain providers for the Trust because it will result in the maintenance or enhancement of a discounted fee arrangement that

benefits Brookfield, other Brookfield Accounts, and their portfolio companies. Notwithstanding these conflicts considerations, Brookfield makes these determinations in a manner that it believes is appropriate for and in the best interests of the Trust taking into account all applicable facts-and-circumstances.

In the normal course, common providers (e.g., law firms) will staff engagements based on the particular needs of the engagement and charge such staff's then-applicable rates, subject to any negotiated discounts. While these rates will be the same as the rates such providers would charge Brookfield for the same engagement, Brookfield generally engages providers for different needs than the Trust, and the total fees charged for different engagements are expected to vary.

In addition, as a result of the foregoing, the overall rates paid by the Trust over a period of time to a common provider could be higher (or lower) than the overall rates paid to the same provider by Brookfield, other Brookfield Accounts and their portfolio companies.

These relationships, activities, and discounts described herein are part of normal course business operations and are not considered additional fees received by Brookfield that would offset or otherwise reduce the fees (including any fees) owed by Brookfield Accounts and/or their portfolio companies to Brookfield.

Charitable and Political Contributions. To the fullest extent permitted by law, Brookfield and/or its affiliates may make contributions to charitable initiatives, or other non-profit organizations that Brookfield and/or its affiliates believes could, directly or indirectly, improve the value of the Trust's investments, serve a business purpose for the Trust, or benefit the Trust. Such charitable initiatives could be designed to benefit the community of the Trust's investment or a charitable cause essential to, or consistent with, the business purpose of the Trust. In some instances, such charitable initiatives could be affiliated with, related to or sponsored by current or former employees of Brookfield and/or its affiliates or other persons associated with the Trust, Brookfield and its affiliates, or other clients of Brookfield and its affiliates. These relationships could influence the charitable contributions made.

To the fullest extent permitted by law, the Manager or its affiliates may, in the ordinary course of their business, make political contributions to candidates for elected office or political organizations, elected officials, hire lobbyists or engage in other permissible political activities in jurisdictions with the intent of furthering their and/or the Trust's business interests or otherwise. In certain circumstances, there may be initiatives where such activities are coordinated by Brookfield for the benefit of Brookfield and/or the Trust, and the Trust's interests may not align with or even be adverse to the interests of Brookfield. When undertaken for the benefit of or on behalf of the Trust, the costs of such activities may be passed through to the Trust. Such activities could also directly or indirectly benefit other portfolio companies of Brookfield.

Any such charitable contributions or political contributions, if material, could affect the Trust's performance. There can be no assurance that any such activities will actually benefit or improve the value of the Trust, or that Brookfield will be able to resolve any associated conflicts of interest in favor of the Trust. Further, investors may disagree with the charitable or policy goals of these activities.

Insurance. The Manager will cause the Trust to purchase, and/or bear premiums, fees, costs and expenses (including the premiums, costs, expenses, and/or fees of affiliates and non-affiliates for insurance coverage and for placement and administration of insurance coverage) with respect to, insurance for the benefit of the Trust, the Manager and their employees, affiliates, agents, and representatives as well as other indemnified parties with respect to Trust-related matters (including directors and officers liability insurance, errors and omissions insurance, and any other insurance which the Manager determines to be required or market standard), or for the benefit of the Trust or any of its investments, with respect to investment-related matters (including, but not limited to, terrorism, property, title, liability, marine, environmental, professional, cyber, transactional, fire insurance, and/or other extended or specialized coverage).

Brookfield Accounts (including the Trust) and any respective portfolio companies and other investments will utilize Brookfield affiliates for placement, administration and provision of insurance coverage in connection with all or part of their insurance coverage and the Trust is expected to leverage the scale of Brookfield by participating in shared, blanket or umbrella insurance policies as part of a broader group of entities affiliated with Brookfield (including Brookfield and other Brookfield Accounts). Any insurance policy purchased by or on behalf of the Trust (including policies covering the Trust, the Manager, and other Brookfield Accounts) may provide coverage for situations where the Trust would not provide indemnification, including situations involving culpable conduct by the Manager. Nonetheless, the Trust's share of the premiums, costs, fees and expenses in respect of insurance coverage will not be reduced to account for these types of situations.

Brookfield insurance companies (each, a "**Captive**") that provide insurance coverage for Brookfield Accounts (including the Trust) and assets held directly or indirectly by Brookfield Accounts (including the Trust) generally will be utilized for all or a portion of insurance coverage needs (e.g., primary layer of insurance for certain assets, supplemental coverage to coverage provided by third-party carriers, etc.). Captives are expected to provide benefits to Brookfield Accounts that may not be available from a third-party insurance provider, including potentially lower premiums. In determining whether to utilize a Captive as an insurance provider for the Trust and/or any Property, Brookfield will take into account such factors as it determines appropriate in its discretion under the then-existing facts-and-circumstances. It is expected that each Captive will charge premiums at an arm's length market rate applicable to the insurance provided by such Captive. The determination of such rates will be based on third-party pricing data, pricing mandated by regulation, or an opinion of a third-party insurance adviser (including advisers that provide other insurance related services to Brookfield and the Brookfield Accounts). The engagement of a Captive will give rise to certain potential conflicts of interest, including in connection with the allocation of premiums and the evaluation and payment of claims. In order to mitigate potential conflicts of interest related thereto, an independent third-party insurance carrier generally will be responsible for claims management and payment.

Captives could seek reinsurance for all or a portion of the coverage, which could result in Brookfield earning and retaining fees, commissions and/or a portion of the premiums associated with such insurance while not retaining all or a commensurate portion of the risk insured. Captives may also earn and retain fees, commissions, and/or a portion of the premiums associated with insurance covering types of damages for which a government entity and/or other third party may reimburse the captive (e.g., damage caused by certain terrorist events), which may result in the captives not retaining all or a commensurate portion of the risk of insuring against such types of damage.

To the extent an insurance policy or Captive insurance policy provides coverage with respect to Trust-related or investment-related matters, all or a portion of the fees and expenses (including premiums) of such insurance policy and its placement will be allocated to the Trust or its investments. The amount of any such insurance-related fees and expenses allocated to the Trust or its investments will be determined by Brookfield in its discretion taking into consideration facts and circumstances deemed relevant, including in umbrella policies the value of each covered account's and account's investments and capital commitments (if applicable) and/or the risk that the Trust's and/or its investments and account pose to the insurance provider. While Brookfield expects to consider certain objective criteria when determining how to allocate the cost of insurance coverage that applies to multiple accounts (including Brookfield and Brookfield Accounts), because of the uncertainty of whether claims will arise in the future and the timing and the amount that may be involved in any such claim, the determination of how to allocate such fees and expenses also requires Brookfield to take into consideration other facts and circumstances that are more subjective in nature. In addition, because Brookfield will bear a portion of such fees and expenses and has differing investment interests in the Brookfield Accounts it manages, conflicts exist in the determination of the proper allocation of such fees and expenses among Brookfield and such accounts. It is unlikely that Brookfield

will be able to accurately allocate the fees and expenses of any such insurance based on the actual claims of a particular account, including the Trust. Brookfield may, if it determines it to be necessary, consult with one or more third parties to ensure that the allocation of such fees and expenses is done in a fair and reasonable manner.

While shared insurance policies (including those issued by Captives) may be cost effective, claims made by any entities affiliated with Brookfield could result in increased costs to the Trust and such policies may have an overall cap on coverage. To the extent insurable event(s) result in claims in excess of such cap, the Trust may not receive as much in insurance proceeds as it would have received if separate insurance policies had been purchased for each party and Brookfield could face a conflict of interest in properly allocating insurance proceeds across all claimants, which could result in the Trust receiving less in insurance proceeds than if separate insurance policies had been purchased for each insured party individually. In these cases, Brookfield will seek to allocate the proceeds from claims in respect of insurance policies and resolve any conflicts of interests, as applicable, in a manner it determines to be fair and reasonable. In that regard, Brookfield may, if it determines it to be necessary, consult with one or more third parties to ensure that the allocation of such proceeds is done in a fair and reasonable manner. Similarly, insurable events may occur sequentially in time while subject to a single overall cap. In this case, Brookfield expects to process claims on a first-come first-serve basis or in any other manner deemed appropriate by Brookfield. To the extent insurance proceeds for one such event are applied towards a cap and the Trust experiences an insurable loss after such event, the Trust's receipts from such insurance policy could be diminished and/or the Trust may not receive any insurance proceeds. A shared insurance policy could also make it less likely that Brookfield will make a claim against such policy on behalf of the Trust.

In addition, the Manager on behalf of the Trust may need to determine whether or not to initiate litigation (including litigation potentially adverse to Brookfield where it is the broker or provider of such insurance) in order to collect from an insurance provider, which may be lengthy and expensive and which ultimately may not result in a financial award. The potential for Brookfield to be a counterparty in any litigation or other proceedings regarding insurance claims creates a further potential conflict of interest. Furthermore, in providing such insurance, Brookfield may seek reinsurance for all or a portion of the coverage, which could result in Brookfield earning and retaining fees and/or a portion of the premiums associated with such insurance while not retaining all or a commensurate portion of the risk insured. Brookfield will seek to allocate the costs of such insurance and proceeds from claims in respect of such insurance policies and resolve any conflicts of interest, as applicable, in a manner it determines to be fair. In that regard, Brookfield may, if it determines it to be necessary, consult with one or more third parties in allocating such costs and proceeds and resolving such conflicts.

Internal Audit. Brookfield Corporation and certain of its listed affiliates are publicly traded companies subject to requirements to maintain an internal audit function and to complete internal audit reviews of their investments and related operations. The Trust is expected to perform internal audit reviews of its operations and related activities, either in connection with its own regulatory requirements or otherwise for corporate governance purposes, as determined by the Manager in accordance with the Trust Agreement. Such internal audit work is expected to be carried out by Brookfield employees and/or by third-party advisors, and the expenses related to such work by all such persons are generally expected to be charged to the Trust. While the product of such internal audit work is expected to be relied on and utilized, where applicable, in meeting Brookfield Corporation's and its listed affiliates' internal audit obligations, Brookfield Corporation and its listed affiliates generally will not share in the expenses of such internal audits (except in their capacity as indirect equity owner, if applicable). Further to the disclosure above in "*Allocation of Costs and Expenses*", it is expected that internal audit costs will be allocated to the Trust based on a blended rate of the personnel involved in providing such services, such that the amount charged to the Trust and the investments may be greater or lesser than the actual cost of the specific personnel performing the services for the Trust and/or its investments.

Calculation Errors, True-Ups and/or Repayments. The calculation of amounts due to Brookfield in connection with the Trust and any Property (including amounts owed in respect of fees, Affiliate Services, cost allocations, and other matters) is complex and at times based on estimates and/or subject to periodic (post-transaction) reconciliations. Brookfield may make errors in calculating such amounts, and/or recognize over- or under-estimates of such amounts in performing routine reconciliations and/or other internal reviews. When such an error or under- or over-estimate that disadvantaged the Trust is discovered, Brookfield will make the Trust whole for such amount based on the particular situation, which may involve a waiver of future fees, in each case in an amount necessary to reimburse the Trust for such over-payment. As a general matter, Brookfield does not expect to pay interest on such amounts. Likewise, when an error or under- or over-estimate that advantaged the Trust is discovered, Brookfield will make itself whole for such amount, as applicable, and generally will not charge interest in connection with any such make-whole payment.

Beneficial Owner Due Diligence Information. The Manager will make available, prior to the closing of any investment in an Offering, to each prospective Purchaser the opportunity to ask questions of, and receive responses from, a representative of the Manager concerning the terms and conditions of the Offering and to obtain any additional information, if the Manager possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein. Due to the fact that different potential Purchasers may ask different questions and request different information, the Manager may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is or will be integrated into this Memorandum or applicable Property Supplement, and no prospective investor may rely on any such responses or information in making its decision to subscribe for Interests.

Limited Access to Information. Beneficial Owners' rights to information regarding the Trust will be specified in the Trust Agreement. However, certain Beneficial Owners may receive additional information that is not made available to all Beneficial Owners generally. For example, certain Beneficial Owners may also be investors in other Brookfield Accounts, or engage in transactions with Brookfield or another Brookfield Account, and may receive additional information through such arrangements. Certain Beneficial Owners may periodically request, or receive as a result of certain regulatory requirements, information regarding the Trust and its investments that is not otherwise set forth in (or has yet to be set forth in) the reporting and other information delivered to all Beneficial Owners. The Manager will have no duty to ensure all Beneficial Owners seek, obtain or process the same information regarding Brookfield, the Trust and/or its investments.

In addition, a Beneficial Owner that seeks to transfer its Interests, or a potential acquirer of such Interests, may have difficulty in determining an appropriate price for such Interests because it does not have information that it would consider material or which has been provided to its prospective counterparty. In certain cases, Brookfield may seek to acquire Interests from a Beneficial Owner and may do so with the understanding that Brookfield has information regarding the Trust that is not available to Beneficial Owners or potential acquirers of Interests, and the Manager may agree to engage in bespoke structuring or to provide other advantageous terms not generally available to third parties.

RESOLUTIONS OF CONFLICTS

Resolution of Conflicts Generally. In the event that any matter arises that the Manager determines in its good faith judgment to constitute an actual conflict of interest between the Trust, on the one hand, and Brookfield, Oaktree, an Oaktree Account or any existing or future Brookfield Account, on the other hand, the Manager may, subject to internal Brookfield policies and the Trust Agreement, take such actions as it deems necessary or appropriate, including such actions as described elsewhere herein, taking into consideration the interests of the relevant parties, the circumstances giving rise to the conflict and applicable

law. Brookfield's internal policies and protocols may be amended from time to time by Brookfield in its discretion without notice to or the consent of the Beneficial Owners or any other person. Any such resolutions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. See also "*Brookfield Conflicts Resolution Process*."

Brookfield Conflicts Resolution Process. Brookfield is a global alternative asset manager with significant assets under management and a long history of owning, managing and operating assets, businesses and investment vehicles across various industries, sectors, geographies and strategies. In addition, Brookfield's business activities continuously grow and evolve over time. As noted throughout this Memorandum, a key element of the Sponsor's strategy is to leverage Brookfield's experience, expertise, broad reach, relationships, and position in the market for investment opportunities and deal flow, financial resources, access to capital markets and operating needs. Brookfield believes that this is in the Trust's and its investments' best interests. However, being part of this broader (and evolving) platform, as well as activities of and other considerations relating to Brookfield Accounts, gives rise to conflicts of interest situations. Dealing with conflicts of interest is difficult and complex, and it is not possible to predict all of the types of conflicts that will arise over the course of the Trust's life, particularly as a result of the potential growth and evolution of Brookfield's business activities. Brookfield will monitor conflicts of interest and manage such conflicts of interest as set out in this Memorandum, in accordance with its contractual duty or other duties to the Trust and other Brookfield Accounts; however, conflicts will not necessarily be resolved in a manner that is favorable to the Trust.

In managing conflicts of interest situations that arise from time to time, Brookfield generally will be guided by its internal policies and procedures (as applicable) and applicable regulatory requirements, including its obligations as set out in Brookfield Accounts' offering documents. Among other things, Brookfield has formed a "**Conflicts Committee**", which is comprised of senior Brookfield executives, to oversee the management and resolution of conflicts of interest considerations that arise in the management of Brookfield's business activities, including the management of the Trust. The Conflicts Committee seeks to ensure that conflicts considerations are addressed in accordance with Brookfield's internal policies and procedures and applicable regulatory requirements, including its fiduciary duties to Brookfield Accounts as set out in such accounts' offering documents. In carrying out its responsibilities, the Conflicts Committee may, as it deems appropriate, review and approve specific matters presented to it and/or review and approve frameworks (and related parameters) for execution of particular types of transactions. In connection with the latter, the Conflicts Committee will (as it deems appropriate) appoint one or more individuals, pursuant to delegated authority, to oversee implementation of the frameworks and is deemed to approve transactions that are executed in accordance with pre-approved frameworks.

There can be no assurance that all conflicts of interest matters will be presented to the Conflicts Committee. In addition, the Conflicts Committee is comprised of senior executives of Brookfield that are not independent of Brookfield. As such, the Conflicts Committee itself is subject to conflicts of interest considerations. The Conflicts Committee will seek to act in good faith and to resolve conflicts of interest considerations in a manner that it deems is fair and balanced, taking into account the facts and circumstances known to it at the time, and in accordance with Brookfield's policies and procedures, and applicable regulatory requirements. However, there is no guarantee that the Conflicts Committee will make a decision that is most beneficial or favorable to the Trust or the Beneficial Owners in connection with any particular conflict situation, or that it would not have reached a different decision if additional information were available to it.

As noted elsewhere in this Memorandum, Brookfield is not required to and generally does not expect to seek Beneficial Owners' approval to manage the conflicts of interest situations that will arise from time to time (including conflicts of interest situations that were not contemplated in this Memorandum) unless required by applicable law or as otherwise set out in this Memorandum or the Trust Agreement. By

acquiring Interests in the Trust, each Beneficial Owner will be deemed to have acknowledged and agreed to the Trust being part of Brookfield's broader platform, the Sponsor's strategy of leveraging Brookfield's broader platform, conflicts of interest situations (including situations not contemplated in this Memorandum) arising in the course of the Trust's life, Brookfield's resolution of such conflicts situations as set out in this Memorandum, and to have waived any and all claims with respect to the existence of any such conflicts of interest and any actions taken or proposed to be taken in respect thereof as set out herein.

ADDITIONAL POTENTIAL CONFLICTS

Compensation and Reimbursements Irrespective of Property Profitability. The Manager will receive certain compensation from the Trust for services rendered regardless of whether net cash flow is paid to the Trust. See "*Use of Proceeds*" and "*Compensation and Fees*."

Ownership of Interests. We may retain a beneficial interest in the Trust only during the Offering Period identified in each Property Supplement (such Offering Period to commence upon the first sale of an Interest and end no later than a total of 12 months thereafter (subject to an extension)) and any Interests remaining at the end of the Offering Period must be held via the Depositor or sold to a third-party. We may also waive any fees payable on any Interests sold at the end of the Offering Period to facilitate this sale.

Exercise of FMV Option. The FMV Option is exercisable at the Operating Partnership's sole and absolute discretion. The Operating Partnership may choose to exercise the FMV Option in its own best interest and at a time when the value of the OP Units as compared to the value of the Interests is high. In addition, it may determine not to exercise the FMV Option if the underlying Property is not an attractive acquisition opportunity for the Operating Partnership. Further, the Operating Partnership has the sole discretion to acquire the Interests for cash instead of the OP Units. As such, it may be acting in its own and /or in the interest of its affiliates when determining to exercise the FMV Option. In addition, upon the exercise of the FMV Option, the Manager is responsible for selecting a third-party appraisal firm to evaluate the fair market value of the Interests to be acquired by the Operating Partnership. A low appraisal value of Interests benefits the Operating Partnership and Brookfield. The Manager, as an affiliate of the Operating Partnership and Brookfield, may face conflicts of interest in selecting a third-party appraisal firm to determine the fair market value of Interests and such conflicts may not be resolved in favor of the Beneficial Owners or the Trust.

Enforcement of Rights against Affiliates. Under the Trust Agreement, the Manager is responsible for the management of the activities of the Trust. This includes the enforcement of the Master Lease against the Master Tenant (which can be a direct subsidiary of BF REIT or the Operating Partnership). As a result, the Manager will have a conflict of interest to the extent it is required to enforce the Master Lease terms against the Master Tenant. Should the Manager delay in the enforcement of rights under the Master Lease, it will take time to remove and replace the Manager with an independent party, during which time the damage associated with any breach of the Master Lease could be significantly increased.

Conflicts in Determining Rent and Uncontrollable Costs. As noted above, the Master Tenant will pay Rent to the Trust pursuant to the Master Lease. Any amount received by the Master Tenant in excess of the Rent due to the Trust will not be received by the Trust and, thus, the Beneficial Owners. Further, the Master Tenant may offset Rent or otherwise receive reimbursement for the amount by which, if applicable, actual Uncontrollable Costs exceed Projected Uncontrollable Costs. The Trust entered into the Master Lease via execution by the Manager. The Master Tenant and the Manager are both affiliates of each other and of Brookfield. The Master Tenant and the Manager may face conflicts of interests in determining the amount of Rent and if applicable, Projected Uncontrollable Costs under the Master Lease, and these conflicts may not be resolved in favor of the Beneficial Owners or the Trust. For example, Brookfield, the Master Tenant, and the Manager each has an incentive to determine Rent and Projected

Uncontrollable Costs at amounts lower than they otherwise would absent such conflict of interest.

Conflicts at BF REIT and the Operating Partnership. BF REIT and the Operating Partnership are subject to additional conflicts of interest described under "*Potential Conflicts of Interest*" in the BF REIT Prospectus.

The foregoing list of potential and actual conflicts of interest does not purport to be a complete enumeration or explanation of the conflicts attendant to an investment in the Trust. Additional conflicts may exist that are not presently known to the Sponsor, Manager, Brookfield, or their respective affiliates or are deemed immaterial. In addition, as the Brookfield Activities and the investment program of the Trust develop and change over time (including in the event of a Transfer Distribution), an investment in the Trust (and the Springing LLC) may be subject to additional and different actual and potential conflicts of interest. Prospective Purchasers should consult with their own advisers regarding the possible implications on their investment in the Trust (and the Springing LLC) of the conflicts of interest described herein.

THE FMV OPTION AND THE OP UNITS

DESCRIPTION OF THE FMV OPTION

Under the FMV Option, the Operating Partnership will retain the right, but not the obligation, in its sole discretion, to acquire any or all of the Interests in a given Trust from us, or after conveyance by us to the Beneficial Owners, from each Beneficial Owner. If the FMV Option is exercised, the Operating partnership will determine whether Beneficial Owners will receive cash or OP Units in an amount equal to the then fair market value of the Beneficial Owner's Interests in the Trust that are acquired by the Operating Partnership. The Operating Partnership, in its sole discretion, may acquire a Beneficial Owner's Interests for cash rather than exchange such interests for OP Units. The fair market value of a Beneficial Owner's Interest will be determined by multiplying: (i) a Beneficial Owner's percentage of Interests in the Trust by (ii) the aggregate fair market value of the Trust Estate less applicable liabilities of the Trust, and further reduced by any applicable fees, expenses, and adjustments incurred in connection with the exercise of the FMV Option. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances, and other items. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion.

The Operating Partnership cannot exercise its FMV Option until the Beneficial Owners have held their Interests for at least two years. The FMV Option to acquire the Interests will terminate on the day after a one-year period following the last day of the period in which all the Investors have held their Beneficial Interests for at least two years. Should the Operating Partnership exercise the FMV Option, any Beneficial Owner who receives OP Units will no longer have a direct interest in the Trust. Once a Beneficial Owner becomes a holder of OP Units in the Operating Partnership, such OP Units will be subject to the terms of the OP Partnership Agreement. In the event that a Transfer Distribution occurs, the Operating Partnership may exercise the Springing FMV Option to acquire the interests in the Springing LLC in whole or in part in exchange for OP Units or cash (in the Operating Partnership's sole discretion) in an amount equal to the then fair market value of the member's interests in the Springing LLC.

If the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units, different Beneficial Owners may receive different classes of OP Units that bear different fees, as determined by your participating broker-dealer, RIA, or other applicable selling channel. The Purchase Agreement will identify which particular class of OP Units you may receive if the Operating Partnership chooses to exercise the FMV Option in exchange for OP Units.

The OP Units are identical in all respects except for the investor servicing fee, which will accrue as a class-specific expense on the aggregate NAV of each of the Class D-1 OP Units, Class S-1 OP Units, and Class T-1 OP Units, and will reduce the distributions payable to holders of the respective class of such OP Units in an amount equal to (a) 0.25% per annum of the aggregate NAV of the Class D-1 OP Units, (b) 0.85% per annum of the aggregate NAV of the Class S-1 OP Units and (c) 0.85% per annum of the aggregate NAV of the Class T-1 OP Units. No Investor Servicing Fee shall be payable with respect to any Class I-1 OP Units. If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the Fee Limit, if any, set forth in the applicable selling agreement. For the avoidance of doubt, if the applicable selling agreement related to an investor does not contain a specific Fee Limit, then no Fee Limit shall exist for such investor.

A holder of OP Units that were received in connection with the exercise of the FMV Option will have the right to request that the Operating Partnership redeem its OP Units after holding such OP Units

for 12 months, subject to waiver by the Operating Partnership General Partner, for Class I BF REIT Shares, provided however, that such exchange will be governed by the terms of any applicable BF REIT Prospectus at the time of such exchange, and that other than with respect to OP Units held by Brookfield, the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. In addition, if and after the FMV Option is exercised, a Beneficial Owner will not be able to engage in a subsequent, individual Section 1031 Exchange. Furthermore, a Beneficial Owner's ability to redeem its OP Units or shares in BF REIT may be impacted by the general volatility of the capital markets, the risks associated with the liquidity restrictions on BF REIT shares, and the limited market for OP Units. See "*Risk Factors*" and "*Summary of Trust Agreement*."

HISTORICAL NAV, OPERATING AND FINANCIAL INFORMATION

Please see the BF REIT Prospectus for portfolio information and certain historical NAV, operating and financial information, including the last three years' financial statements, of BF REIT. The financial and performance information contained in the BF REIT Prospectus does not represent the historical NAV of the Property(ies) or the results of the Trust(s). This information should not be relied on for purposes of evaluating any potential investment in the Interests.

THE OPERATING PARTNERSHIP AND DESCRIPTION OF THE OP PARTNERSHIP AGREEMENT

The rights and obligations of the owners of the OP Units (acquired in exchange for Interests of the Beneficial Owners, upon exercise of the FMV Option) will be governed by the OP Partnership Agreement. The Operating Partnership is the entity through which BF REIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships, or joint ventures) substantially all of its assets, other than BF REIT's interest in one or more Master Tenants, which BF REIT may hold outside of the Operating Partnership. Certain fees and expense reimbursements are payable by the Operating Partnership and BF REIT to the Adviser, the Dealer Manager, or their affiliates.

General

BF REIT is a limited partner of the Operating Partnership and the sole member of the Operating Partnership General Partner, the sole general partner of the Operating Partnership. See the BF REIT Prospectus for a summary of the ownership of the OP Units held by the BF REIT, either directly or indirectly, and third-party investors. As the sole member of the Operating Partnership General Partner, BF REIT has the exclusive power to manage and conduct the business of the Operating Partnership.

BF REIT and the Operating Partnership are advised by the Adviser. The Adviser is responsible for managing the day-to-day activities of BF REIT under the terms and conditions of the Advisory Agreement. The Adviser is a registered investment advisor with the SEC, has broad discretion with respect to BF REIT investment decisions, and is responsible for selecting BF REIT's investments and for managing BF REIT's investment portfolio pursuant to the terms of the Advisory Agreement. BF REIT's executive officers are employees of and compensated by the Adviser. BF REIT has no employees, as all operations are managed by the Adviser.

Description of OP Units

Partnership interests in the Operating Partnership, other than the general partner interest, are currently divided into ten classes of OP Units: Class C, Class D, Class D-1, Class E, Class I, Class I-1, Class S, Class S-1, Class T and Class T-1, which are intended to correspond on a one-for-one basis with the applicable class of BF REIT Shares, with the Class D-1, Class I-1, Class S-1, and Class T-1 OP Units

corresponding to the Class D, Class I, Class S, and Class T BF REIT Shares, respectively. The Class D-1, Class I-1, Class S-1, and Class T-1 OP Units shall be identical to the Class D, Class I, Class S, and Class T OP Units, except that an Investor Servicing Fee will be directly allocated to Class D-1, Class S-1 and Class T-1 OP Units, as described herein, and any Class D-1, Class S-1 and Class T-1 OP Units initially received in connection with the exercise of the FMV Option shall be redeemable for Class I BF REIT Shares, subject to the complete terms of the OP Partnership Agreement and the BF REIT Prospectus.

The rights and obligations of OP Unitholders are set forth in the OP Partnership Agreement. The following is a summary of certain provisions of the OP Partnership Agreement. This summary is not complete and is qualified in its entirety by reference to the OP Partnership Agreement. Because the following is only a summary, it does not contain all the information that you may find useful. For further information, you should read the discussion under the caption "*Summary of the OP Partnership Agreement*" in the BF REIT Prospectus. References below to "limited partners" of the Operating Partnership include OP Unitholders.

Capital Contributions

OP Unitholders have no right or obligation to make any additional capital contributions or loans to the Operating Partnership. As the sole member of the Operating Partnership General Partner, BF REIT may contribute additional capital to the Operating Partnership and receive additional partnership units. BF REIT may also cause the Operating Partnership to issue additional partnership units for such consideration and on such terms and conditions as it sees fit and without the approval of OP Unitholders. These additional partnership units may have preferences, powers and rights senior to OP Units.

Operations

The OP Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable BF REIT to (i) satisfy the requirements for being classified as a REIT for U.S. federal income tax purposes and as a domestically controlled qualified investment entity within the meaning of Section 897(h)(4) of the Code unless BF REIT otherwise ceases to qualify as a REIT; (ii) avoid any U.S. federal income or excise tax liability; (iii) ensure that the Operating Partnership will not be classified as a "publicly traded partnership" for purposes of Code Section 7704; (iv) satisfy the "qualifying income" requirement of Section 7704(c) of the Code; or (v) permit any affiliate of BF REIT to continue to qualify as a "qualified REIT subsidiary" within the meaning of Section 856(i)(2) of the Code. See "*Material U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Aspects of Our Partnership—Classification as a Partnership*" in the BF REIT Prospectus.

In addition to the administrative and operating costs and expenses incurred by the Operating Partnership in acquiring and operating real properties, the Operating Partnership may pay the administrative costs and expenses of BF REIT and such expenses will be treated as expenses of the Operating Partnership, eligible for reimbursement. These costs and expenses include:

- all expenses relating to the formation and continuity of existence of BF REIT;
- all expenses relating to the public offering and registration of securities by BF REIT;
- all expenses associated with the preparation and filing of any periodic reports by BF REIT under federal, state or local laws or regulations;
- all expenses associated with compliance by BF REIT with applicable laws, rules and regulations; and

- all other operating or administrative costs of BF REIT incurred in the ordinary course of its business on behalf of the Operating Partnership.

Distributions and Allocations of Income and Loss

General. The Operating Partnership generally will distribute cash flow from operations and net sales proceeds from the disposition of real property and other assets to the partners of the Operating Partnership in accordance with their relative percentage interests, except that distributions to each class of ownership unit will be adjusted to reflect the class-specific expenses allocations to the corresponding class of BF REIT Shares. Subject to the qualifications below, such distributions will be made monthly (or, at the election of BF REIT, more frequently) in amounts determined by BF REIT in its sole and absolute discretion. Specifically with respect to investors in the Program that acquire OP Units, distributions with respect to such OP Units are expected to be made with the same frequency as those paid with respect to the BF REIT Shares and in amounts per OP Unit that substantially match the amounts per BF REIT Share, so that a holder of one OP Unit will receive substantially the same amount of annual cash flow distributions as the amount of annual distributions paid to the holder of one BF REIT Share (before taking into account certain tax withholdings certain states may require with respect to OP Units). The distributions paid to stockholders of BF REIT will be determined by its board of directors and will typically depend on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors, as more fully described in the BF REIT Prospectus. Distributions are not guaranteed; the timing and amounts of these distributions, if any, may change, as determined by the BF REIT board of directors.

Income and loss of the Operating Partnership will generally be allocated to the partners of the Operating Partnership in accordance with their percentage interests, subject to compliance with the provisions of Code Sections 704(b) and 704(c) and corresponding Treasury Regulations. The allocation of income and loss to the partners will vary from their percentage interests to reflect differences in class-specific expense allocations. In addition, partners who acquire OP Units in exchange for contributing property to the Operating Partnership (including Purchasers who receive OP Units upon exercise of the FMV Option) may be subject to special allocations with respect to the property they contribute to the Operating Partnership. See "*Material U.S. Federal Income Tax Consequences—Tax Consequences Relevant to OP Units—The Operating Partnership—Tax consequences relating to contributed assets."*

Liquidation. Upon the liquidation of the Operating Partnership, after payment of debts and obligations, any remaining assets of the Operating Partnership will be distributed to the partners in the amount of the NAV for each unit held, calculated in accordance with BF REIT's valuation policies as described in the BF REIT Prospectus. If the Operating Partnership's remaining assets are not sufficient to pay the full NAV of each unit, then the holders of each class of OP Unit will be distributed an amount equal to the product of (i) the remaining assets of the Operating Partnership and (ii) the ratio of (A) the NAV per unit of the applicable class of the OP Units to (B) the aggregate NAV of all classes of OP Units. If there are remaining assets available for distribution after each class has received its NAV (which is not likely because NAV would be adjusted upward prior to the liquidating distribution), then holders of the Operating Partnership's different classes of units will be treated the same, with each such holder receiving the same per unit distribution of any such excess.

Fees

The Operating Partnership will pay the Adviser (i) a management fee equal to 1.25% of the aggregate NAV of the Class C, Class D, Class D-1, Class I, Class I-1, Class S, Class S-1, Class T, and Class T-1 OP Units held by limited partners other than BF REIT per annum payable monthly and (ii) a performance fee equal to 12.5% of the Total Return per annum, subject to a 5% Hurdle Amount (each term as defined in the Advisory Agreement). BF REIT pays similar fees to the Adviser in connection with the BF REIT Shares as described in more detail under the caption "*Compensation*" in the BF REIT Prospectus,

and prior to the exercise or expiration of the FMV Option, BF REIT and the Operating Partnership jointly will pay the Adviser a management fee equal to 1.25% of the Property Consideration received for selling Interests in connection with each Trust.

Distribution Reinvestment Plan

In General. The Operating Partnership has adopted a distribution reinvestment plan whereby limited partners can have their cash distributions automatically reinvested in OP Units of the same class corresponding to the class of OP Units held by a limited partner. Each limited partner will automatically be enrolled in the Operating Partnership's distribution reinvestment plan unless otherwise agreed with the Operating Partnership General Partner in writing. All such distributions are reinvested in OP Units on behalf of the participants on the business day such distribution would have been paid to such limited partner.

The per unit purchase price for OP Units purchased pursuant to the distribution reinvestment plan of the Operating Partnership is equal to the NAV per applicable class of OP Unit held calculated as of the most recent month end. Because the Investor Servicing Fee payable in connection with Class D-1, Class S-1, and Class T-1 OP Units is a class-specific expense, it will reduce the distributions payable with respect to such OP Units. Participants may terminate their participation in the distribution reinvestment plan with ten days' prior written notice to us.

Financial Statements. As soon as practicable after the close of each fiscal year, but in no event later than the date on which the Operating Partnership General Partner mails its annual report to holders of BF REIT Shares, the Operating Partnership General Partner shall cause to be mailed to each OP Unitholder (other than the BF REIT and any OP Unitholders that are affiliates of BF REIT) an annual report containing financial statements of the Operating Partnership, or of BF REIT if such statements are prepared solely on a consolidated basis with the REIT Limited Partner, for such fiscal year, presented in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the Operating Partnership General Partner.

Tax Consequences of Participation. If a limited partner elects to participate in the Operating Partnership's distribution reinvestment plan, the limited partner will be treated as receiving, in lieu of the reinvested cash distribution, a distribution of additional OP Units of the same class corresponding to OP Units then held and on which the distribution is made. The limited partner will be allocated its share of profit or loss and the limited partner will be required to recognize such profit or loss.

Rights and Obligations of OP Unitholders

No right to participate in management. OP Unitholders do not have the right to participate in the management or control of the business of the Operating Partnership.

Limited liability. OP Unitholders are not liable for any debts, liabilities, contracts or obligations of the Operating Partnership in excess of their capital contribution to the Operating Partnership.

Redemption rights. After holding your OP Units for at least 12 full months and after giving notice to the Operating Partnership, subject to the restrictions described herein, OP Unitholders have the right to request that the Operating Partnership redeem all or a portion of their OP Units. Other than with respect to OP Units held by Brookfield, the Adviser, and their affiliates, the Operating Partnership is not obligated to redeem any OP Units and may choose to redeem only some, or even none, of such OP Units in the sole discretion of the Operating Partnership General Partner. To the extent that the Operating Partnership determines to redeem any OP Units following a request, it will redeem OP Units initially received in connection with the exercise of the FMV Option for Class I BF REIT Shares, for cash, or a combination of the two, in the sole discretion of the Operating Partnership General Partner. Notwithstanding the foregoing,

the Operating Agreement requires BF REIT to place appropriate restrictions on the ability of the OP Unitholders to exercise their redemption rights to prevent, among other things, (A) any person owning shares in excess of the ownership limits in BF REIT's articles of incorporation or the REIT from failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h), (B) shares of BF REIT being owned by fewer than 100 persons, (C) BF REIT being "closely held" within the meaning of Code Section 856(h), or (D) the Operating Partnership being classified as a "publicly traded partnership" under Code Section 7704.

Except as otherwise permitted in the OP Partnership Agreement, OP Unitholders may not redeem their OP Units more frequently than twice per calendar year. Additionally, OP Unitholders may not redeem fewer than 1,000 OP Units unless they own fewer than 1,000 OP Units, in which case they must redeem all of their OP Units. For additional information regarding the redemption of OP Units for BF REIT Shares, see the OP Partnership Agreement, a copy of which is available upon request. A redemption generally will be a fully taxable transaction to the redeeming OP Unitholder, and the BF REIT Shares have limited liquidity. See the BF REIT Prospectus for a detailed summary of the OP Units and the Common Stock.

Repurchases of BF REIT Shares. There is no public trading market for the BF REIT Shares, and we do not expect that there will ever be a public trading market for the shares, so repurchases of BF REIT Shares under the Share Repurchase Plan will likely be the only way to dispose of the shares. Under the Share Repurchase Plan, owners of BF REIT Shares that were received upon redemption of OP Units may immediately request that BF REIT repurchase all or any portion of their BF REIT Shares. However, BF REIT is not obligated to repurchase any BF REIT Shares under the Share Repurchase Plan and may choose to only repurchase some, or even none, of the shares requested to be repurchased.

The Share Repurchase Plan limits repurchases during any calendar quarter to no more than 2% of BF REIT's aggregate NAV attributable to stockholders per month (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding month) and no more than 5% of aggregate NAV attributable to stockholders per calendar quarter (measured using the aggregate NAV attributable to stockholders as of the end of the immediately preceding calendar quarter).

With respect to the 2% and 5% limits described above, (i) provided that the Share Repurchase Plan has been operating and not suspended for the first month of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for that month will carry over to the second month, and (ii) provided that the Share Repurchase Plan has been operating and not suspended for the first two months of a given quarter and that all properly submitted repurchase requests were satisfied, any unused capacity for those two months will carry over to the third month. In no event will such carry-over capacity permit the repurchase of shares with aggregate value (based on the repurchase price per share for the month the repurchase is effected) in excess of 5% of the aggregate NAV attributable to BF REIT's stockholders as of the last calendar day of the previous calendar quarter (provided that for these purposes repurchases may be measured on a net basis as described in the paragraph below).

BF REIT measures the foregoing 2% and 5% limits based on net repurchases during a month or quarter, as applicable, and as described below. The term "net repurchases" means, during the applicable period, the excess of capital outflows over capital inflows for BF REIT. The term "capital outflows" means share repurchases under the Share Repurchase Plan in a given period. The term "capital inflows" means proceeds from share subscriptions received in a given period that are accepted as of the first calendar day of the next month, plus purchases pursuant to the distribution reinvestment plan of BF REIT. Thus, for any given calendar quarter, the maximum amount of repurchases during that quarter will be equal to (1) 5% of the aggregate NAV attributable to stockholders as of the last calendar day of the previous calendar quarter, plus (2) capital inflows during such calendar quarter. The same would apply for a given month, except that repurchases in a month would be subject to the 2% limit described above (subject to potential carry-over

capacity), and netting would be measured on a monthly basis.

The BF REIT Shares for which OP Units may be redeemed will be subject to transfer limitations and may not be resold or transferred except through registration or exemption from the registration requirements of the Securities Act and applicable state securities laws. See "*Transfer Limitations"* and *"The FMV Option and the OP Units—Transfer Limitations*." For a detailed summary of the Share Repurchase Plan, please see "*Share Repurchases*" in the BF REIT Prospectus.

Transfer Limitations

There are certain limitations in connection with the transferability of OP Units as described below.

OP Units may not be transferred without the written consent of Operating Partnership General Partner, which is the general partner of the Operating Partnership, which consent may be granted or withheld in the general partner's sole and absolute discretion. OP Units are also subject to other terms and restrictions contained in the OP Partnership Agreement among the Sponsor and certain limited partners of the Sponsor.

The OP Units have not been registered under the Securities Act or the securities laws of any state or other jurisdiction. In addition to the limitations set forth in the preceding paragraph, neither OP Units nor any interest or participation therein may be reoffered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of (the "**Transfer**") in the absence of such registration or unless such transaction is exempt from, or not subject to, such registration.

No Transfer by any OP Unitholder, in whole or in part, may occur if (i) the Transfer would result in the Operating Partnership being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Code Section 856(i)), (ii) it would adversely affect the ability of BF REIT to continue to qualify as a REIT or as a domestically controlled qualified investment entity or subject the General Partner to any additional taxes under Code Section 857 or Code Section 4981 or (iii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 or would cause the Operating Partnership not to qualify for the safe harbor described in Treasury Regulations Section 1.7704-1(h).

An OP Unitholder, by its acceptance of OP Units, will be required to agree, for the benefit of the Sponsor, that in addition to the foregoing limitations, OP Units may be offered, resold, pledged or otherwise transferred, only (i) to the Sponsor, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) to an "accredited investor" that is purchasing for its own account, (iv) outside the U.S. in a transaction complying with the provisions of rule 904 under the Securities Act, or (v) under any other available exemption from the registration requirements of the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction. Each OP Unitholder will notify any purchaser of OP Units from it of the resale restrictions referenced above.

The above restrictions on resale of OP Units (other than the need to obtain written consent from Operating Partnership General Partner for any transfer, which will apply in all cases) will apply from the date on which such OP Units are issued to the Beneficial Owners as a result of the FMV Option (the "**FMV Option Closing Date**") until the date that is three years after the later of the FMV Option Closing Date and the last date that we or any of our affiliates were the owner of such OP Units or any predecessor of such OP Units and will not apply after such period ends.

We reserve the right to require you to deliver to us an opinion of counsel, certifications and other information reasonably satisfactory to us in connection with any offer, sale or other transfer of OP Units.

We reserve the right to be reimbursed by the Beneficial Owner for any reasonable expenses associated with a transfer of OP Units.

The BF REIT Shares that may be issued upon redemption of OP Units will be subject to similar transfer limitations and may not be resold or transferred except through registration or exemption from the registration requirements of the Securities Act and applicable state securities laws. Under certain circumstances described in the OP Partnership Agreement, BF REIT has agreed to file a registration statement with respect to such BF REIT Shares.

Exculpation

The Operating Partnership General Partner will not be liable to the Operating Partnership or its limited partners for errors in judgment or other acts or omissions not amounting to willful misconduct or gross negligence since provision has been made in the OP Partnership Agreement for exculpation of Operating Partnership General Partner. Therefore, limited partners in the Operating Partnership have a more limited right of action than they would have absent the limitation in the OP Partnership Agreement.

Indemnification

The OP Partnership Agreement provides for the indemnification of Operating Partnership General Partner, by the Operating Partnership for liabilities it incurs in dealings with third parties on behalf of the Operating Partnership unless it is established that any losses resulted from any act or omission with respect to which a court or competent jurisdiction (or other similar tribunal) has issued a final non-appealable decision, judgment or order that such indemnitee acted with actual fraud, acted in bad faith, was grossly negligent or engaged in willful misconduct.

Obligations of BF REIT and its Affiliates to the Operating Partnership

None of BF REIT, Operating Partnership General Partner, or the board of directors of BF REIT is under any obligation to give priority to the separate interests of the limited partners of the Operating Partnership in deciding whether to cause the Operating Partnership to take or decline to take any actions. If there is a conflict between the interests of BF REIT's stockholders on the one hand and the Operating Partnership's limited partners on the other, BF REIT, Operating Partnership General Partner, and the board of directors of BF REIT will endeavor in good faith to resolve the conflict in a manner not adverse to either BF REIT's stockholders or the Operating Partner's limited partners, provided, however, that for so long as BF REIT owns a controlling interest in the Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either BF REIT's stockholders or the Operating Partnership's limited partners will be resolved in favor of BF REIT's stockholders. BF REIT is not liable under the OP Partnership Agreement to the Operating Partnership or to any of its limited partners for monetary damages for losses sustained, liabilities incurred or benefits not derived by such limited partners in connection with such decisions, provided that Operating Partnership General Partner has acted in good faith.

SUMMARY OF CERTAIN AGREEMENTS

SUMMARY OF THE PURCHASE AGREEMENT

General

Each prospective Purchaser must execute a Purchase Agreement. Each prospective Purchaser should review the entire Purchase Agreement with its own independent legal counsel before submitting an offer to buy any Interest. The following is merely a summary of some of the significant provisions of the Purchase Agreement and is qualified in its entirety by the full text thereof. For further information you should review the Purchase Agreement, a copy of which is available upon request.

As described above, certain Offerings may be structured as a Portfolio Offering. A purchase of Interests in such a Portfolio Offering will result in equal participation in each of the Trusts (or in the parent trust which owns the interest in the sub-trusts) described in the applicable Property Supplement. Specifically, Interests in each of the Trusts in any Portfolio Offering will exclusively be offered and sold jointly and collectively; Purchasers of such Interests will not be able to selectively purchase Interests in any number of Trusts less than the total number of Trusts in any such Portfolio Offering or to acquire a greater percentage of outstanding Interests in any individual Trust relative to the other(s) in any such Portfolio Offering.

Submission of Offer to Purchase

A summary of the procedures for the offer and purchase of an Interest is set forth under "*How to Subscribe*."

Purchase Price

The purchase price of the Interests in each Offering is inclusive of upfront fees and expenses.

Closing

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

"As-Is" Purchase

The Purchase Agreement provides that the Purchasers must accept their ownership in a Property (through their Interests in a Trust) in an "as-is" and "where-is" condition. The Trust will provide limited representations or warranties in the Purchase Agreement. Consequently, each Purchaser must rely on its own investigations and analysis of a Property and is encouraged to seek the advice of its own independent legal counsel, accountants and real estate advisors.

Limited Representations

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

Indemnity

The Purchase Agreement contains an indemnity provision whereby each Purchaser will be required to indemnify, defend and hold the Trust, the Signatory Trustee and their respective officers, directors, employees, beneficiaries, trustees, and agents harmless from any and all losses, liabilities, claims, damages and expenses (including reasonable attorneys' fees) that they may incur in investigating, preparing or defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements by such Purchaser or in any other documents such Purchaser has furnished to any of the foregoing in connection with such Purchaser's acquisition of Interests.

No Tax Advice

Purchasers also will acquire their Interests without any representations from us, the Trust, the Depositor or the Manager regarding the tax implications of the transaction. The Trust will receive an opinion of Tax Counsel on which each Purchaser may rely concerning the specific matters addressed therein. A copy of the opinion is attached as an exhibit to each Property Supplement with respect to a specific Property or Properties. Each Purchaser should consult its own independent legal counsel and other tax advisors regarding the tax implications of an investment in an Interest, including whether or not such investment will qualify for deferral of gain under Code Section 1031, if so contemplated. See "*Material U.S. Federal Income Tax Consequences*" below.

Bad Actor Addendum

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

Dispute Resolution

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

SUMMARY OF THE TRUST AGREEMENT

General

The Trust will be the owner of the Property. The Purchasers will acquire their Interests in the Trust subject to the Trust Agreement and will thereupon become Beneficial Owners of the Trust. The rights and obligations of the Beneficial Owners will be governed by the Trust Agreement, or in the case of Portfolio Offerings, each of the Trust Agreements of the Trusts as described in the applicable Property Supplement. The accompanying Trust Agreement(s) for each Offering, including Portfolio Offerings, will be substantially similar in form, subject to certain variances depending on lender requirements and / or the nature of the accompanying Property. In some Portfolio Offerings, there will be a parent trust which owns an interest in two or more sub-trusts that own the Properties.

The following is a summary of some of the significant provisions of the Trust Agreement. This summary is qualified in its entirety by reference to the full text of such agreements. Each prospective Purchaser should carefully review the entire Trust Agreement before investing.

Purchasers as Beneficial Owners; Trust's Use of Proceeds

Pursuant to this Offering, the Trust is offering class 1 beneficial interests for sale to prospective Purchasers. As class 1 beneficial interests are sold to Purchasers, up to 100% of the Depositor's class 2 beneficial interests will be redeemed by the Trust on a one-for-one basis until the Maximum Offering Amount has been achieved and all class 1 beneficial interests have been sold.

The Trust will sell the Interests to the Beneficial Owners at a price that exceeds the amount that the Depositor paid for its class 2 beneficial interests. The Depositor or its affiliates will assume the obligation to pay the Organization and Offering Expenses, Selling Commissions, Dealer Manager Fee, Placement Fees, Loan Fees and Costs, and Property Closing Costs, but will be reimbursed for such fees, expenses, and costs, which have the effect of increasing the purchase price of the Interests. The actual amount of the costs and expenses of an Offering may be greater or less than estimated. If actual costs and expenses, including Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs, are less than projected or estimated, the additional amount will be retained by the Depositor or certain of its affiliates on a non-accountable basis. To the extent that the aggregate of the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, then any such excess may be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess. See "*Use of Proceeds*" and "*Compensation and Fees*."

Term

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

The Delaware Trustee and the Signatory Trustee

The Delaware Trustee serves the Trust solely to fulfill the Trust's obligation pursuant to Section 3807(a) of the DST Act to have at least one trustee who has its principal place of business in the State of Delaware.

The Manager has appointed itself as the initial Signatory Trustee of the Trust. The Signatory

Trustee is appointed to serve with the Delaware Trustee for the limited purpose of executing any documentation that may require the signature of an authorized representative of the Trust. The Manager may appoint additional Signatory Trustees and replace any Signatory Trustee subject to the requirements of a loan, if any.

The Trust holds the Property in trust for the benefit of the Beneficial Owners. The Delaware Trustee only has the limited powers and authority specified in the Trust Agreement. The Delaware Trustee's duties are limited to (i) accepting legal process served on the Trust in the State of Delaware and (ii) the execution of any certificates required to be filed with the Delaware Secretary of State which the Delaware Trustee is required to execute pursuant to the DST Act. The Delaware Trustee shall take such actions or refrain from taking such actions as may be directed in writing by the Manager. The Delaware Trustee has no duty to take any action except as expressly provided for in the Trust Agreement.

The Signatory Trustee serves for the limited purpose of executing any documentation that may require the signature of an authorized representative of the Trust. The Signatory Trustee receives no compensation for its services. The Delaware Trustee will receive compensation for its services under the Trust Agreement and be reimbursed for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals). The Delaware Trustee may resign at any time by giving at least 60 days' prior written notice to the Manager. The Beneficial Owners and the Trust will indemnify the Delaware Trustee, the Signatory Trustee, any successor trustee, and the officers, directors, employees and agents of thereof 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 in connection with the Trust Agreement, the Trust, or any transaction or document contemplated thereby except for any indemnification involving willful misconduct, bad faith, fraud or gross negligence of such person. Further, the Beneficial Owners and the Trust will indemnify the Delaware Trustee, the Signatory Trustee, and any successor trustee for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals) incurred in connection with the negotiation, execution, delivery, or performance of, or exercise of rights or powers under, the Trust Agreement. The Manager may remove the Delaware Trustee at any time by giving at least 60 days' prior written notice to the Delaware Trustee.

The Manager

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

The Manager will receive an Administration Fee for its services under the Trust Agreement. The Manager may resign at any time by giving at least 30 days' prior written notice to the Delaware Trustee. The Trust will indemnify the Manager for all actions it takes on behalf of the Trust except for those involving gross negligence, willful misconduct, bad faith, fraud or material breach of certain transaction documents. The Manager will not have any liability to any person except for any actions it may take that constitute willful misconduct, bad faith, fraud, gross negligence or material breach of certain transaction

documents. Subject to the next sentence, the Delaware Trustee may remove the Manager at any time, but only for the fraud or gross negligence of the Manager which causes material damage to, or diminution in value of, the Trust Estate which occurs past any applicable cure periods. Prior to the Delaware Trustee's removal of the Manager, any such removal must be first consented to by, as long as a loan is outstanding, the applicable lender.

Except as expressly provided in the Trust Agreement or other transaction documents contemplated thereby, the Manager does not have any duties or obligations with respect to the Trust, the Trust Agreement or other transactional documents contemplated therein. Notwithstanding the foregoing, following the issuance of a conversion notice, which will occur prior to any initial closing of class 1 beneficial interests pursuant to an Offering, the Manager will have no ability to take any action that would cause the Trust to cease to qualify as an investment trust within the meaning of Treasury Regulations Section 301.7701-4(c). The Manager will keep customary and appropriate books and records relating to the Trust and the Property.

Power of Delaware Trustee and Manager

The Trust Agreement expressly prohibits the Delaware Trustee and the Manager from taking a number of actions, including the following: (a) selling, transferring or exchanging the Property except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (c) reinvesting proceeds from the sale of the Property; (d) renegotiating the terms of any loan or entering into new financing (except in the case of the tenant's bankruptcy or insolvency); (e) renegotiating the Master Lease on the Property or entering into new leases (except in the case of the Master Tenant's bankruptcy or insolvency); (f) making modifications to the Property (other than minor non-structural modifications) unless required by law; (g) accepting any capital from a Beneficial Owner (other than capital from a Purchaser that will be used to pay the fees, costs and expenses of the offer and sale of the class 1 beneficial interests, fund initial reserves or repurchase up to 100% of the Depositor's class 2 beneficial interests and thereby reduce the Depositor's ownership interest, as discussed above); or (h) taking any other action that in the reasoned opinion of Tax Counsel to the Trust should cause the Trust to be treated as a business entity for U.S. federal income tax purposes if the effect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under applicable tax law.

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

Ongoing Fees and Compensation to the Manager and its Affiliates.

The Trust will pay the following ongoing fees: (i) the Administration Fee, which will be paid monthly in arrears, in an amount up to 0.15% per annum of the amount of the Maximum Offering Amount that consists of Interests, and (ii) the DST Investor Servicing Fee to the Dealer Manager, which will be paid monthly in arrears, in an amount up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Interests, (all or a portion of which may be re-allowed to participating broker-dealers), for ongoing services rendered to the Trust.

During the term of the Trust Agreement, the Trust will reimburse the Manager (or its affiliates as specified in the Trust Agreement) for all reasonable and customary costs and expenses properly incurred

by the Manager (or its affiliates as specified in the Trust Agreement) in performing services under the Trust Agreement, provided such services are reflected in a budget provided by the Manager and approved by the Trust, or as may otherwise be approved by the Trust.

Limited Transfer Rights

Each Beneficial Owner's right to transfer or assign their Interests is subject to the transfer restrictions in the Trust Agreement and, potentially, any applicable loan documents. Any sale or conveyance of an Interest that fails to comply with these provisions will be null, void and ineffectual, and will not bind the Trust or any other Beneficial Owners with respect to a purported transferee.

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

In limited circumstances, transfers by devise, descent, or by operation of law upon death of a Beneficial Owner are permitted, subject in all cases to the Trust Agreement. Other transfers require the prior written consent of the Manager, which may withheld in the Manager's sole and absolute discretion. In all cases, the transferees must agree to be bound by the terms of the Trust Agreement as manifested by a transferee's signature of an executed Trust Agreement in the form required by the Manager in its discretion. In addition, Beneficial Owners of Interests in a Portfolio Offering will be required to transfer equal Interests in all Trusts comprising such Portfolio Offering. Further, the Trust Agreement prohibits any transfer that would cause the number of Beneficial Owners to exceed 1,999.

Waivers

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

Distributions

The Manager will distribute all available cash to the Beneficial Owners on a monthly basis, after (i) paying or reimbursing the Delaware Trustee and then the Manager, the Signatory Trustee and certain affiliates thereof for any claims subject to indemnification and for their respective reasonable fees and/or expenses actually incurred on behalf of the Trust, (ii) paying or reimbursing the Manager (or certain affiliates thereof) thereof, as applicable, for certain customary administrative costs and expenses, including the Administration Fee and the DST Investor Servicing Fee, and (iii) retaining such additional amounts as permitted reserves as the Manager in its discretion determines are necessary. The Trust's reserves, to the extent they are controlled by the Trust, shall be invested by the Manager only in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust company having a minimum stated capital and surplus of $100,000,000.

Termination of the Trust to Protect the Property; Transfer Distribution

Subject to the terms and conditions of loan documents, if any, if the Manager determines that the dissolution of the Trust is necessary and appropriate to preserve and protect the Property for the benefit of the Beneficial Owners either because (i) the Trust Estate is in jeopardy of being lost due to any reason, (ii) the Manager determines that the Beneficial Owners are at risk of losing all or a substantial portion of their investment in their Interests or (iii) the Manager needs to take one of the prohibited actions set forth in "*Power of Delaware Trustee and Manager*" above, the Trust will dissolve and wind up in accordance with Section 3808 of the DST Act and each Beneficial Owner's percentage ownership of the Property will be distributed to such Beneficial Owner in complete satisfaction and redemption of their Beneficial Interests. Immediately before any such liquidating distributions, the Manager shall transfer title to the assets comprising the Property to the Springing LLC, a newly-formed Delaware limited liability company that has a limited liability company operating agreement substantially similar to the form thereof attached to the Trust Agreement. As part of the Transfer Distribution, the Manager shall cause the membership interests in the Springing LLC to be distributed to all Beneficial Owners of the Trust in proportion to their ownership interests immediately prior to the dissolution of the Trust, in complete satisfaction of their Interests, in order to consummate the dissolution of the Trust. If a determination has been made to make a Transfer Distribution, the Manager may, in its discretion and upon advice of counsel, utilize such other form of transaction (including, without limitation, a conversion of the Trust into a limited liability company if then permitted by applicable law) to accomplish the transaction contemplated by the Manager pursuant to the Transfer Distribution (which other form of transaction shall only require the approval of the Manager and shall not require the approval of any Beneficial Owners or the Delaware Trustee), provided that such alternative form of transaction is entered into to preserve and protect the Trust Estate for the benefit of the Beneficial Owners and is otherwise in compliance with the DST Act. See below "*Summary of Springing LLC Agreement*."

Sale of the Property

Pursuant to Section 3806(b)(3) of the DST Act, the Manager shall sell, transfer, or otherwise dispose of the Trust Estate upon its determination (in its sole discretion) that such transaction is appropriate, but only after all Beneficial Owners have held their Interests for at least two years. The Manager shall be responsible for (i) determining the fair market value of the Trust Estate, (ii) providing notice to the Delaware Trustee of the sale, transfer, or disposal of the Trust Estate and (iii) conducting the transaction on behalf of the Trust upon commercially reasonable terms and executing such documents and instruments required to be executed by the Trust to affect the transaction (the Manager shall also provide to the Delaware Trustee in execution form any documents and instruments required to be executed by the Delaware Trustee to effect the transaction). The Manager (and the Signatory Trustee, if necessary) shall use commercially reasonable efforts to enable the transaction to qualify, with respect to each Beneficial Owner, as a like-kind exchange within the meaning of Code Section 1031. After paying all amounts due to the Delaware Trustee and the lender, if any, the Manager shall distribute the balance of the proceeds, if any, (net of any closing costs payable by the Trust including any fee due to the Manager) to the Beneficial Owners.

FMV Option

The Operating Partnership, a Delaware limited partnership, which acts as the operating partnership for BF REIT, has the right, but not the obligation, to require that each Beneficial Owner exchange its Interests in whole or in part for OP Units in the Operating Partnership in a transaction intended to qualify as a tax-deferred exchange under Code Section 721. See "*Risk Factors*." The Operating Partnership will exercise this right, if at all, only after the Beneficial Owners have held their Interests for at least two years. Each Beneficial Owner will receive an amount of OP Units with an aggregate value equal to the then fair market value of such Beneficial Owner's Interests contributed to the Operating Partnership as of the date the FMV Option is exercised. In order to exercise the FMV Option, the Operating Partnership will provide each Beneficial Owner with a Notice of Exchange, the form of which is attached as an exhibit to the Trust

Agreement. The Operating Partnership cannot exercise its FMV Option until the Beneficial Owners have held their Interests for at least two years. The FMV Option will terminate on the day after a one-year period following the last day of the period in which all the Beneficial Owners have held their Beneficial Interests for at least two years.

The Operating Partnership has the sole discretion to acquire a Beneficial Owner's interest in the Trust for cash rather than exchange such interest for OP Units (such Beneficial Owner, a "**Cash Investor**"). For the avoidance of doubt, the Operating Partnership has the sole discretion to determine a Cash Investor and not all Beneficial Owners may become a Cash Investor. The fair market value of a Beneficial Owner's Interests will be determined by multiplying: (i) the percentage of Interests owned by the Beneficial Owner by (ii) the aggregate fair market value of the Trust Estate, less applicable liabilities of the Trust, and further reduced by any applicable fees, expenses, and adjustments. The value of the Trust Estate will be determined by taking into account the value of the Property, subject to the Master Lease, as determined by a third-party appraisal firm selected by the Manager in its sole discretion. Such appraisal shall have been completed 90 business days prior to the date the FMV Option is exercised. No discounts for lack of liquidity or minority interests shall be considered in determining the value of the Interests.

Each Beneficial Owner will be required to execute such documents and signatures as the Manager or Operating Partnership may reasonably require in connection with the exercise of the FMV Option or the cash purchase (if any), described above. Upon receipt of any and all documents and signatures required by the Manager or Operating Partnership (the first date upon which all such materials have been received, the "**Receipt Date**"), the Manager or the Operating Partnership will distribute (i) to any Beneficial Owner that is not a Cash Investor, the OP Units within sixty business days of the Receipt Date and (ii) to any Cash Investor, the cash purchase price within 180 business days of the Receipt Date.

Call Agreement

At any time, if the Manager determines that a Beneficial Owner's continued ownership of an Interest would: (i) result in a violation of the Securities Act or any comparable state law by the Trust; (ii) subject the Trust, the Manager, or any of their respective affiliates to any law or regulation (including requiring the Trust to register as an investment company under the Investment Company Act of 1940 or register an offering of Beneficial Interests under the Securities Act) that would be materially burdensome or otherwise have an adverse effect on such person; (iii) cause the Trust to fail to be treated as an investment trust or in violation of Revenue Ruling 2004-86, 2004-33 I.R.B. 191, or the DST Act; (iv) result in a violation of or breach of a fiduciary duty under any law, rule, or regulation by the Trust, the Manager, their respective officers, directors, employees, shareholders, partners, managers, members, or any affiliate thereof; (v) cause the disqualification of the Trust, the Manager, or any of their respective affiliates from using Rule 506 of Regulation D under the Securities Act due to such Beneficial Owner being or becoming subject to a disqualification event described in Rule 506(d)(1)(i); (vi) result in a violation of any applicable anti-money laundering law, rule, or regulation; or (vii) likely result in a material adverse effect on the Trust, the Manager, or any of their affiliates, then the Manager shall have the option to purchase all or any portion of the Interest from such Beneficial Owner at fair market value upon written notice. The fair market value of such Interest will be determined consistent with the valuation of an Interest upon exercise of the FMV Option.

Restriction of Certain Rights

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

interest of the program to eliminate the statutory information rights in favor of the following:

Beneficial Owners may, on written demand to the Manager, receive periodically a copy of the Trust Agreement (with all Beneficial Owner identifying information redacted) and a copy of the Certificate of Trust.

Beneficial Owners have no further informational rights, including any right to receive any list of the other Beneficial Owners or any of their contact information.

In addition, the Trust Agreement eliminates certain liabilities and duties of the Manager otherwise obtaining under applicable law, and limits such liabilities and duties to those expressly set forth in the Trust Agreement; provided, however, that no provision in the Trust Agreement is intended to or shall operate to eliminate the implied covenant of good faith and fair dealing.

Tax Status of the Trust

The Trust Agreement provides that the Trust is intended to qualify as an "investment trust" and a "grantor trust" for U.S. federal income tax purposes, and not as a partnership or other business entity. Thus, although the Trust is respected as a separate entity for state law purposes, each Purchaser is intended to be treated as owning a direct interest in the Property for purposes of Code Section 1031. See "*Material U.S. Federal Income Tax Consequences*." Each Purchaser will be required to report his, her or its Interests in the Trust in a manner that is consistent with the foregoing.

Reports

The Manager will furnish quarterly reports to Beneficial Owners regarding: (i) rent received from the Master Tenant, Trust expenses, the amount of Trust reserves and the amount of distributions made by the Trust to Beneficial Owners and (ii) any material events or developments with respect to the Property (if any). Further, the Manager will annually provide unaudited financial statements of the Trust as well as tax information the Manager deems appropriate to assist Beneficial Owners in preparation of federal income and state tax returns.

SUMMARY OF THE SPRINGING LLC AGREEMENT

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

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

Rights of the Members of the Springing LLC. The Beneficial Owners will become members in the Springing LLC. The members of the Springing LLC will not have the right to take part in the management or control of the business or affairs of the Springing LLC, to transact any business for the Springing LLC, or to sign for or bind the Springing LLC. The members, however, will have the right to receive information the Manager deems appropriate to assist the members for U.S. federal income tax reporting and certain other financial information and to inspect certain records of the Springing LLC. Upon the requisite vote of the members, but subject to any applicable loan documents and lender's consent (if required under such loan documents), the members will have the right to: (i) amend the Springing LLC Agreement, subject to certain limitations specified in the Springing LLC Agreement, with the consent of the manager, (ii) remove the manager for cause (as defined in the Springing LLC Agreement), (iii) elect a successor manager, and (iv) elect to continue the Springing LLC after a dissolution event. The exercise of the foregoing specific rights will require the affirmative vote of the owners of record of more than 50% of the membership interests held by members in each case.

Limited Liability. The members will have no obligation to make contributions to the Springing LLC (other than the Transfer Distribution), 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 liable for the Springing LLC's debts, liabilities, contracts or other obligations.

Transfer of Membership Interests. No transfer of a member's interest in the Springing LLC may be made unless the following conditions are satisfied: (i) the manager of the Springing LLC, in its sole discretion, has consented in writing to such transfer; (ii) the transfer will not be made to any person who does not possess the required financial qualifications; (iii) the transfer will not be made to any minor or to any person who lacks the capacity to contract for himself or herself under applicable law; (iv) the manager of the Springing LLC, with advice of counsel, determines that the transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act and registration or qualification under state securities laws; (v) the manager of the Springing LLC, with advice of counsel, determines that the units in the Springing LLC will not be deemed traded on an established securities market or "readily tradable on a secondary market (or the substantial equivalent thereof)" under Code Section 7704; (vi) the transfer is made by a written instrument of assignment which is not in contravention of any of the provisions of the Springing LLC Agreement; (vii) a transfer fee is paid by the transferring member as required by the manager of the Springing LLC to cover all reasonable expenses; (viii) the transfer will not result in a qualified benefit plan owning 25% or more of the units of the Springing LLC; and (ix) the transfer will not violate the terms of any applicable loan documents.

Additional Voluntary Capital Contributions. The manager of the Springing LLC may request at any time that the members make additional capital contributions to the Springing LLC. The members are not required to comply with any such request. The manager shall adjust the members' capital contributions and membership interests to equitably reflect any additional capital contributions made by members.

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

- The manager of the Springing LLC determines to terminate the Springing LLC;
- The sale of the Property or the receipt of the final payment on any seller financing provided by the Springing LLC on the sale of the Property, if later; or
- The occurrence of the death, insanity, withdrawal, retirement, resignation, expulsion, event of insolvency or dissolution (unless reconstituted) of the manager unless members holding more than 50% of the membership units of the Springing LLC consent to continue the business of the Springing LLC. As long as a loan on the Property is outstanding, the members will be conclusively deemed to have elected to continue the existence of the Springing LLC.

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

In the event of the Springing LLC's dissolution, (a) the manager of the Springing LLC shall take full account of the Springing LLC's assets and liabilities and liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, (b) the Springing LLC's liabilities will be paid or adequately provided for, (c) a reserve will be established to satisfy any legal requirements, and (d) the Springing LLC's remaining assets will be distributed to the members as provided for in proportion to their membership interests.

Meetings and Voting. A meeting of the members (or a vote without a meeting) may be called at any time by the manager of the Springing LLC. The Manager will call for a meeting following receipt of a written request of members holding more than 10% of the membership units of the Springing LLC. At a meeting of the members, the presence of members holding more than 50% of the membership interests, in person or by proxy, will constitute a quorum. A member may vote either in person or by written proxy signed by the member or by his, her or its duly authorized agent.

Removal or Withdrawal of Manager and Election of Successor Manager. The manager of the Springing LLC can be removed with the vote of more than 75% of the membership interests only for "cause". For purposes of this removal provision, "cause" means if the manager has engaged in fraud or gross negligence which causes material damage to, or diminution in value of, the assets of the Springing LLC, which occurs past any applicable cure periods. Any transfer of the manager's interest in the Springing LLC to a person other than its affiliates (as specified in the Springing LLC Agreement) requires a majority vote of the member. However, any removal of the manager of the Springing LLC will be subject to applicable loan documents.

Fees and Compensation to the Manager and its affiliates. The manager of the Springing LLC will be entitled to receive the equivalent of the Administration Fee (consistent with the fee described in the applicable Trust Agreement) and additional compensation for any additional services performed on behalf

of the Springing LLC equal to the then-prevailing market rates for similar services performed in the area where the Property is located.

Books and Records. The Springing LLC Agreement will require the manager to cause the Springing LLC to distribute to each member within 90 days after the close of the Springing LLC's fiscal year, a year-end balance sheet, income statement and a statement of changes in financial position.

Indemnification. The Springing LLC will indemnify the manager of the Springing LLC, its shareholders, officers, directors, partners, manager, members, employees, agents, assigns and affiliates (as specified in the Springing LLC Agreement) against any loss or damage incurred by them, the Springing LLC or the members in connection with the business of the Springing LLC, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission, except for acts of fraud, gross negligence, bad faith, willful misconduct or material breach of the Springing LLC Agreement.

Power of Attorney. At all times during the term of the Springing LLC, 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 Springing LLC Agreement.

Restriction of Information Rights. The members will not have the right to receive, review, copy or inspect any list of the members or any identifying information with regard to the members, whether or not requested.

Option to Acquire. In the event that a Transfer Distribution occurs, the Operating Partnership will have the option to acquire the interests in the Springing LLC in exchange for OP Units or cash (in the Operating Partnership's sole discretion) (the "**Springing FMV Option**") in an amount equal to the then-fair market value of the member's interests in the Springing LLC. The Springing FMV Option may be exercised at any time after the Transfer Distribution, including simultaneously therewith in a manner similar to the FMV Option described above.

Call Agreement. At any time, if the manager of the Springing LLC determines that a member's continued ownership of a membership interest would: (i) result in a violation of the Securities Act or any comparable state law by the Springing LLC; (ii) subject the Springing LLC, the manager of the Springing LLC or their affiliates (as specified in the Springing LLC Agreement) to any law or regulation (including requiring the Springing LLC to register as an investment company under the Investment Company Act of 1940, as may be amended from time to time, or register an offering of membership interests under the Securities Act) that would be materially burdensome or otherwise have an adverse effect on such person; (iii) result in a violation of or breach of a fiduciary duty under any law, rule, or regulation by the Springing LLC, the manager of the Springing LLC, their respective officers, directors, employees, shareholders, partners, managers, members, or the affiliates thereof (as specified in the Springing LLC Agreement); (iv) cause the disqualification of the Springing LLC, the manager of the Springing LLC, or their respective affiliates (as specified in the Springing LLC Agreement) from using Rule 506 of Regulation D under the Securities Act due to such member being or becoming subject to a disqualification event described in Rule 506(d)(1)(i); (v) result in a violation of any applicable anti-money laundering law, rule, or regulation; or (vi) likely result in a material adverse effect on the Springing LLC, the manager of the Springing LLC, or their affiliates (as specified in the Springing LLC Agreement), then the manager of the Springing LLC shall have the option to purchase all or any portion of the membership interests from such member at fair market value upon written notice. The fair market value of such membership interest will be determined consistent with the valuation of a membership interest upon exercise of the Springing FMV Option.

SUMMARY OF THE MASTER LEASE

Each Property will be leased by the Trust to a Master Tenant pursuant to a Master Lease, each of which will be substantially similar in form, subject to certain variances depending on lender requirements and / or the nature of the accompanying Property. The Master Lease is, with certain exceptions regarding Landlord Costs, an "absolute net" lease allocating to the Master Tenant all expenses associated with the operation of the corresponding Property. The Master Tenant operates the Property and will be entitled to retain any positive difference between the Property's operating cash flow and the Master Lease payments, which include but are not limited to the payments due on behalf of the Trust under loan documents. Likewise, the Master Tenant will bear the risk of any cash shortfalls between the net operating cash flow, after certain mandatory payments, and the payments required under the Master Lease. This summary is qualified in its entirety by reference to the full text of the Master Lease. Each prospective Purchaser should carefully review the entirety of each accompanying Master Lease before investing in any Offering under the Program.

Term

Each Master Lease will commence concurrently with the closing of each Property and expire as set forth in the Property Supplement.

Rent

The Rent due under the Master Lease will be as set forth in the Property Supplement. For the avoidance of doubt, to the extent that the Operating Partnership (or its assignee) were to exercise the FMV Option with respect to less than all Properties that were subject of a single Offering, the monthly Base Rent for the Master Lease in such Offering will be prorated downward by a pre-determined amount corresponding to the monthly Base Rent payment applicable to the Property or Properties that were subject to the exercised FMV Option.

The Master Lease or the applicable Property Supplement may, to the extent applicable, set forth projections for Projected Uncontrollable Costs; and only to the extent such projections are provided, in the event that (a) the Projected Uncontrollable Costs for any calendar year (or stub period thereof) exceed the actual uncontrollable costs, the Master Tenant is required to pay the Trust the amount of such excess; and (b) the actual uncontrollable costs for any calendar year (or stub period thereof) exceed the Projected Uncontrollable Costs (if any), the Master Tenant is responsible for the payment of such excess, but would be entitled to a reimbursement by offsetting such amount against Rent. In the event that there remains any unreimbursed Excess Uncontrollable Costs upon termination of the Master Lease (including upon sale, transfer, or other disposition of the Property), the Trust will be required to pay any remaining unreimbursed amount at that time.

The monthly Base Rent will be set forth in each Property Supplement.

Impositions

Under the Master Lease, the Master Tenant will be required to pay all taxes (including all real property taxes and personal property taxes), assessments, charges for utilities not paid for by the tenants of the Property, excises, levies, license and permit fees and other governmental impositions and charges attributable to or assessed against the Property (collectively, the "**Impositions**").

Maintenance and Repair; Alterations

The Trust will be responsible for Landlord Costs (as defined in the Master Lease), which are expenditures with respect to (1) repairs and replacements of the structure, foundations, roofs, exterior walls, parking lots and improvements to meet the needs of tenants; (2) non-minor leasing commissions; (3) certain hazardous substances costs; (4) any repairs identified in the property condition assessment report, or similar engineering report, performed in connection with the acquisition of the Property; and (5) other improvements or replacements to the Property that would be considered capital expenditures (in accordance with generally accepted accounting principles) or are required by law. Other than the Landlord Costs, the Master Tenant will be solely responsible for all other costs and expenses associated with the management and operation of the Property (the "**Property Expenses**").

The Master Tenant may make structural and (if in accordance with Revenue Ruling 2004-86) non-structural alterations to the Property in its sole discretion, and at its sole cost and expense (other than Landlord Costs, which will be at the Trust's expense), provided that (i) the Master Tenant shall have procured and paid for all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction; (ii) the alterations do not materially reduce the value of the Property, result in a material change in the usefulness of the Property for its intended use or violate the terms of a lease with a tenant of the Property; (iii) the alterations are made promptly and in a good workmanlike manner in compliance with all permits and authorizations, and all legal requirements of the alterations are satisfied at least three months before the end of the term of the Master Lease; (iv) the cost of the alterations will be promptly paid by the Master Tenant so that the Property is at all times free and clear of any liens and/or encumbrances; (v) the alterations will be and become the property of the Trust upon termination of the Master Lease; and (vi) the alterations will comply with any applicable lender requirements.

If the Master Tenant makes any changes or alterations to the Property that constitute more than minor, non-structural modifications (but still comply with Revenue Ruling 2004-86), the Master Tenant must, prior to making such changes or alterations, (1) provide 30 days' advance written notice to the Trust setting forth the details of such alterations so that the Trust may effectuate a Transfer Distribution, if necessary, or (2) execute an agreement with the Trust to the effect that, at the end of the Master Lease term, the Master Tenant will restore the Property to a condition substantially the same as the condition of the Property at the beginning of the Master Lease term.

Damage or Destruction; Condemnation

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

Upon a total taking of the Property through a condemnation, the Master Lease will terminate. In the case of a taking of less than all of the Property, the Trust (subject to any loan documents) will be entitled

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

Hazardous Substances

The Master Lease will provide that the Master Tenant will be liable only for hazardous substances at the Property that were released after the effective date of the Master Lease and as a result of Master Tenant's gross negligence. The Trust will be liable for all damages and claims related to hazardous substances at the Project (as defined in the Master Lease) not released by the Master Tenant.

Termination Rights

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

Assignment and Subletting

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

Subordination, Assignment and Security Agreement

In connection with any loan documents, a lender may require the Trust and the Master Tenant to enter into a Subordination, Assignment and Security Agreement, pursuant to which the Trust and the Master Tenant subordinate their rights in and to the Master Lease to a mortgage and provide for collateral assignment to a lender of all of the underlying leases, rents and occupancy rights. In addition, a default under the Master Lease may constitute a default under any loan documents.

Default/Remedies

The Master Tenant will default under the Master Lease, subject to certain applicable cure rights, in the event of: (i) the Master Tenant's failure to pay any monthly installment of Rent; (ii) the Master Tenant's failure to comply with or observe any other term or condition of the Master Lease or any breach of a material

representation or warranty made by the Master Tenant; (iii) a taking of the Master Tenant's leasehold interest via execution or other process of law, which action is not cured within 60 days after the Master Tenant receives notice of such action; (iv) the filing of a voluntary petition in bankruptcy by the Master Tenant, the adjudication of the Master Tenant's bankruptcy or insolvency, a filing by the Master Tenant of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief or its acquiescence to the appointment of a trustee, receiver, conservator or liquidator for the Master Tenant, a substantial part of the Master Tenant's assets, or the Master Tenant's interest in the Master Lease; (v) the placing of a levy upon the Master Lease or any estate of the Master Tenant under any attachment or execution; (vi) the institution of a proceeding, or entrance of a final court order, for the Master Tenant's dissolution; (vii) the Master Tenant's making of a general assignment, or taking other action, for the benefit of creditors; or (viii) the Master Tenant's violation of any loan documents.

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

Indemnification

The Master Tenant will indemnify the Trust from and against any and all losses, damages, expenses, costs and liabilities actually suffered or incurred by the Trust or its affiliates in connection with (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 Property; (ii) the occupancy of the Property or any part thereof by, through or under the Master Tenant; (iii) any failure on the Master Tenant's part to comply with any of the covenants, terms, conditions, representations or warranties contained in the Master Lease; (iv) any property management agreement related to the Property, unless such liabilities arise from an action or omission by the Trust; and/or (v) by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct or fraud of the Master Tenant, its agents or employees. The foregoing indemnity shall not apply to any damages arising out of, or because of, the negligence or willful misconduct of the Trust or its agents, employees, officers and directors. The foregoing indemnity will extend to liability for expenses (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses at both the trial and appellate levels) actually incurred by the Trust in defending any action or proceeding (a) instituted against the Trust by a third-party, or in which the Trust intervenes, or against the Master Tenant in which Landlord is made a party or appears and (b) to which the foregoing indemnity would apply.

Additionally, the Master Tenant will hold the Trust and its beneficiaries, officers, directors, trustees, and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against the Trust by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct, or fraud of the Master Tenant, its agents or employees or the Master Tenant's breach of the Master Lease.

Supplemental Trust Reserve

The Trust will be required under the Master Lease to maintain a Supplemental Trust Reserve for the Property. The Supplemental Trust Reserve will be used to pay for Landlord Costs and other Property-

related costs, expenses and fees. The Master Tenant may, in its sole discretion, draw upon and use the Supplemental Trust Reserve.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

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

The following discussion of tax consequences is based on laws and regulations presently in effect and, except where noted, does not address state, local or foreign tax laws. You should be aware that new administrative, legislative or judicial action could significantly change the tax aspects associated with the purchase or ownership of an Interest.

There is uncertainty concerning certain tax aspects discussed herein, and there can be no assurance that the IRS may not challenge some of the deductions you may claim or positions you may take. Should the IRS challenge the tax treatment of an investment in an Interest, even if the challenge is unsuccessful, you could be faced with substantial legal and accounting costs in resisting the challenge.

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

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THE TAX OPINION OF TAX COUNSEL THAT WILL BE ISSUED FOR ANY OFFERING WILL BE WRITTEN TO SUPPORT THE PROMOTION AND MARKETING OF SUCH OFFERING. YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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Before buying an Interest, you would be required to represent and warrant that you:

(i) have independently obtained advice from your tax counsel and/or tax accountant about any Section 1031 Exchange and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as "replacement property" in a Section 1031 Exchange, and you are relying on such advice;

(ii) understand that we have not obtained a ruling from the IRS that an Interest will be treated as an undivided interest in real estate as opposed to an interest in an entity that is treated as a partnership for U.S. federal income tax purposes;

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

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

TAX CONSEQUENCES RELEVANT TO INTERESTS

Nature of Interests

Classification of Trust. We will attempt to structure each Offering of Interests so that a Purchaser purchasing an Interest would be treated for U.S. federal income tax purposes as acquiring an undivided interest in real property and not an interest in an entity that constitutes a partnership for U.S. federal income tax purposes (a "**Partnership Interest**"). If an Interest were to be treated by the IRS or a court as a Partnership Interest, then the Purchaser would be unable to use the Interest as "replacement property" to defer gain in a Section 1031 Exchange.

In connection with each Offering, we will obtain a Tax Opinion from Tax Counsel stating that: (i) the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that should be classified as a "trust" under Treasury Regulation Section 301.7701-4(a); (ii) the Beneficial Owners should be treated as "grantors" of the Trust; (iii) as "grantors," the Beneficial Owners should be treated as owning undivided fractional interests in the Property or in each of the Properties for U.S. federal income tax purposes; (iv) the Interests should not be treated as securities for purposes of Code Section 1031; (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Code Section 1031; (vi) the Master Lease should be treated as a true lease and not a financing for U.S. federal income tax purposes; (vii) the Master Lease should be treated as a true lease and not a deemed partnership for U.S. federal income tax purposes; (viii) the discussions of the U.S. federal income tax consequences contained in this Memorandum and each Property Supplement are correct in all material respects; and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions. A Purchaser who desires to acquire an Interest as "replacement property" for a Section 1031 Exchange must be aware that in order for the Interest to so qualify as "replacement property," it must be treated as an interest in real property (rather than a "security" or a Partnership Interest).

Tax Counsel's Tax Opinion for any Offering will be based upon existing cases and rulings and, in particular, the analysis in Revenue Ruling 2004-86, 2004-33 IRB 191. Revenue Ruling 2004-86 sets forth the limited circumstances under which a state law trust may be classified as an "investment trust" for U.S. federal income tax purposes, rather than as a business entity taxable as a corporation or partnership. Revenue Ruling 2004-86 concludes that, because the beneficial owners of interests in an "investment trust" that holds real property are "grantors" that are treated as directly owning an undivided fractional interest in the real property, the exchange of real property by such beneficial holders for an interest in the "investment trust" is treated as a tax-deferred exchange of such real property for an interest in other real property under Code Section 1031.

If Beneficial Owners are treated as grantors of a Trust, a Beneficial Owner would be required to take into account, in computing his, her or its income tax liability, his, her or its proportionate share of all items of income, gain, loss, deduction and credit attributable to the Trust. In addition, all property owned by a Trust would be deemed for U.S. federal income tax purposes to be owned by the grantors of the Trust in proportion to their ownership interests in the Trust. In the case of a Trust that is the subject of an Offering, a Beneficial Owner should be treated as a grantor of the Trust because the Beneficial Owner would convey cash to the Trust in exchange for an Interest in such Trust. In addition, each Beneficial Owner will have a reversionary interest in a Trust corpus and will be automatically entitled to receive his proportionate share of the income of a Trust. Therefore, the Beneficial Owners should be treated, for U.S. federal income tax purposes, as if they own the Property that is held by the Trust, notwithstanding the fact that an Interest could be treated as intangible property or securities for securities law, state law, or local law purposes. Tax Counsel believes that the Interests should not be treated as securities for purposes of Code Section 1031. However, due to the current lack of guidance, it is possible that the IRS could take a contrary position.

We have not received and will not request a private ruling from the IRS regarding the U.S. federal income tax classification of any Trust. After examining the relevant cases and rulings, however, Tax Counsel will conclude that a Trust should be treated as an "investment trust" for U.S. federal income tax purposes because the powers and authority granted to a Delaware Trustee, Signatory Trustee, Manager, Beneficial Owners and the Trust in a Trust Agreement do not exceed the powers and authority of the "investment trust" described in Revenue Ruling 2004-86. Tax Counsel also will conclude that the Beneficial Owners should be treated as grantors of a Trust. Tax Counsel further believes that these conclusions are consistent with the underlying cases and rulings that govern whether a state law trust is classified for U.S. federal income tax purposes as an "investment trust" or instead as a business entity taxable as a corporation or partnership.

There is always a risk that the IRS may not agree with a Tax Opinion for any Offering. Tax Counsel's Tax Opinion for any Offering will be predicated on all the facts and conditions, and the particular arrangements and agreements, of such Offering as well as the representations that will be made to, and assumptions made by, Tax Counsel. Such opinion will not be a guarantee of the status of the law at the time that the opinion would be issued and should not be accepted as a guarantee that a court of law or an administrative agency would concur in the opinion (or, otherwise, all of the conclusions and determinations made therein). If any of such facts, conditions or representations were to be incorrect or untrue, then it is possible that the corresponding Tax Opinion (and/or any one or more of the conclusions and determinations made therein) could change.

The form of the Trust Agreement and other related arrangements have been structured to be substantially similar to the trust agreement and other related arrangements described in Revenue Ruling 2004-86. Tax Counsel believes that the distinctions between the anticipated forms of the Trust Agreements for the Offerings and other related arrangements described in Revenue Ruling 2004-86 are not material and are consistent both with treating the Trust as an investment trust and the analysis in Revenue Ruling 2004-86. These distinctions include, but are not limited to the following: (i) the conversion of the Trust for tax purposes by the Sponsor from a "disregarded entity" for U.S. federal income tax purposes into an investment trust prior to admission of the Beneficial Owners; (ii) the ongoing role of the Manager, but with limited enumerated powers; (iii) the power of the Manager to terminate the Trust in order to protect and conserve the Property by transferring the Property to a newly formed Delaware limited liability company, that would constitute a "partnership" for U.S. federal income tax purposes, as a result of a Transfer Distribution, and to distribute the limited liability company interests to the Beneficial Owners; (iv) the Trust's acceptance of multiple contributions from Purchasers over time, rather than through a single contribution, (v) the Depositor's retention of a beneficial interest in the Trust for purposes of facilitating Offering; and (vi) authorization for the Manager to determine, in its sole discretion, when a sale of the Property would be appropriate. Tax Counsel will conclude that all of these distinctions should be consistent with the analysis in Revenue Ruling 2004-86 and the underlying cases and rulings, but no ruling will be obtained from the IRS in this regard.

THE ABOVE IS A GENERAL SUMMARY OF THE OPINION THAT WE ANTICIPATE RECEIVING FROM TAX COUNSEL IN CONNECTION WITH EACH OFFERING. PURCHASERS OF THE INTERESTS OF ANY OFFERING SHOULD, HOWEVER, REVIEW THE OPINION ACCOMPANYING THE PROPERTY SUPPLEMENT FOR SUCH OFFERING.

Potential significant tax costs if Interests were deemed to be Partnership Interests. If a Purchaser of an Interest were to be treated for U.S. federal income tax purposes as purchasing a Partnership Interest, then the Purchaser would not be able to use the Interest as "replacement property" for a Section 1031 Exchange and, thus, any Purchaser who used the proceeds from the sale of relinquished property to fund the purchase of the Interest would have immediate gain recognition and would be subject to U.S. federal income tax thereon. Moreover, since such determination would of necessity come after such

Purchaser had purchased an Interest, an illiquid investment, such Purchaser would have to use funds from other sources to satisfy such tax liabilities.

Section 1031 Non-Recognition Treatment

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

Identification. Treasury Regulation Section 1.1031(k)-1(c)(4) permits taxpayers to identify alternative and multiple replacement properties under Code Section 1031. All properties acquired within 45 days of the sale of the relinquished property are deemed to have been properly identified. In addition, taxpayers are permitted to identify three properties without regard to the fair market value of the properties (i.e., the three-property rule) or multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (i.e., the 200% rule). A taxpayer also may identify any number of properties if it acquires at least 95% of the aggregate value of all identified properties (i.e., the 95% rule). In some Offerings, due to the number of Properties involved, the three-property rule may not be appropriate for a prospective Purchaser desiring to acquire an Interest as "replacement property" for a Section 1031 Exchange. See Treasury Regulations Section 1.1031(k)-1(c)(4). Moreover, the amount of Property-related debt could impact the number of identifications that such a Purchaser would be able to make under the 200% rule. A prospective Purchaser desiring to acquire an Interest as "replacement property" in a Section 1031 Exchange, as well as such Purchaser's tax advisor, should carefully review the accompanying Property Supplement for each Offering under the Program to determine the appropriate identification rule for such Purchaser. The identification rules of Code Section 1031 are strictly construed, and a Purchaser's exchange will not qualify for deferral of gain under Code Section 1031 if too many properties are identified or if the deadlines for identification are not met. Prospective Purchasers should seek the advice of their tax advisors prior to subscribing for the Interests or identifying the Property (or Properties).

"Real property" for purposes of Code Section 1031. As discussed above, 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 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 Section 1031 Regulations. The 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 property. 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. Amounts used to establish reserves, including the Supplemental Trust Reserve, if applicable, will not be treated as an interest in real estate and will be treated as "boot," which may be taxable to prospective Purchasers.

Treatment as an interest in a partnership or security. Code Section 1031 excludes an interest in a partnership or security from the categories of property that may qualify for nonrecognition. Thus, if the IRS were to classify the Interests as such for Code Section 1031 purposes, the Interests would not qualify as replacement property for a Section 1031 Exchange. Based on an analysis of relevant authorities, however, Tax Counsel will conclude that, in all material respects, an Interest should not be considered an interest in a partnership or security for purposes of Code Section 1031.

Changes to the Section 1031 Exchange rules could have negative implications. The U.S. Congress periodically evaluates various proposed modifications to the Section 1031 Exchange rules that could, if enacted, prospectively repeal or restrict the ability to utilize a Section 1031 Exchange to achieve tax deferral on gain in connection with the disposition of real property or beneficial interests in a fixed investment trust. It is possible that repeal or amendment of Code Section 1031 or the Treasury Regulations promulgated thereunder could negatively impact the use of a Section 1031 Exchange in connection with a Purchaser's exit strategy.

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

20% passthrough deduction. Certain taxpayers that are not corporations may be able to deduct up to 20% of "qualified business income." This deduction, under Section 199A, reduces the highest marginal effective tax rate for ordinary income from 37% to 29.6% for income arising from a "qualified trade or business" conducted by a partnership, S corporation, or sole proprietorship. In the case of a partnership or S corporation, Code Section 199A applies at both the entity and individual partner or shareholder level. For taxpayers above certain income thresholds, the "qualified trade or business" must have sufficient amounts of W-2 wages paid or a combined sufficient amount of wages plus the unadjusted basis of certain property (including buildings, but not land).

Under current law, taxpayers may aggregate certain real estate activities engaged in through multiple partnerships or S corporations, or otherwise held directly or indirectly, if certain requirements are satisfied. In addition, certain taxpayers who meet specific requirements may be allowed trade or business income treatment from certain "rental real estate enterprises." However, this treatment is not available where the property used by the taxpayer is subject to a triple net lease. For this purpose, the IRS has defined a "triple net lease" as "a lease agreement that requires the tenant or lessee to pay taxes, fees, and insurance, and to pay for maintenance activities for a property in addition to rent and utilities." The definition of a

triple net lease for the purpose of Revenue Procedure 2019-38 may overlap significantly with the Master Lease.

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

Qualification under Code Section 1033. Code Section 1033 allows nonrecognition of gain (but not loss) if: (1) the gain is realized on an involuntary conversion of property as a result of its destruction, theft, seizure, or condemnation, and (2) within a prescribed period of time, the property is replaced with Similar Use Property. If the condemned property is converted directly into Similar Use Property, nonrecognition of gain is mandatory. If the condemned property is converted into money or non-Similar Use Property, nonrecognition of gain is elective if the taxpayer replaces the money or non-Similar Use Property with Similar Use Property within a prescribed period of time. Broadly speaking, there are four types of replacement property that qualify for nonrecognition of gain under Code Section 1033: (1) Similar Use Property, (2) stock of a controlled corporation owning primarily Similar Use Property, (3) real property that is "like-kind," and (4) certain farm property. Specifically, for condemned real property which is held for productive use in a trade or business or for investment, Code Section 1033(g)(1) provides that "like-kind" real property shall be treated as Similar Use Property. The replaced like-kind real property must also be held for productive use in a trade or business or for investment. Thus, similar to a Section 1031 Exchange, Code Section 1033 allow a taxpayer to reinvest proceeds from a forced conversion into a like-kind exchange of real property in a tax-deferred manner.

Although similar, the rules and timelines relating to an exchange under Code Section 1033 are different than those under Code Section 1031. For example, Treasury Regulations Section 1.1033(a)-2(c)(2) requires taxpayers to provide "all … details in connection with an involuntary conversion of property at a gain" on the return for the years in which any portion of the gain is realized. A failure to include gain in the tax return is deemed as a Code Section 1033 election. Further, the replacement may begin on the earlier of the conversion or the threat or imminence of condemnation. As for the deadline, Code Section 1033(a)(2)(B)(i) provides that the replacement period ends two years after the close of the first taxable year in which conversion gain is realized. For like-kind replacement properties under Code Section 1033(g), an extended three-year replacement period applies. **Prospective Purchasers should consult with their own tax advisor regarding the application of Code Section 1033 to their own particular circumstances, including its compliance and reporting obligations.**

Other Tax Consequences

Taxation of the Trust. Tax Counsel will opine that a Trust should be classified as an "investment trust" treated as a "trust" for U.S. federal income tax purposes and, further, that the Beneficial Owners should be treated as "grantors" of the Trust. Accordingly, a Trust would not be subject to U.S. federal income tax and each Purchaser of any Interest in such Trust would be subject to U.S. federal income tax as if it owned directly the portion of a Property held by the Trust which corresponds to the Purchaser's proportionate interest in the Trust and as if it paid directly its share of expenses paid by the Trust.

The following discussion assumes that a Trust would be, and the Interests in a Trust represent interests in, an "investment trust" that is treated as a grantor trust for U.S. federal income tax purposes and that the Purchasers would be treated as the grantors of the Trust.

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

extent deductions are derived from such excess. The Code provides separate cost recovery rules for different types of property. You should consult your tax advisors on the cost recovery methods that may be applicable to you.

Up to $2,500,000 (subject to adjustments for inflation) of certain improvements made to non-residential real property first placed into service in a taxable year beginning after December 31, 2024, and up to $1,000,000 (subject to adjustments for inflation) of certain improvements made to non-residential real property first placed into service in a taxable year beginning on or before December 31, 2024, may be expensed and currently deducted for tax purposes (subject to certain limitations). Due to the limitations on expenditures for improvements imposed on the Trusts, the Manager does not anticipate that the Trusts will incur a significant amount of any such expenses. The amount of depreciation a Purchaser will be entitled to claim with respect to the Properties will depend on the Purchaser's adjusted basis in depreciable assets that are part of the Properties. A Purchaser who acquires an Interest as part of a Section 1031 Exchange generally will have a "carryover" basis equal to such Investor's basis in its relinquished property, decreased by the amount of money (if any) received in the Section 1031 Exchange and not reinvested in like-kind property in accordance with Section 1031, and increased by the amount of gain (e.g., taxable boot) and decreased by the amount of loss recognized by the Investor in such Section 1031 Exchange. In addition, the Purchaser's basis must be allocated among the depreciable and nondepreciable assets that are part of the Properties and special rules apply to the determination of the period and method that must be used to calculate depreciation with respect to property received in a Section 1031 Exchange. Each Purchaser will have to compute his, her or its own cost basis in the Properties for tax purposes, including any adjustment to basis as may be required if a Purchaser is buying an Interest in order to take advantage of the rules deferring the recognition of gain on real property under Section 1031, when computing depreciation allowed with respect to the Properties.

Allocation of liabilities. Any liabilities incurred by a Trust will be allocated, for U.S. federal income tax purposes (including for purposes of offsetting any liability "boot" in a Section 1031 Exchange), to the Beneficial Owners in proportion to their respective interests in the Trust.

Fees paid to the Sponsor and its affiliates. The Sponsor and its affiliates will receive various fees described elsewhere in this Memorandum.

Although a Purchaser of an Interest in a Trust should be treated for U.S. federal income tax purposes as buying an undivided interest in any Property held by the Trust, it is possible the IRS may take the view that the amount by which the Purchaser's purchase price for an Interest in a Trust that holds a Property exceeds the Purchaser's *pro rata* share of the price paid by the Trust for such Property does not constitute an amount paid for real property, but instead as a nondeductible capitalized item (and, if funded with relinquished property sale proceeds being held to consummate a Section 1031 Exchange, all or a portion of which possibly being taxable "boot" to the Purchaser).

Real estate brokerage commissions (whether or not paid to affiliates of the Sponsor) will be treated as capitalized expenditures and added to the basis of the Property (and which could be funded with relinquished property sales proceeds without triggering taxable "boot" to a Purchaser). The amount of such commissions cannot be estimated at this time.

Possible adverse tax treatment for closing costs and reserves. A portion of the proceeds of an Offering will be used to pay each Purchaser's *pro rata* share of closing costs, expenses and other costs of the Offering. In addition, reserves may be established using a portion of the proceeds of the loan or funds contributed by the Depositor, including Supplemental Trust Reserves, if applicable. Because the tax treatment of certain expenses of the Offering, closing costs, financing costs or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Tax Counsel will be given regarding the

tax treatment of such costs and reserves, and which may result in the recognition of taxable "boot" by a Purchaser funding its share of such costs and expenses using relinquished Property sales proceeds being held to consummate a Section 1031 Exchange. Therefore, each prospective Purchaser (and particularly those Purchasers desiring to acquire an Interest as "replacement property" for a Section 1031 Exchange) should seek the advice of a qualified tax advisor as to the proper treatment of the Purchaser's payment of such costs and expenses.

Receipt of boot. In a Section 1031 Exchange, money received or deemed received in addition to the like-kind property is referred to as "boot." Gain realized on the relinquished property in a transaction is recognized up to the amount of "boot" received or deemed received. Generally, personal property, amounts used to establish reserves and impounds or other similar items, as well as seller credits, funded out of relinquished property proceeds may not be treated as an interest in real estate in connection with acquiring replacement property and may be treated as "boot." Prospective Purchasers should be aware that the IRS may take the position that certain costs, as well as seller credits, paid in connection with the sale of relinquished property and purchase of replacement property may be deemed "boot" and be taxable income to the investor. In addition, in a Section 1031 Exchange, (i) if there is no indebtedness assumed with the acquisition of a Property, any Trust reserves established at the outset of the Offering will be boot, and (ii) if any personal property is acquired the value of such personal property will be boot. However, the IRS has provided guidance in Revenue Ruling 72-456, 1972-2 C.B. 468 regarding transactional costs paid by the taxpayer with exchange proceeds. In such ruling the IRS indicated that transactional costs paid by the investor, such as brokerage commissions, can be deducted against transactional costs paid out in connection with the exchange. It is also possible that some of these items considered "boot" and not treated as like-kind amounts may be offset by similar items from a taxpayer's relinquished property transaction, thereby reducing taxable gain recognition.

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

Deductibility of Trust's fees and expenses. In computing their U.S. federal income tax liability, Purchasers may be entitled to deduct, consistent with their method of accounting, their share of reasonable administrative fees, Delaware Trustee fees and other fees, if any, paid or incurred by a Trust as provided in Code Sections 162 or 212, which may be subject to the limitations applicable to miscellaneous itemized deductions. All miscellaneous itemized deductions (except "educator expenses") are suspended. As such, a Beneficial Owner will not be able to deduct his or her share of such fees paid by a Trust. However, if a Beneficial Owner owns its Interests in connection with a trade or business, Trust fees and expenses may be deductible under Code Section 162. Beneficial Owners should seek the advice of a qualified tax advisor as to the proper treatment of such items.

Transfer to the Springing LLC. If a Transfer Distribution with respect to a Property of a Trust were to occur, the Property would be transferred from the Trust to the Springing LLC and the interests in the Springing LLC would be held by the Beneficial Owners. Under current law, such a transfer is not expected to be subject to U.S. federal income tax pursuant to Code Section 721, although such a transfer could be subject, however, to state or local income, transfer or other taxes. In addition, there can be no assurances that such a transfer would not be taxable under the U.S. federal income or other tax laws at the

time such transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of the tax consequences to the Beneficial Owners in the event of a Transfer Distribution. Unlike interests in a Trust, an interest in the Springing LLC will not be treated as an interest in real property for U.S. federal income tax purposes (including for Code Section 1031 purposes). **THUS, IF A TRUST WERE TO TRANSFER A PROPERTY TO A SPRINGING LLC IN A TRANSFER DISTRIBUTION, BENEFICIAL OWNERS WHO RECEIVE INTERESTS IN THE SPRINGING LLC WOULD NOT BE ABLE TO DEFER THE RECOGNITION OF GAIN UNDER CODE SECTION 1031 IN A SUBSEQUENT DISPOSITION OF THEIR PARTNERSHIP INTERESTS. PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE EFFECT OF A PROPERTY BEING HELD BY A SPRINGING LLC RATHER THAN A TRUST.**

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

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

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

Certain taxpayers can, in limited circumstances, deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (i) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates; (ii) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates; and (iii) the taxpayer elects to treat all interest in rental real estate as a single activity. Code Section 469(c) provides that a qualifying real estate professional must establish material participation in each separate rental activity. However, an exception allows a qualifying real estate professional to elect to aggregate all interests in rental real estate for purposes of measuring material participation. In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development,

redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his, her or its personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. Purchasers should consult with their own tax advisor to determine if this rule applies to them.

Taxable income and taxable loss of a Purchaser. Each Purchaser will be required to determine his, her or its own taxable income or loss in respect of its Interest investment and, thus, from the Property of the Trust for income tax purposes. Each Purchaser of an Interest in a Trust will bear its share of the expenses of the Property of such Trust and the expenses of such Trust, and will be entitled to its proportionate share of the income therefrom. Certain expenses, such as depreciation, will be different for different Purchasers. The Manager will keep records and provide information about expenses and income of the Property and the Trust for each Purchaser. A Purchaser, however, will be required to keep separate records to separately report its income.

Any gain or loss realized on the sale or exchange of an Interest will generally be treated as capital gain or loss, provided the seller is not deemed a "dealer" in real property. As a general rule, the holding of 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 that will depend on all of the facts and circumstances and will be determined at the time of a sale. If a Purchaser is deemed a "dealer" and the Purchaser's interest in the Property is not considered a capital asset or an asset described in Code Section 1231 (the "**Section 1231 Asset**"), then the Purchaser's gain or loss on the sale or other disposition of such Property would be treated as ordinary income or loss. However, regardless of whether the selling Purchaser is a "dealer," any portion of such gain that is attributable to unrealized receivables, depreciation recapture (other than the recapture of real property straight line depreciation which would constitute "unrecaptured section 1250 gain" subject to a maximum 25% U.S. federal income tax rate under current law) or inventory items will generally be treated as ordinary income. In general, if a Purchaser's interest in a Property (as represented by its Interest in the Trust that holds the Property) is either a capital asset or Section 1231 Asset, any gain realized on the sale of such Interest or the Property itself (except to the extent that such gain represents gain attributable to unrealized receivables or depreciation recapture taxable as ordinary income) will be treated as capital gain under the Code. Any such capital gain attributable to an asset held more than 12 months will generally be taxed to individuals as long-term capital gain subject to a maximum U.S. federal income tax rate of 20% (or 25% if such gain constitutes unrecaptured section 1250 gain).

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

Gifts of Interests may result in tax. Generally, no gain or loss is recognized for U.S. federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of an Interest is made at a time when the Property is subject to indebtedness, the Purchaser may recognize gain for U.S. federal income tax purposes upon the transfer. Such gain, if any, will generally be treated as

capital gain. Gifts of Interests may also be subject to a gift tax imposed under the rules generally applicable to all gifts of property.

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

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

Tax elections. We will attempt to structure the Interests so that they will be treated as interests in an investment trust and not as Partnership Interests. As a result, the Purchasers will be required to make any applicable tax elections. However, if the Purchasers were treated as partners in a partnership, applicable elections would have to be made by the partnership. No mechanism is provided for the Trust to make any such elections.

Method of accounting. A Purchaser will be required to report its income, gain, losses and deductions in respect of its Interest under the Purchaser's applicable tax accounting method.

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

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

Limitation on losses under the at-risk rules. A Purchaser that is an individual or closely held corporation will be unable to deduct losses from a Property, if any, to the extent such losses exceed the amount such Purchaser is "at risk." A Purchaser's initial amount at risk will generally equal the sum of (i) the amount of cash paid for the Interest, (ii) the amount, if any, of recourse financing obtained by the Purchaser to acquire its Interest and (iii) the amount of any qualified non-recourse indebtedness encumbering a Property. A Purchaser's amount at risk will be reduced by the amount of any cash flow to

such Purchaser and the amount of the Purchaser's loss, and will be increased by the amount of the Purchaser's income from the activity. Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. Because it is uncertain whether the loan encumbering a Property, if any, will constitute qualified non-recourse indebtedness, Tax Counsel will issue no opinion concerning the application of the at-risk rules to owners of Interests.

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

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

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

Limitation on excess business loss deduction. Excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The provision applies after the application of the passive loss rules, and applies at the partner or shareholder level in the case of a partnership or S corporation.

Limit on business interest deductions. Code Section 163(j) limits annual deductions for "business interest" expense to the sum of business interest income plus 30% of "adjusted taxable income" (plus certain floor plan financing interest of the taxpayer relating to financing the acquisition of motor vehicles held for sale or lease). Business interest in excess of the allowed current deduction may be carried forward indefinitely. The adjusted taxable income or ATI of a taxpayer means taxable income computed without regard to any item not properly allocable to a trade or business, any business interest income or expense, any net operating loss deduction, any deduction allowable for depreciation, amortization, or depletion and certain other items. Business interest means any interest paid or accrued on indebtedness properly allocable to a trade or business, provided that investment interest (within the meaning of Code Section 163(d)) does not constitute business interest. For this purpose, a trade or business does not include the trade or business of performing services as an employee or any electing real property trade or business (or any electing farming business or certain regulated utility businesses). A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. To take advantage of this exception, a taxpayer must make an irrevocable election to be excluded from Code Section 163(j) and forgo or limit certain other tax benefits. An election by a real property trade or business is to be made at such time and in such manner as the IRS shall prescribe and, once made, is irrevocable. An electing real property trade or business is required to use the alternative depreciation system. Each prospective Purchaser should consult with his, her, or its tax advisor concerning the potential application of Code Section 163(j) to his, her, or its particular circumstances.

Taxable income in excess of cash receipts. It is possible that a Purchaser's taxable income resulting from its Interest will exceed the amount of cash received by the Purchaser attributable to the Interest. This may occur because cash flow from a Property may be used to fund nondeductible operating or capital expenses of such Property or reserves. Thus, there may be years in which a Purchaser's tax liability exceeds its share of cash from a Property, in which case a Purchaser may have to use funds from other sources to satisfy its tax liability associated with a Property. 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.

Step transaction doctrine. There are a number of judicial doctrines which may conceivably apply to a Beneficial Owner's acquisition of Interests, followed by a subsequent exchange of those Interests by the Beneficial Owner for ownership interests in a partnership. Courts have applied the so-called "step transaction doctrine" to determine whether a series of formally separate "steps" should be treated as a single transaction because those steps are integrated, interdependent or focused towards a particular end result. If the step transaction doctrine were to apply, the IRS could argue that the Beneficial Owners' acquisition of their Interests and any subsequent conversion of their Interests into OP Units should be integrated such that Beneficial Owners should be treated as having initially acquired OP Units. Because the receipt of interests in a partnership does not qualify for like-kind exchange treatment under Section 1031, if this position were sustained, Beneficial Owners acquiring Interests would not qualify for like-kind treatment. The IRS could also argue, based on the existence of the FMV Option, that Beneficial Owners held their Interests for sale rather than for investment. Because the acquisition of an interest for sale does not qualify for like-kind exchange treatment, if this argument were successful, the acquisition of an Interest also would not qualify for Section 1031 Exchange treatment. In rendering its Tax Opinion, Tax Counsel will conclude that the step transaction doctrine should not apply and should not alter the tax consequences described in the Tax Opinion. There can be no assurance, however, that the IRS would agree.

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

Reportable transaction disclosure and list maintenance. The term reportable transaction means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under Code Section 6111, such transaction is of a type which the IRS determines as having a potential for tax avoidance or evasion. The term listed transaction means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the IRS as a tax avoidance transaction for purposes of Code Section 6111. A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

State and Local Taxes. In addition to the U.S. federal income tax consequences described above, each prospective Purchaser should consider the state and local tax consequences of the purchase of, and an investment in, an Interest. A Purchaser's share of income or loss generally will be required to be included in determining its reportable income for state and local tax purposes. For 2025, individual or married filers cannot deduct more than $40,000 of combined state and local income and property taxes. This deduction

is subject to phase-outs that decrease its value for filers that exceed certain income thresholds. For each year after 2025, the maximum deductible state and local income and property taxes increases by 1%. The maximum deductible state and local income and property taxes decreases to $10,000 for any taxable year beginning after 2029. Taxes attributable to income earned from the Interests should count towards the above limitation. A prospective Purchaser must seek the advice of its own independent tax advisor as to state and local tax issues.

TAX CONSEQUENCES RELEVANT TO OP UNITS

The Operating Partnership

Partnership status. Even though the Operating Partnership will not elect to be treated as an association for U.S. federal income tax purposes, it may be taxed as a corporation if it is deemed to be a "publicly traded partnership." A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under applicable Treasury Regulations (the "**PTP Regulations**"), limited safe harbors from the definition of a publicly traded partnership are provided. Pursuant to one of those safe harbors (the "**Private Placement Exclusion**"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that were not required to be registered under the Securities Act of 1933, as amended and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a flow-through entity (including a partnership, grantor trust or S corporation) that owns an interest in the partnership is treated as a partner in such partnership only if (A) substantially all of the value of the owner's interest in the flow-through entity is attributable to the flow-through entity's direct or indirect interest in the partnership and (B) a principal purpose of the use of the flow-through entity is to permit the partnership to satisfy the 100 partner limitation. The Operating Partnership currently intends to take the position that it should not be classified as a publicly traded partnership because (i) OP Units are not traded on an established securities market and (ii) OP Units should not be considered readily tradable on a secondary market or the substantial equivalent thereof.

Even if the Operating Partnership were considered a publicly traded partnership under the PTP Regulations, the Operating Partnership should not be treated as a corporation for U.S. federal income tax purposes as long as 90% or more of its gross income consists of "qualifying income" under Code Section 7704(d). In general, qualifying income includes interest, dividends, real property rents (as defined by Code Section 856) and gain from the sale or disposition of real property.

If the Operating Partnership were characterized as a publicly traded partnership, even if it were not taxable as a corporation because of the qualifying income exception, however, OP Unitholders would be subject to special rules under Code Section 469. Under such rules, OP Unitholders would be required to treat any loss derived from the Operating Partnership separately from any income or loss derived from any other publicly traded partnership, as well as from income or loss derived from any other passive activities. In such case, any net losses or credits attributable to the Operating Partnership which are carried forward may only be offset against future income of the Operating Partnership. Moreover, unlike other passive activity losses, suspended losses attributable to the Operating Partnership would only be allowed upon the complete disposition of an OP Unitholder's "entire interest" in the Operating Partnership.

If the Operating Partnership were classified as an association or a publicly traded partnership taxable as a corporation, it would be subject to tax at the entity level and OP Unitholders would be subject to tax in the same manner as stockholders of a corporation. As a result, such OP Unitholders could incur substantial additional unforeseen tax liability including, but not limited to, the recognition of any gain in the exercise of the FMV Option. In addition, characterization of the Operating Partnership as an association

or publicly traded partnership taxable as a corporation would also result in the termination of BF REIT's status as a REIT for U.S. federal income tax purposes, which would have a material adverse effect on BF REIT. See "*Material U.S. Federal Income Tax Considerations—Tax Aspects of the Operating Partnership any Subsidiary Partnerships*" in the BF REIT Prospectus.

The following discussion assumes that the Operating Partnership is, and will continue to be, classified and taxed as a partnership for U.S. federal income tax purposes. An entity classified as a partnership for U.S. federal income tax purposes generally is not a taxable entity and incurs no U.S. federal income tax liability.

Allocations of profits and losses. In general, a partnership is treated as a "pass-through" entity for U.S. federal income tax purposes and is not itself subject to U.S. federal income taxation. Each partner of a partnership, however, is subject to tax on its allocable share of Partnership Tax Items including partnership income, gains, losses, deductions and expenses for each taxable year of the partnership ending within or with such taxable year of the partner, whether or not such partner receives any actual distributions from the partnership during the taxable year. Generally, the characterization of any particular Partnership Tax Item is determined at the partnership, rather than at the partner level, and the amount of a partner's allocable share of such item is governed by the terms of the partnership agreement.

No U.S. federal income tax will be payable by the Operating Partnership. Instead, each OP Unitholder will be (i) required to include in income its allocable share of any of the Operating Partnership income or gains and (ii) entitled to deduct its allocable share of any of the Operating Partnership deductions or losses but only to the extent of such OP Unitholder's adjusted tax basis in its OP Units and subject to the "at risk" and "passive activity loss" rules discussed below under "*Limitations on Deductibility of Losses*." An OP Unitholder's allocable share of the Operating Partnership's taxable income may exceed the cash distributions to such OP Unitholder for any year to the extent that the Operating Partnership retains its profits rather than distributing them.

For U.S. federal income tax purposes, an OP Unitholder's allocable share of the Operating Partnership's Partnership Tax Items will be determined by the OP Partnership Agreement if such allocations either have "substantial economic effect" or are determined to be in accordance with the OP Unitholder's interests in the Operating Partnership. If the allocations provided by the OP Partnership Agreement were successfully challenged by the IRS, the redetermination of the allocations to a particular OP Unitholder for U.S. federal income tax purposes may be less favorable than the allocation set forth in the OP Partnership Agreement.

Tax basis of a Partnership Interest. A partner's adjusted tax basis in its partnership interest is relevant, among other things, for determining (i) gain or loss upon a taxable disposition of its partnership interest, (ii) gain upon the receipt of partnership distributions and (iii) the limitations imposed on the use of partnership deductions and losses allocable to such partner. Generally, the adjusted tax basis of an OP Unitholder's interest in the Operating Partnership is equal to (A) the amount of cash and the adjusted tax basis of the property contributed by the OP Unitholder to the Operating Partnership in exchange for OP Units, (B) increased by the OP Unitholder's allocable share of the Operating Partnership income and gains, (C) increased by the OP Unitholder's allocable share of the Operating Partnership liabilities, (D) reduced, but not below zero, by the OP Unitholder's allocable share of the Operating Partnership distributions, deductions and losses and (E) reduced, but not below zero, by the OP Unitholder's liabilities assumed by the Operating Partnership.

Allocation of Partnership Liabilities. If a partner receives a distribution from a partnership or has a loss in excess of the partner's basis in its interest in the partnership, such partner cannot take a negative basis in the partnership. Instead, such partner is taxed upon distributions in excess of basis or is prohibited from recognizing such losses. A partner's basis in its interest in the partnership includes the partner's

allocable share of partnership liabilities. Current law restricts taxpayers' ability to use certain techniques previously used to increase a partner's allocable share of partnership liabilities (and thereby increase the partner's basis in its interest in the partnership), including, among other items, "bottom dollar" payment obligations. Payment obligations with respect to partnership liabilities under guarantees or similar arrangements where the partner is liable for a portion of the "first dollar" of a partnership liability, however, generally still allow a partner to increase its allocable share of partnership liabilities and basis in its partnership interest, even if a maximum amount is placed on the payment obligation, the payment obligation is stated as a fixed percentage of every dollar of the partnership liability to which the obligation relates, or there is a right of proportionate contribution running between partners who are co-obligors with respect to the payment obligation for which each of them is jointly and severally liable. Further, current law mandates that a payment obligation of a partner is not recognized if the facts and circumstances evidence a plan to circumvent or avoid the obligation. Applicable Treasury Regulations provide a non-exclusive list of factors that may indicate such plan. Accordingly, Beneficial Owners may find themselves with insufficient allocated debt, with the result that the partner will be deemed to have received a distribution of cash from the Operating Partnership for U.S. federal income tax purposes in excess of basis and, as a result, may be required to recognize taxable income or gain. Beneficial Owners should consult their own tax advisor as to the tax implications concerning their investment.

PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT TREASURY REGULATIONS REGARDING THE ALLOCATION OF PARTNERSHIP LIABILITIES IMPOSE MATERIAL LIMITATIONS ON THE SCOPE AND/OR EFFECTIVENESS OF CERTAIN GUARANTEES AND, THEREFORE, COULD RESULT IN RECOGNITION OF GAIN BY THE PROSPECTIVE PURCHASERS. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN LEGAL COUNSEL AND TAX ADVISOR AS TO THE LEGAL AND TAX AND RELATED MATTERS CONCERNING THE ALLOCATION OF PARTNERSHIP LIABILITIES.

Treatment of cash distributions. Cash distributions received from a partnership do not necessarily correlate with income earned by the partnership as determined for U.S. federal income tax purposes. Thus, an OP Unitholder's U.S. federal income tax liability in respect of its allocable share of the Operating Partnership taxable income for a particular taxable year may exceed the amount of cash, if any, received by the OP Unitholder from the Operating Partnership during such year.

If cash distributions, including any "deemed" cash distributions as discussed below, received by an OP Unitholder in any taxable year, exceed the OP Unitholder's allocable share of the Operating Partnership taxable income for that taxable year, the excess will constitute a return of capital to the extent of such OP Unitholder's adjusted tax basis in its Operating Partnership interest. Such return of capital will not be includible in the taxable income of the OP Unitholder, for U.S. federal income tax purposes, but it will reduce, but not below zero, the adjusted tax basis of the Operating Partnership interest held by the OP Unitholder. If an OP Unitholder's tax basis in its Operating Partnership interest is reduced to zero, a subsequent cash distribution received by the OP Unitholder will be subject to tax as capital gain or ordinary income, but only if, and to the extent that, such distribution exceeds the subsequent positive adjustments, if any, to the tax basis of the OP Unitholder's interest in the Operating Partnership as determined at the end of the taxable year during which such distribution is received.

However, a non-*pro rata* distribution (or deemed distribution) of money or property may result in ordinary income to an OP Unitholder, regardless of such OP Unitholder's tax basis in its OP Units, if the distribution reduces such OP Unitholder's share of the Operating Partnership's "Section 751 Assets." "Section 751 Assets" are defined by the Code to include "unrealized receivables" and "inventory items which have appreciated substantially in value" (generally, "inventory items" the fair market value of which exceeds 120% of its adjusted basis). Among other things, unrealized receivables include amounts attributable to previously claimed depreciation deductions on certain types of property. To the extent that such a reduction in an OP Unitholder's share of Section 751 Assets occurs, the Operating Partnership will

be deemed to have distributed a proportionate share of the Section 751 Assets to such OP Unitholder followed by a deemed exchange of such Section 751 assets with the Operating Partnership in return for the non-*pro rata* portion of the actual distribution made to such OP Unitholder. This deemed exchange will generally result in the realization of ordinary income under Section 751(b) by an OP Unitholder. Such income will equal the excess of (i) the non-*pro rata* portion of such distribution, over (ii) an OP Unitholder's tax basis in such OP Unitholder's share of such Section 751 Assets deemed relinquished in the exchange.

Relief from liabilities/deemed cash distribution. Under the applicable provisions of the Code, a partner in a partnership includes in the basis in its partnership interest its share of the partnership's liabilities, determined in accordance with the Treasury Regulations under Code Section 752. For purposes of these rules, if a partner's share of the partnership liabilities is reduced for any reason, the partner is deemed to have received a cash distribution equal to the amount of such reduction.

Under Code Section 752 and the Treasury Regulations thereunder, a partner's share of partnership liabilities generally equals the sum of such partner's share of partnership recourse liabilities plus the partner's share of partnership nonrecourse liabilities. A partnership liability is a recourse liability to the extent that any partner or a related person bears the economic risk of loss for that liability under the Treasury Regulations, and a partnership liability is nonrecourse to the extent that no partner or related person bears the economic risk of loss for that liability under the Treasury Regulations. A decrease in an OP Unitholder's share of the Operating Partnership's liabilities resulting from the payment or other settlement, or reallocation of such liabilities is generally treated, for U.S. federal income tax purposes, as a deemed cash distribution. A decrease in an OP Unitholder's percentage interest in the Operating Partnership because of the issuance by the Operating Partnership of additional OP Units or otherwise, may decrease an OP Unitholder's share of nonrecourse liabilities of the Operating Partnership and thus, may result in a corresponding deemed distribution of cash. See "*Treatment of cash distributions*" above.

Tax consequences relating to contributed assets. Generally, Code Section 721(a) provides that neither the Contributing Partner nor the Operating Partnership will recognize a gain or loss, for U.S. federal income tax purposes, upon a contribution of property (such as an Interest) to the Operating Partnership in exchange for OP Units. Notwithstanding this general rule of nonrecognition, the Contributing Partner may recognize gain where the property transferred is subject to liabilities, or where the Operating Partnership assumes liabilities in connection with a transfer of property, and the amount of such liabilities exceeds the amount of the Operating Partnership liabilities allocated to the Contributing Partner as determined immediately after the transfer in accordance with the rules described above. Such excess is treated by the Contributing Partner, for U.S. federal income tax purposes, as the receipt of a deemed distribution of cash to the Contributing Partner from the Operating Partnership. See "*Treatment of cash distributions*" above.

Code Section 704(c). Pursuant to Code Section 704(c), if a Contributing Partner transfers property to the Operating Partnership in exchange for OP Units, the Partnership Tax Items must be allocated in a manner such that the Contributing Partner is charged with, or benefits from, the unrealized taxable gain or unrealized taxable loss associated with such property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Where a partner contributes cash to a partnership that holds appreciated or depreciated property, Treasury Regulations provide for a similar allocation of such items from such property of the partnership to the pre-existing partners. These latter rules may apply to a contribution by BF REIT to the Operating Partnership of cash proceeds received by BF REIT from the offering of its stock. Such allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among OP Unitholders. The general purpose underlying Section 704(c) is to prevent the shifting of built-in unrealized gain or loss among partners for tax purposes, which is accomplished by requiring the special allocation of certain Partnership Tax Items in order to place both the noncontributing and contributing partners in the same tax position that they would have been in if the

Contributing Partner (or in the case of contribution of cash, the pre-existing partners) had contributed property with (or the pre-existing property of the partnership had) an adjusted tax basis equal to its fair market value. Treasury Regulations provide the Operating Partnership with several alternative methods and allow the Operating Partnership to adopt any other reasonable method to make allocations to reduce or eliminate the difference (the "**Book-Tax Difference**") between the fair market value and the adjusted tax basis of the contributed property at the time of contribution. Except as otherwise agreed to between the Operating Partnership General Partner and any contributor of property to the Operating Partnership, the Operating Partnership General Partner will elect to use the traditional method with curative allocations of gain on sale pursuant to Treasury Regulations Section 1.704-3(c).

If the FMV Option were to be exercised by the Operating Partnership, then the Interests that a Purchaser would convey to the Operating Partnership in exchange for OP Units (and, in particular, Interests of a Beneficial Owner that acquired such Interests as "replacement property" in a Section 1031 Exchange) would likely constitute property with unrealized built-in gain and, thus, be subject to Code Section 704(c).

In the event the Operating Partnership disposes of contributed property, income attributable to the Book-Tax Difference of such contributed property generally will be allocated to the Contributing Partner, and all other OP Unitholders generally will be allocated only their share of gains attributable to appreciation, if any, occurring after the contribution of the contributed property. These incremental allocations of income will not result in additional cash distributions to the Contributing Partner, with the result that the Contributing Partner may not receive cash sufficient to pay the taxes attributable to such income. Thus, if the Operating Partnership sold the property contributed by the Beneficial Owner after their respective contribution to the Operating Partnership, the individual Purchaser would recognize any gain inherent in the replacement property or the Interests on the day of their contribution.

While the special allocation rules will tend to eliminate the Book-Tax Differences with respect to the contributed property over the life of the Operating Partnership, they do not always entirely rectify the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. Thus, the carryover basis of the contributed property in the hands of the Operating Partnership may cause a noncontributing OP Unitholder to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to such OP Unitholder if the contributed property had a tax basis equal to its fair market value at the time of contribution.

In the event of a sale of the applicable property after the exercise of the FMV Option, the contributing OP Unitholder will be allocated taxable gain in the event of a sale of the contributed property in excess of the economic or book income allocated to such contributing OP Unitholder as a result of such sale (and in excess of the OP Unitholder's share of the cash proceeds from such sale). Consequently, all of the remaining built-in gain will be allocated to the contributing OP Unitholder if the applicable property is sold and the Operating Partnership does not utilize a Section 1031 Exchange.

No reimbursement to Contributing Partners recognizing gain upon the direct or indirect sale or disposition of contributed Property. The Operating Partnership will not reimburse and/or pay damages with respect to any federal, state, and local taxes incurred by Contributing Partners in connection with the direct or indirect sale or disposition of contributed Property. Purchasers will have no control over whether or not the Operating Partnership sells or otherwise disposes of contributed Property and, therefore, must be prepared to bear the burden of any federal, state and local taxes that may be incurred in connection with taxable gain arising from a sale or disposition of contributed Property.

Disguised sales. A contribution by an OP Unitholder to the Operating Partnership generally will be tax free to such OP Unitholder except to the extent it is treated as a "disguised sale" under the Code. A transfer of property by a partner to a partnership followed by a related transfer by the partnership of money or other property (including in certain cases the assumption of, or taking subject to, a liability) to the partner

is treated as a "disguised sale" if (i) the second transfer would not have occurred but for the first transfer and (ii) the second transfer is not dependent on the entrepreneurial risks of the partnership's operations. In a disguised sale, the partner is treated as if it sold the contributed property to the partnership on the date the property was contributed to the partnership. Unless an exception applies, transfers of money or other property by a partnership to a partner that are made within two years of such partner's contribution of property to the partnership (which may include redemptions of OP Units for cash or BF REIT Shares) must be reported to the IRS and are presumed to be a disguised sale unless the facts and circumstances clearly establish that the transfers do not constitute a sale. Transfers of money or other property by a partnership to a partner that occur more than two years after such partner's contribution of property to the partnership (which may include redemptions of OP Units for cash or BF REIT Shares) are presumed not to be disguised sales unless the facts and circumstances clearly establish otherwise.

Generally, if a liability is incurred in anticipation of the transfer of such property to the Operating Partnership, or during the two year period prior to the transfer of property to the Operating Partnership and any excess debt proceeds are obtained by the Contributing Partner, all or a portion of the liability may be presumed to be incurred in anticipation of the transfer (the "**nonqualified liability**"), and thus must be treated as consideration for purposes of the disguised sale rules, unless the facts and circumstances clearly establish otherwise. Although the Contributing Partner may rebut such presumption by showing that an exception is satisfied or that the liability was not incurred in anticipation of the transfer of property to the Operating Partnership, the Contributing Partner must disclose its tax treatment of such liability to the IRS in a statement attached to the Contributing Partner's tax return. The assumption of any nonqualified liability by the Operating Partnership will be treated as additional consideration received by the Contributing Partner for purposes of the disguised sale rules to the extent that the amount of such liability exceeds the Contributing Partner's share of such liability immediately after the Operating Partnership assumes the liability. In addition, a portion of a qualified liability could also be treated as additional disguised sale consideration received by the Contributing Partner if the transfer of property to the Operating Partnership is treated as part of a sale without regard to the Operating Partnership's assumption of, or taking subject to a qualified liability in connection with the property transfer. This portion generally would be the lesser of (i) the amount of consideration that would result if the entire liability were nonqualified or (ii) the amount of the "qualified liability" multiplied by the Contributing Partner's "net equity percentage" in the transferred property. The Contributing Partner's net equity percentage in the transferred property should generally be equal to the percentage determined by dividing (x) the amount of cash or other consideration (excluding OP Units) received by the Contributing Partner that is treated as proceeds realized from a disguised sale of the transferred property, by (y) the excess of the gross fair market value of the property at the time of transfer over any "qualified liabilities" encumbering the property.

An exception to the presumption that cash distributions received within two years of a contribution to a partnership constitute proceeds from a "disguised sale" is provided for distributions of "operating cash flow" as such term is defined in the Treasury Regulations. Operating cash flow distributions are presumed not to be part of a sale of property to a partnership unless the facts and circumstances clearly establish that the distribution of operating cash flow is part of a sale. The Treasury Regulations contain a safe harbor for calculating a partner's interest in such operating cash flow. We believe that periodic distributions of available cash, as such amounts are determined in the sole and absolute discretion of Operating Partnership General Partner, to OP Unitholders will generally not be treated as part of a disguised sale either because such distributions will qualify for the operating cash flow safe harbor or they will otherwise be dependent on the entrepreneurial risk of the Operating Partnership's operations.

Ability to engage in subsequent like-kind exchanges. In general, an exchange of a Partnership Interest for other property cannot qualify as a Section 1031 Exchange. Accordingly, if the FMV Option were exercised, the OP Units that would be received by a Beneficial Owner in exchange for the Purchaser's Interest in a Trust could not thereafter be disposed of as part of a Section 1031 Exchange.

Limitations on Deductibility of Losses

Basis limitation. To the extent that an OP Unitholder's allocable share of the Operating Partnership deductions and losses exceeds its adjusted tax basis in its Operating Partnership interest at the end of the taxable year in which the losses and deductions flow through, the excess losses and deductions cannot be utilized, for U.S. federal income tax purposes, by the OP Unitholder in such year. The excess losses and deductions may, however, be utilized in the first succeeding taxable year in which, and to the extent that, there is an increase in the tax basis of the Operating Partnership interest held by such OP Unitholder, but only to the extent permitted under the "at risk" and "passive activity loss" rules discussed below.

"At risk" limitation. Under the "at risk" rules of Code Section 465, a noncorporate taxpayer and a closely held corporate taxpayer are generally not permitted to claim a deduction, for U.S. federal income tax purposes, in respect of a loss from an activity, whether conducted directly by the taxpayer or through an investment in a partnership, to the extent that the loss exceeds the aggregate dollar amount which the taxpayer has "at risk" in such activity at the close of the taxable year. To the extent that losses are not permitted to be used in any taxable year, such losses may be carried over to subsequent taxable years and may be claimed as a deduction by the taxpayer if, and to the extent that, the amount which the taxpayer has "at risk" is increased. Provided certain requirements are met, the "at risk" rules generally do not apply to losses arising from any activity that constitutes "the holding of real property," which should be the circumstance for OP Unitholders.

"Passive activity loss" limitation. The passive activity loss rules of Code Section 469 limit the use of losses derived from passive activities, which generally includes an investment in limited partnership interests such as OP Units. If an investment in an OP Unit is treated as a passive activity, an OP Unitholder who is an individual Purchaser, as well as certain other types of Purchasers, would not be able to use losses from the Operating Partnership to offset nonpassive activity income, including salary, business income and portfolio income (e.g., dividends, interest, royalties and gain on the disposition of portfolio investments) received during the taxable year. Passive activity losses that are disallowed for a particular taxable year may, however, be carried forward to offset passive activity income earned by an OP Unitholder in future taxable years. In addition, such disallowed losses may be claimed as a deduction, subject to the basis and at risk limitations discussed above, upon a taxable disposition of an OP Unitholder's entire interest in the Operating Partnership, whether or not such OP Unitholder has received any passive activity income during the year of disposition.

Section 754 election. The Operating Partnership has made the election permitted by Code Section 754. Such election is irrevocable without the consent of the IRS. The election generally permits a purchaser of OP Units, such as BF REIT when it acquires OP Units from OP Unitholders, to adjust its share of the basis in the Operating Partnership's properties pursuant to Code Section 743(b) to fair market value (as reflected by the value of consideration paid for OP Units), as if such purchaser had acquired a direct interest in the Operating Partnership assets. The Code Section 743(b) adjustment is attributed solely to a purchaser of OP Units and is not added to the basis of the Operating Partnership's assets associated with all OP Unitholders in the Operating Partnership.

Depreciation. Section Code 168(i)(7) provides that in the case of property transferred to a partnership in a tax-deferred contribution under Code Section 721, the transferee will be treated as the transferor for purposes of computing the depreciation deduction with respect to so much of the basis in the hands of the transferee as does not exceed the adjusted basis in the hands of the transferor. The effect of this rule would be to continue the historic basis, placed in service dates and methods with respect to the depreciation of the properties being contributed by a Contributing Partner to the Operating Partnership in exchange for OP Units. However, an acquirer of OP Units that obtains a Section 743(b) adjustment by reason of such acquisition (see "*Section 754 election*" above) generally will be allowed depreciation with

respect to such adjustment beginning as of the date of the exchange as if it were new property placed in service as of that date.

Sale, redemption, exchange or abandonment of OP Units. An OP Unitholder will recognize a gain or loss upon a sale of an OP Unit, a redemption of an OP Unit for cash including pursuant to a Liquidity Event, a redemption of an OP Unit for BF REIT Shares or other taxable disposition of an OP Unit. Gain or loss recognized upon a sale or exchange of an OP Unit will be equal to the difference between (i) the amount realized in the transaction (i.e., the sum of the cash and the fair market value of any property received for an OP Unit plus the amount of the Operating Partnership liabilities allocable to such OP Unit at such time) and (ii) an OP Unitholder's tax basis in an OP Unit disposed of, which tax basis will be adjusted for such OP Unitholder's allocable share of the Operating Partnership's income or loss for the taxable year of the disposition. The tax liability resulting from the gain recognized on a disposition of an OP Unit could exceed the amount of cash and the fair market value of property received.

If the Operating Partnership redeems an OP Unitholder's OP Units for cash (which is not contributed by BF REIT to effect the redemption), the tax consequences generally would be the same as described in the preceding paragraphs, except that if the Operating Partnership redeems less than all of an OP Unitholder's OP Units, such OP Unitholder would recognize no taxable loss and would recognize taxable gain only to the extent that the cash, plus the amount of the Operating Partnership liabilities allocable to the redeemed OP Units, exceeded such OP Unitholder's adjusted tax basis in all of such OP Unitholder's OP Units immediately before the redemption.

Generally, gain or loss recognized by an OP Unitholder on the sale or other taxable disposition of an OP Unit will be taxable as capital gain or loss. However, to the extent that the amount realized upon the sale or other taxable disposition of an OP Unit attributable to an OP Unitholder's share of "unrealized receivables" of the Operating Partnership exceeds the basis attributable to those assets, such excess will be treated as ordinary income. Among other things, "unrealized receivables" include amounts attributable to previously claimed depreciation deductions on certain types of property. In addition, the maximum U.S. federal income tax rate for net capital gains attributable to the sale of depreciable real property (which may be determined to include an interest in a partnership such as the Operating Partnership) held for more than twelve months is currently 25% (rather than 20%) to the extent of previously claimed depreciation deductions that would not be treated as "unrealized receivables."

Information returns and audit procedures. The Operating Partnership will send to each OP Unitholder such tax information as may be necessary for the preparation of the OP Unitholder's tax returns. For any given year, the Operating Partnership may be unable to provide this information prior to the due date for the filing of an OP Unitholder's tax returns with respect to that year. Therefore, it may be necessary for the OP Unitholders to extend their tax returns.

In addition to U.S. federal income tax return filing obligations, OP Unitholders may be subject to taxation and tax return filing obligations in state or local jurisdictions in which the Operating Partnership operates or is deemed to operate, as well as in such OP Unitholder's own state or locality of residence or domicile. Certain states permit partnerships with non-resident partners to file "composite" tax returns on behalf of such partners. In addition, certain states require such filings. The Operating Partnership may decide, in its sole discretion, to file composite tax returns in applicable jurisdictions where such filings are non-mandatory and pay tax on behalf of certain non-resident OP Unitholders (other than OP Unitholders that elect not to be included in such returns) if the Operating Partnership determines that such returns would mitigate OP Unitholders' administrative burdens of filing tax returns in multiple jurisdictions. Any such tax paid on behalf of an OP Unitholder will be treated as if a like amount of cash had been distributed by the Operating Partnership to such OP Unitholder. The rules applicable to the filing of composite returns are different from jurisdiction to jurisdiction. For example, certain jurisdictions allow partners to elect-out of a composite return while other jurisdictions require each partner's consent to be included in such a return.

Following the exercise of the FMV Option and if you receive OP Units, the Operating Partnership may require you to provide certain information including, but not limited to, whether or not you would prefer to be included in such "composite" tax returns. In addition, the Operating Partnership will require you to provide information regarding your tax basis in your Interest. Initially, this will include providing a copy of any related IRS Form 8824 and related depreciation methodologies and related information upon your acquisition of an Interest in the Trust. At the time you become an OP Unitholder, we will require updated depreciation information. In the event updated depreciation information is not provided, the Operating Partnership will estimate your tax basis using previously provided tax basis information. In the event no information is provided, the Operating Partnership will assign a zero tax basis to the OP Unitholder which may create adverse tax consequences for such OP Unitholder. The Operating Partnership would not be liable with respect to any taxes or losses that result from your failure to provide complete or correct information. **You should consult your tax advisor regarding the requirements for reporting any income associated with OP Units to the IRS and any state or other taxing authority.**

No assurance can be given that the Operating Partnership will not be audited by the IRS or that tax adjustments will not be made. Further, any adjustments in the Operating Partnership's tax returns will lead to adjustments in OP Unitholders' tax returns and may lead to audits of their returns and adjustments of items unrelated to the Operating Partnership. Each OP Unitholder will bear the cost of any expenses incurred in connection with an examination of such OP Unitholder's personal tax return.

Partnerships generally are treated as entities separate from their owners for purposes of U.S. federal income tax audits, judicial review of administrative adjustments by the IRS, and tax settlement proceedings. The tax treatment of Partnership Tax Items generally are determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the partners. The Code provides for one partner to be designated as the "**Partnership Representative**" for these purposes.

The Operating Partnership General Partner may act as the Partnership Representative or may appoint another party to act as the Partnership Representative. The Partnership Representative has the right and obligation to take all actions authorized and required, respectively, by the Code for the Partnership Representative. The Partnership Representative also has the right to retain professional assistance in respect of any audit of the Operating Partnership by the IRS and all out-of-pocket expenses and fees incurred by the Partnership Representative on behalf of the Operating Partnership as Partnership Representative shall constitute the Operating Partnership's expenses. The powers of the Partnership Representative include, but are not limited to: making tax elections required or permitted, entering into settlement with the IRS, entering into an agreement with the IRS, or taking any other action on behalf of the Operating Partnership in connection with any tax audit or judicial review proceeding.

Material U.S. Federal Income Tax Considerations Relevant to an Investment in BF REIT

For a summary of material U.S. federal income tax considerations associated with an investment in BF REIT Shares, including a discussion of the U.S. federal income tax requirements for BF REIT to qualify as a REIT, see "*Material U.S. Federal Income Tax Considerations*" in the BF REIT Prospectus. Tax Counsel did not prepare the BF REIT Prospectus and, therefore, is not expressing any opinion with respect to the accuracy or completeness of the discussion of tax issues in the BF REIT Prospectus.

Possible Legislation or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to U.S. federal laws and interpretations thereof, with possible retroactive effect, could adversely affect an investment in the Operating Partnership or BF REIT.

General Tax Implications of the Exercise of the FMV Option.

The conversion of a Beneficial Owner's Interests (or in the event of a Transfer Distribution) into OP Units pursuant to the Operating Partnership's exercise of the FMV Option is intended to qualify as a tax-deferred exchange under Code Section 721 (i.e., non-recognition of gain or loss to a partnership or any of its partners in the case of a contribution of property to the partnership in exchange for an interest in the partnership).

Code Section 752(a) treats a decrease in a partner's share of a partnership's debt or assumption by a partnership of a partner's individual debt as a distribution of cash by the partnership to the partner and an increase in a partner's share of a partnership's debt or assumption or allocation of a partnership's debt to a partner as a contribution of cash by the partner to the partnership. Decreases and increases in the same year are netted. As a result, a Beneficial Owner receiving OP Units in connection with the exercise of the FMV Option will be treated as receiving a cash distribution to the extent of the Operating Partnership's assumption of debt previously allocated to the Beneficial Owner's Interest and treated as making a cash contribution in the amount of the Beneficial Owner's allocable share of the Operating Partnership's debt. This may result in a net decrease in debt allocable to the Beneficial Owner and a corresponding net deemed cash distribution. If such deemed cash distribution exceeds the Beneficial Owner's basis in the contributed Interest, taxable gain could result. Each prospective Purchaser must seek the advice of a qualified tax advisor as to the potential implications of Code Section 752 to an investment in the Interests should the FMV Option be exercised.

Medicare Tax

A 3.8% Medicare Tax is imposed on certain investment income earned by individuals, estates and trusts. For these purposes, investment income generally includes an OP Unitholder's allocable share of the Operating Partnership's income and gain, as well as any gain recognized by an OP Unitholder from a sale of OP Units. In the case of an individual OP Unitholder, the tax will be imposed on the lesser of (i) the OP Unitholder's net investment income from all investments or (ii) the amount by which the OP Unitholder's modified adjusted gross income exceeds $250,000 (if the OP Unitholder is married and filing jointly or a surviving spouse) or $200,000 (if the OP Unitholder is unmarried). In the case of an OP Unitholder that is an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

State and Local Taxes

In addition to the U.S. federal income tax consequences described above, you should consider the state tax consequences of acquiring, owning, holding and disposing of an Interest. You must seek the advice of your own independent tax advisor as to state and local tax issues. If the Beneficial Owners acquire OP Units, the Beneficial Owners may be required to file state income tax returns in all of the states where the Operating Partnership owns properties.

Prospective Purchasers should note that a number of issues discussed in this Memorandum have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein, with possibly retroactive effect. Each prospective Purchaser must consult its own tax counsel about the tax consequences of an investment in an Interest.

The opinion of Tax Counsel that is issued for a particular transaction is written to support

the promotion and marketing of a particular transaction. Each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

PRIVATE PLACEMENT

SUITABILITY OF INVESTMENT

We will offer and sell the Interests in reliance on an exemption from the registration requirements of the Securities Act and state securities laws. Accordingly, distribution of this Memorandum has been strictly limited to persons who meet certain requirements and make certain representations. See "*Who May Invest*." We reserve the right, in our sole discretion, to reject any subscription based on any information that may become known or available to us about the suitability of a prospective Purchaser or for any other or no reason.

An investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Only Purchasers who (i) purchase the minimum Interest amount as set forth in a Property Supplement, and (ii) represent in writing that they meet the investor suitability requirements set by us and as may be required under federal or state law, may acquire Interests. The written representations you make will be reviewed to determine your suitability.

Your satisfaction of minimum suitability requirements will not necessarily mean that the Interests are a suitable investment for you, or that we will accept you as a Purchaser of Interests. Furthermore, we may modify such requirements in our sole discretion, and such modifications may raise the suitability requirements for Purchasers. See "*Who May Invest*."

COMMISSIONS AND FEES

Subject to our right to increase the size of an Offering in our sole discretion, we will sell Interests through the Dealer Manager, a registered broker-dealer related to the Sponsor. Except as provided below, the Dealer Manager will receive Selling Commissions with respect to each Offering of up to 5.0% of the Maximum Offering Amount, which may be reduced or waived in the Dealer Manager's sole discretion. The Dealer Manager will also receive up to 1.0% of the Maximum Offering Amount in the form of a Dealer Manager Fee as compensation for acting as the dealer manager and for expenses incurred in connection with coordinating sales efforts, training of personnel, and generally managing the private placement of Interests. The Dealer Manager Fee may be reduced or waived in the Dealer Manager's sole discretion. Further, the Dealer Manager will receive a Placement Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager for placement services relating to the Offering. Except as expressly provided herein, we will not pay referral or similar fees to any other persons in connection with an Offering of Interests.

The Dealer Manager will enter into distribution agreements with certain other broker-dealers who are members of the Financial Industry Regulatory Authority, Inc. to sell Interests. In connection with the sale of Interests by such participating broker-dealers, the Dealer Manager may re-allow all or a portion of its Selling Commission to such participating broker-dealers. In addition, the Dealer Manager, in its sole discretion, may re-allow a portion of its Dealer Manager Fee to such participating broker-dealers for marketing and due diligence expenses, on either an accountable or non-accountable basis.

The Selling Commissions may be reduced to zero by the Dealer Manager in its discretion, including in connection with certain categories of sales, including sales through investment advisors or banks acting as trustees or fiduciaries and other sales at the discretion of the Sponsor.

The Selling Commissions may also be reduced if the Dealer Manager, in its sole discretion, enters into a written agreement with a participating broker-dealer for the purpose of offering a volume discount to the Selling Commissions to Purchasers who invest a certain amount by aggregating subscriptions of multiple Purchasers, provided that any aggregate group of subscriptions must be received from such broker-dealer. Any reduction in Selling Commissions that results from the aggregation of subscriptions would be prorated among the separate Purchasers. If Selling Commissions are reduced through an aggregation of subscriptions by a participating broker-dealer, each Purchaser would receive a credit from us towards the Purchaser's purchase of an Interest in an amount equal to such Purchaser's share of the reduction to the Selling Commissions. See the accompanying Property Supplement for each Offering under the Program for a complete disclosure of the availability, if any, of reduced Selling Commissions through an aggregation of subscriptions by a participating broker-dealer.

We, directly or indirectly, pay or reimburse the Dealer Manager if they pay on our behalf, certain organization and offering expenses (other than Selling Commissions and the Dealer Manager Fee) as and when incurred. These expenses may include reimbursements for the bona fide due diligence expenses of participating broker-dealers, supported by detailed and itemized invoices, and similar diligence expenses of investment advisers, legal fees of the Dealer Manager, reimbursements for customary travel, lodging, meals and reasonable entertainment expenses of registered persons associated with the Dealer Manager, the cost of educational conferences held by us, including costs reimbursement for registered persons associated with the Dealer Manager and registered representatives of participating broker-dealers to attend educational conferences sponsored by us, and attendance fees and costs reimbursement for registered persons associated with the Dealer Manager to attend seminars conducted by participating broker-dealers and promotional items.

The Sponsor has agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act. The broker-dealers are acting as our agents in the private placement of Interests and are not obligated to obtain any subscriptions on our behalf, and we cannot assure you that any Interests will be sold. We reserve the right to enter into a Purchase Agreement and other definitive agreements with respect to an investment in Interests with one or more Purchasers at any time on terms that differ materially from one Purchaser to another. We reserve the right to enter into Purchase Agreements and other definitive agreements with Purchasers with respect to an investment in beneficial interests in DSTs or undivided tenancy-in-common interests offered in other private placements exempt from registration under the Securities Act at any time on terms that differ materially from one Purchaser to another without prior notice to you or other Purchasers.

BROKER/DEALER DISQUALIFYING EVENTS

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

The Dealer Manager utilizes a group of participating broker-dealers and RIAs to place and advise on the Interests. Participating broker-dealers are third parties and are not engaged to act as an agent of the Trust. Participating broker-dealers are compensated by the Dealer Manager, who will be compensated by the Trust. As of the date of this Memorandum, the Sponsor is not aware of any broker-dealers selling Interests in this Offering who have experienced certain specified "disqualifying events" under Rule 506 of

Regulation D. In the event that the Sponsor receives information about "disqualifying events" under Rule 506 affecting any broker-dealers selling Interests, we will provide this information to you.

CLOSING CONDITIONS

If you are an "accredited investor" and, after carefully reading the entire Memorandum and the Purchaser Package (as defined in the accompanying Property Supplement for each Offering), you would like to purchase an Interest, you must follow the procedures described below and in the Purchase Agreement.

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

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

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

ADDITIONAL INFORMATION

Offers of Interests will be made only to sophisticated, accredited investors who accept the responsibility for conducting their own investigation and consulting with their professional advisors in connection with their investment. Purchasers and their advisors are invited to ask us questions concerning an Offering and such other matters as the Purchasers and their advisors deem pertinent in connection with an investment. We will make a reasonable effort to respond fully to such questions and to supply all information available to us that the Purchasers or their advisors reasonably request. Each of the documents referred to in this Memorandum are available on request and should be read by Purchasers for a complete understanding of their provisions. The statements in this Memorandum with respect to those documents do not purport to be complete and are qualified in their entirety by reference to such documents.

Purchasers will acquire any Interest(s) without any representations from us regarding the tax implications of the transactions contemplated hereby. Each Purchaser should consult its own independent attorneys and other tax advisors regarding the tax implications of the Purchaser's acquisition of an Interest, including whether or not such acquisition will qualify as part of a proposed Section 1031 Exchange.

LEGAL OPINIONS

Tax Counsel, acting in the capacity as our tax counsel, will render the Tax Opinion with respect to the discussion of certain tax issues set forth in the Memorandum as well as with respect to the U.S. federal income tax treatment of the Interests. Except as to matters stated in the Tax Opinion, which will be based on the law in effect as of the date of the Tax Opinion, the issuance of the Tax Opinion should not in any way be construed as implying that Tax Counsel has approved or passed upon any other matter. Tax Counsel

will be paid for providing the Tax Opinion.

Offeree Name:_____ Property Supplement Number:_____

BREX NET LEASE INDUSTRIAL I DST

CONFIDENTIAL PROPERTY SUPPLEMENT TO
DELAWARE STATUTORY TRUST PROGRAM MEMORANDUM

Minimum Purchase: 0.1249% Interest ($100,000 of equity and $104,927 of debt)

Maximum Offering Amount: $80,055,365 of equity

The date of this Property Supplement is April 17, 2026

Investing in DST Interests involves a high degree of risk. Before investing, you should review the entire Delaware Statutory Trust Program Memorandum and this Property Supplement.

BREX NET LEASE INDUSTRIAL I DST

CONFIDENTIAL PROPERTY SUPPLEMENT TO
DELAWARE STATUTORY TRUST PROGRAM MEMORANDUM

Class 1 Beneficial Interests in a Delaware Statutory Trust
Minimum Purchase: 0.1249% Interest ($100,000 of equity and $104,927 of debt)
Maximum Offering Amount: $80,055,365 of Interests (100% ownership of the Trust)

Brookfield Real Estate Exchange LLC, a Delaware limited liability company (the "**Sponsor**"), is a wholly owned subsidiary of Brookfield REIT Exchange TRS LLC, a Delaware limited liability company (the "**TRS**"), which, in turn, is a wholly owned taxable real estate investment trust subsidiary of Brookfield REIT Operating Partnership L.P., a Delaware limited partnership (the "**Operating Partnership**"). The Operating Partnership is the entity through which Brookfield Real Estate Income Trust Inc., a Maryland corporation ("**BF REIT**"), conducts substantially all of its business and owns substantially all of its assets, other than BF REIT's interests in one or more other master tenants, which are or will be wholly owned subsidiaries of BF REIT. Brookfield REIT OP GP LLC, a wholly owned subsidiary of BF REIT, is the sole general partner of the Operating Partnership. BF REIT, through its interests in the Operating Partnership, invests primarily in well-located, high-quality real estate properties that generate strong current cash flow and could further appreciate in value through proactive, professional asset management. To a lesser extent, BF REIT invests in real estate-related debt and real estate-related securities. BF REIT is organized as, and intends to conduct its operations in a manner so as to qualify as, a real estate investment trust for U.S. federal income tax purposes. In this Memorandum, unless the context otherwise requires, all references to the "**Sponsor**", "**we**", "**us**", or "**our**" or similar expressions refer to Brookfield Real Estate Exchange LLC and our subsidiaries and affiliates.

We are offering (this "**Offering**") up to 100% of the Class 1 beneficial interests (the "**Class 1 Beneficial Interests**", each, an "**Interest**" and, collectively, the "**Interests**") in BREX Net Lease Industrial I DST, a Delaware statutory trust (the "**Trust**"), which owns real property located at 34 Market Street, Everett, Massachusetts 02149, consisting of a 221,999 square foot industrial distribution center, commonly known as "34 Market Street" (the "**Property**"). We are offering the Interests in this private placement through the Trust, a Delaware statutory trust newly formed by us.

We are offering the Interests to "**accredited investors**", as that term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), in a private placement exempt from registration under the Securities Act pursuant to the Sponsor's Delaware Statutory Trust Program Memorandum, dated April 17, 2026 (the "**Memorandum**"), and this Property Supplement to the Memorandum, dated April 17, 2026 (this "**Property Supplement**"). Purchasers of Interests pursuant to this Offering ("**Purchasers**") will become beneficial owners of the Trust ("**Beneficial Owners**").

You should read this Property Supplement and the Memorandum in their entirety before making an investment decision. This Property Supplement modifies and supplements certain information contained in the Memorandum and should be read in its entirety, in conjunction with, and not in lieu of, the Memorandum. Any statement contained in the Memorandum, including the exhibits thereto, will be deemed to be modified and/or superseded only to the extent indicated herein. To the extent any statement contained in this Property Supplement is inconsistent with any statement in the Memorandum, such statement in this Property Supplement shall be deemed to have superseded such statement in the Memorandum. Terms with initial capitals not otherwise defined in this Property Supplement have the meanings set forth in the Memorandum.

The Sponsor

The Sponsor is a wholly owned subsidiary of the TRS, which, in turn, is a wholly owned taxable real estate investment trust subsidiary of the Operating Partnership. The Operating Partnership is the entity through which BF REIT conducts substantially all of its business and owns substantially all of its assets, other than BF REIT's interests in one or more other master tenants, which are or will be wholly owned subsidiaries of BF REIT. BF REIT, through its interests in the Operating Partnership, invests primarily in well-located, high-quality real estate properties that generate strong current cash flow and could further appreciate in value through proactive, professional asset management. To a lesser extent, BF REIT invests in real estate-related debt and real estate-related securities.

As of December 31, 2025, BF REIT owned a diversified portfolio of 19 investments in real estate and held investments in four unconsolidated interests in real estate joint ventures, as well as real estate-related loans and securities consisting of 26 investments resulting in a net asset value of $973.3 million for BF REIT.

Brookfield (as defined herein) is a leading global alternative asset manager with over $1 trillion of assets under management as of December 31, 2025 across renewable power and transition, infrastructure, private equity, real estate and credit. Brookfield invests client capital for the long-term with a focus on real assets and essential service businesses that form the backbone of the global economy. Brookfield offers a range of alternative investment products to investors around the world — including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield draws on its heritage as an owner and operator to invest for value and generate strong returns for its clients, across economic cycles.

Brookfield's real estate business is one of the world's largest investors in real estate, with approximately $273 billion of assets under management across office, rental housing, logistics, retail, hospitality, mixed-use and alternative real estate (such as life sciences, manufactured housing, student housing and serviced apartments). Through its deep global sourcing network of 278 real estate investment professionals and approximately 24,000 real estate operating employees around the world, Brookfield seeks to acquire high-quality assets in supply-constrained markets and execute operational enhancements to deliver consistent cash flows. Building on Brookfield's history of successfully operating properties through multiple market cycles, Brookfield's long-term goal is to generate strong risk-adjusted returns while mitigating downside risk.

The Manager of the Trust

BREX Manager LLC, a Delaware limited liability company, is an affiliate of the Sponsor and will act as manager of the Trust (the "**Manager**"). The Manager is a subsidiary of Brookfield Property Group LLC, part of the real estate group of Brookfield Asset Management Ltd. (together with Brookfield Corporation and each of their affiliates, "**Brookfield**"), which is one of the world's leading real estate asset managers.

The Manager also serves as the Signatory Trustee (as defined herein) of the Trust. The Manager has the power and authority to manage substantially all of the affairs and limited investment activities of the Trust, the primary responsibility for performing administrative actions in connection with the Trust, and the sole power to determine when it is appropriate to sell the Property, all of such power and authority limited to the extent such powers and authority are materially consistent with the powers and authority conferred upon the trustee in Revenue Ruling 2004-86.

The Property

The Trust owns the Property, commonly known as "34 Market Street", consisting of land and improvements located at 34 Market Street, Everett, Massachusetts 02149. Constructed in 2022 for e-commerce giant Amazon (NASDAQ: AMZN; S&P/Moody's: AA/A1), the Property is a modern industrial warehouse that facilitates seamless distribution logistics via surface and rooftop parking plus expandable loading capacity. The Property consists of a 221,999-square-foot, single-story, Class A industrial warehouse and distribution facility constructed in 2022. It includes approximately 220,000 square feet of rooftop parking and 515 parking spaces (including seven ADA[1]-compliant spaces), for a total gross area of approximately 441,999 square feet. The Property is situated less than five miles north of downtown Boston in a densely populated, fast-growing urban infill area within Everett, MA. The Property is fully triple-net-leased to Amazon.com Services LLC, a Delaware limited liability company (the "**Amazon Tenant**") pursuant to that certain Lease Agreement (the "**Amazon Lease**") with approximately 12 years of remaining lease term and 2.5% annual rental rate increases. The credit-rated Amazon Tenant's long-term lease includes a corporate guarantee by Amazon.com, Inc., no discretionary termination or contraction options and three renewal options of five years each at 98% of fair market value.

The Acquisition Closing

The Trust closed on the acquisition of the Property on March 23, 2026 (the "**Acquisition Closing**") by acquiring the Property from DIV BMT, LLC, a third-party seller (the "**Seller**"), for $155.4 million.

Prior to the Acquisition Closing, the TRS formed BREX Net Lease Industrial I Depositor LLC, a Delaware limited liability company (the "**Depositor**"), and acquired all of the membership interests in the Depositor. In connection with the Acquisition Closing, the Trust issued 100% of its class 2 beneficial interests (the "**Class 2 Beneficial Interests**") to the Depositor in exchange for a contribution of cash proceeds (the "**Depositor Contribution**"). At Acquisition Closing, the Trust borrowed $84.0 million (the "**Loan**") from PNC Bank, a National Association (the "**Lender**"), an unaffiliated third party. The Loan is secured by the Property pursuant to a mortgage (the "**Mortgage**"). The Loan has a 7-year term, maturing on March 23, 2033 (the "**Maturity Date**"), and bears a variable interest rate equal to Compounded SOFR (as defined in the Loan Documents) plus 1.45%. In connection with the Loan, the Trust also entered into an interest-rate hedge (the "**Hedge**") resulting in an effective fixed interest rate to the Trust of 4.837% through the fifth anniversary of the Loan. Under the terms of the Loan, the Hedge will be extended, or replaced by an economically equivalent hedge, through the Maturity Date upon the initial expiration of the Hedge. The proceeds from the Depositor Contribution, the Loan, and certain other amounts allowed the Trust to acquire the Property at Acquisition Closing for $155.4 million.

The Sponsor obtained an appraisal for the Property, prepared by Capright ("**Capright**") dated March 16, 2026 (the "**Appraisal**"), reflecting a market value of the Property of $158.0 million as of February 28, 2026, which is in excess of the price paid by the Trust for the Property, but below the maximum gross proceeds of the Offering of $164,055,365.

The Master Lease

In connection with the Acquisition Closing, the Trust leased the Property to an affiliate of the Sponsor, BREX Net Lease Industrial I Master Tenant LLC, a newly formed Delaware limited liability company and a wholly-owned subsidiary of the Operating Partnership (the "**Master Tenant**"), pursuant to a Master Lease Agreement dated March 23, 2026 (the "**Master Lease**"). The Master Tenant sub-leases the Property to the Amazon Tenant pursuant to the Amazon Lease.

[1] ADA is "The Americans with Disabilities Act", as amended.

The Trust

The Trust is governed by that certain Amended and Restated Trust Agreement dated March 23, 2026 (the "**Trust Agreement**"), by and among the Depositor, the Manager (also in its capacity as Signatory Trustee), and The Corporation Trust Company, as the Delaware trustee (the "**Delaware Trustee**", together with the Signatory Trustee, the "**Trustees**").

Section 1031 Exchanges

A tax-deferred exchange (a "**Section 1031 Exchange**") under Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Code**"), generally allows the seller of investment and business real property to defer federal capital gains taxation on the sale by exchanging certain real property for another real property of like-kind. The acquisition of the Interests is designed for, but not limited to, Purchasers seeking to participate in a Section 1031 Exchange. Further, certain Purchasers may wish to utilize the Interests as replacement property that qualify under Code Section 1033. See "*Material U.S. Federal Income Tax Consequences—Qualification under Code Section 1033*" in the Memorandum. The Trust has not requested, and does not plan to request, a private letter ruling from the Internal Revenue Service (the "**IRS**") that the Interests will be treated as interests in real estate by the Purchasers for purposes of Code Section 1031. However, tax counsel to the Trust has provided a tax opinion that the acquisition of an Interest by a Purchaser should be treated as the acquisition of an interest in real estate by a Purchaser for purposes of Code Section 1031. This opinion, however, is limited in scope and does not opine on all matters necessary for the prospective Purchaser's acquisition to qualify under Code Section 1031.

The Offering

This Offering of Class 1 Beneficial Interests in the Trust is being made through the Dealer Manager (as defined herein) who is a member of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"). The Trust, in its sole discretion, may cancel or modify this Offering, reject purchases of Interests in whole or in part, waive conditions to the purchase of Interests, and allow investments in increments smaller than the minimum purchase price.

Proceeds received from any Purchasers pursuant to accepted subscriptions for Interests will be closed by the Sponsor or its designee (the "**Closing**"). The Sponsor may hold the initial Closing at any time after one or more subscriptions of Interests have been processed. Subsequent to the initial Closing, the remaining Interests, if any, will continue to be sold and additional closings may be thereafter conducted on a daily basis in accordance with the Offering documents until the Maximum Offering Amount (as defined herein) of Interests is sold or, if earlier, until 12 months from the initial Closing (the "**Offering Termination Date**"); provided, however, the Sponsor may extend the Offering period for one additional 12-month period beyond the Offering Termination Date in its sole discretion. See "*Plan of Distribution*." Notwithstanding the foregoing, in no event shall the number of initial record holders of Interests exceed the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or any successor provision.

Financing and Reserves

Following the acquisition of the Property, the Trust obtained the Loan from the Lender pursuant to the terms of the following documents: (i) the Promissory Note; (ii) the Loan Agreement; (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing; (iv) the Environmental Indemnity Agreement; (v) the Guaranty and Suretyship Agreement; (vi) the Tenant/Landlord Assignment of Rents and Lease and Security Agreement; (vii) the Master Lessee Estoppel Certificate; (viii) the Subordination Agreement; and (ix) all other instruments and documents executed by the Trust and delivered to the Lender

in connection with the Loan (as the same may be amended from time to time, collectively, the "**Loan Documents**"). The Trust closed on the Loan on March 23, 2026, concurrent with the Acquisition Closing, and pursuant to and in connection with the transactions contemplated by the Loan Documents (collectively, the "**Loan Closing**").

The Trust has established (and controls) a reserve for costs and expenses associated with the Property, in an upfront amount of $600,000 (the "**Supplemental Trust Reserve**"), which was funded from the Loan proceeds. Additionally, the Trust also funded a working capital reserve in an upfront amount of $400,000 from the Loan proceeds.

The Loan Documents provide for an $84.0 million loan with a 7-year term, interest-only payments until maturity, with a variable interest rate equal to Compounded SOFR (as defined in the Loan Documents) plus 1.45%. On a fully-loaded basis, the "loan-to-cost" ("**LTC"**) ratio is 51.20%, which is based on the Maximum Offering Amount of $80,055,365 and maximum gross proceeds of $164,055,365. This ratio should not be assumed as dispositive for purposes of determining any "debt-relief boot" that may arise in a Section 1031 Exchange; you must consult your own tax advisors. The Loan is "non-recourse" to the Trust except for certain non-recourse carve outs contained within the Loan Documents. Purchasers will not be required to execute personal guarantees or an environmental indemnity agreement in favor of the Lender.

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

- the lack of liquidity and/or a public market of the Interests;
- the holding of a beneficial interest in the Trust with no voting rights with respect to the management or operations of the Trust or in connection with the sale of the Property;
- risks associated with owning, financing, operating and leasing an industrial property and real estate generally in the Boston-Cambridge-Newton Metropolitan Statistical Area ("**Boston MSA**");
- performance of the Master Tenant under the Master Lease;
- reliance on the Master Tenant and the Property Managers (as defined herein) engaged by the Master Tenant and the Property Manager (as applicable), to manage the Property;
- risks associated with the Guaranty (as defined herein);
- risks relating to the terms of the financing for the Property, including the use of leverage, and the maturity of the Loan occurring prior to the expiration of the Master Lease;
- lack of diversity of investment;
- the existence of various conflicts of interest among the Sponsor, the Trust, the Master Tenant, the Property Managers, and their affiliates;
- material tax risks, including treatment of the Interests for purposes of Code Section 1031 and the use of exchange funds to pay acquisition costs, which may result in taxable boot;
- the Interests not being registered with the U.S. Securities and Exchange Commission (the "**SEC**") or any state securities commissions;

- risks relating to the costs of compliance with laws, rules and regulations applicable to the Property;
- risks related to competition from properties similar to and near the Property;
- to hedge against interest rate fluctuations, the Trust has entered into the Hedge, which may be ineffective; and
- the environmental risks related to the Property and compliance with the environmental regimes to which the Property is subject.

You must carefully consider the risk factors beginning on page 15 of this Property Supplement and those discussed in the Memorandum. Neither the SEC nor any state securities commission has reviewed, approved or disapproved of the Memorandum, this Property Supplement, or the Interests, nor have they passed upon the accuracy or adequacy of the information set forth in the Memorandum or this Property Supplement. Any representation to the contrary is a criminal offense.

	Cash Price to Purchasers	Fees and Expenses(1)	Proceeds to the Trust(2)
Per 0.1249% Interest (minimum purchase)(3)	$100,000	$9,563	$90,437
Maximum Offering Amount	$80,055,365	$7,655,365	$72,400,000

The date of this Property Supplement is April 17, 2026

(1) Brookfield Private Wealth LLC, a Delaware limited liability company, a registered broker-dealer and affiliate of the Sponsor, will serve as dealer manager for the Offering (the "**Dealer Manager**"). The Dealer Manager will receive a placement fee of up to $800,554 (1.0% of the Maximum Offering Amount) for placement services relating to the Offering (the "**Placement Fee**"). The Dealer Manager will also receive sales commissions of up to $4,002,768 (5.0% of the Maximum Offering Amount) (the "**Selling Commissions**"), which may be re-allowed in whole or in part to participating broker-dealers. The Dealer Manager will also receive a dealer manager fee of up to $800,554 (1.0% of the Maximum Offering Amount) (the "**Dealer Manager Fee**"), which may be re-allowed to participating broker dealers and/or used to compensate consultant(s) engaged by the Dealer Manager for coordinating sales efforts, training personnel, and managing the private placement business. The Depositor or certain of its affiliates are responsible for paying certain costs and expenses but will be reimbursed for such costs and expenses by the Trust, including: (i) the Placement Fee; (ii) the Selling Commissions; (iii) the Dealer Manager Fee; (iv) organization and offering expenses ("**Organization and Offering Expenses**") of up to $400,277 (0.5% of the Maximum Offering Amount); (v) various property closing costs ("**Property Closing Costs**") of up to $400,277 (0.5% of the Maximum Offering Amount); and (vi) costs and fees, including recording fees and taxes, legal fees, title fees, and other expenses associated with the closing of the Loan ("**Loan Fees and Costs**") of up to $1,250,936 (1.56% of the Maximum Offering Amount). 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, including Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs, are less than projected or estimated, the additional amount will be retained by the Depositor or certain of its affiliates on a non-accountable basis. To the extent that the aggregate of the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, then any such excess may be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess. The fee and expense percentages reflected above in this paragraph are calculated using the Maximum Offering Amount and assume that each Purchaser of Interests will pay the maximum amount of all such fees and expenses. The amount of a Purchaser's actual fees and expenses and Interest in the Trust will be calculated prior to applying any waiver of any fees and expenses, in whole or in part. Therefore, if any such fees or expenses are waived in whole or in part for a Purchaser, or the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, the actual fees and expenses charged and expressed as a percentage of such Purchaser's purchase price will exceed the percentages noted above. 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 zero. The Depositor and its affiliates will receive additional compensation from other sources. See "*Plan of Distribution*" and "*Estimated Use of Proceeds*."

(2) The Trust will redeem all of the Class 2 Beneficial Interests held by the Depositor if the Maximum Offering Amount is reached. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."

(3) The Trust is offering a maximum of $80,055,365 of Interests (the "**Maximum Offering Amount**"), which, if sold in full, will represent 100% of the outstanding Interests in the Trust at the end of the Offering, and is inclusive of the Placement Fee, the Selling Commissions, the Dealer Manager Fee, the Organization and Offering Expenses, the Property Closing Costs and the Loan Fees and Costs as if each Purchaser pays the maximum amount of such fees and expenses, even if such fees and expenses may be waived in whole or in part. The minimum cash purchase price of $100,000, prior to applying any waiver of fees and expenses, and deemed debt assumption of $104,927 represents a 0.1249% ownership interest in the Trust. The Trust may waive the minimum purchase requirement in its sole discretion. The proceeds shown are after deducting fees and expenses incurred in connection with the Offering and the closing of the Loan, including those payable to the Sponsor and its affiliates. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."

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POTENTIAL PURCHASERS SHOULD CAREFULLY CONSIDER THE FOLLOWING:

Do not construe the contents of the Memorandum and/or this Property Supplement as legal, financial or tax advice. Consult your own independent counsel, accountant or business advisor as to legal, tax and related matters concerning an investment in Interests. None of the Trust, the Sponsor, nor any of their affiliates makes any representation or warranty of any kind with respect to the acceptance by the IRS or any state taxing authority of your treatment of any item on your tax return or the tax consequences if you are investing in Interests as part of a Section 1031 Exchange.

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

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

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

The Memorandum and this Property Supplement contains summaries of certain agreements and other documents. While the Sponsor believes these summaries are accurate, you should refer to the actual agreements and documents for more complete information about the rights, obligations and other matters in the agreements and documents. The Sponsor will make the agreements and documents relating to this investment available to you and/or your advisors in the Purchaser Package (as defined herein).

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.

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A WARNING ABOUT FORWARD-LOOKING STATEMENTS

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

MARKET DATA

The market data and forecasts used in this Property Supplement were obtained from independent industry sources as well as from research reports prepared for other purposes. Neither the Trust, the Sponsor, nor their affiliates have independently verified the data obtained from these sources and they cannot assure you of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this Property Supplement.

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

NOTICE TO PURCHASERS IN ALL STATES

The Interests are being offered only to persons who are accredited investors.

The Interests will not be registered under the Securities Act or the securities laws of any state. We will offer and sell the Interests in reliance on exemptions from the registration requirements of these laws. The Interests will be subject to restrictions on transferability and resale and you will not be able to transfer or resell Interests or any beneficial interest therein unless the Interests are registered pursuant to or exempted from such registration requirements. You must be prepared to bear the economic risk of an investment in the Interests for an indefinite period of time and be able to withstand a total loss of your investment.

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

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

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Exhibit A: Purchase Agreement
Exhibit B: Tax Opinion
Exhibit C: Financial Forecast

In an effort to promote environmental responsibility, the Sponsor has made most of the additional information relating to the Offering available in electronic copies (the "**Purchaser Package**") via a data room rather than by paper copy. Paper copies are, however, available upon request. To obtain paper copies, please contact the Dealer-Manager at the following address:

Brookfield Private Wealth LLC
225 Liberty Street, 8th Floor
New York, New York 10281
Attention: General Counsel
Email: BPW.LR@brookfield.com
Telephone: (833) 625-7348

The following additional documents are available in the Purchaser Package:

- Trust Agreement (including the form of "**Springing LLC Agreement**")
- Loan Documents
- Master Lease Agreement
- Guaranty
- Phase I Environmental Site Assessment Report
- Property Condition Report
- Property Management Agreements
- Survey
- Title Insurance Company's Pro Forma Owner's Title Policy
- Zoning and Site Requirements Report

SUMMARY OF THE OFFERING

The following summary provides selected limited information regarding the Offering and should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in the Memorandum and/or this Property Supplement. You should read the entire Memorandum and Property Supplement, including "Risk Factors" and "Additional Risk Factors," respectively, before making a decision to invest in an Interest.

The Interests:	We are offering to accredited investors up to $80,055,365 in Class 1 Beneficial Interests in the Trust, which is the owner of the Property. The Interests being sold in this Offering will represent 100% of the outstanding beneficial interests in the Trust if the Maximum Offering Amount of Interests is sold. The minimum purchase price is $100,000 of equity and $104,927 of debt which represents a 0.1249% beneficial ownership interest in the Trust. Although Purchasers will not assume any liability for the Loan, for purposes of determining liabilities assumed for U.S. federal income tax purposes, each Purchaser should be deemed to have assumed $104,927 of mortgage debt for each 0.1249% beneficial ownership Interest in the Trust that is acquired. See "*Estimated Use of Proceeds*" and "*Compensation and Fees*."
Investment Objectives and Risks:	The Interests are intended to allow Purchasers to: (i) preserve their capital investment, (ii) receive monthly cash distributions, and (iii) potentially benefit from some appreciation in value of the Property. **There can be no assurance that these objectives will be achieved.** An investment in the Interests involves substantial risks. There is no guarantee that the objectives will be successfully achieved, that the Property's value will be enhanced, or that the Property will be sold within the planned time period. An investment in the Interests involves substantial risks. See "*Risk Factors*" in the Memorandum and "*Additional Risk Factors*" herein. See also "*Risk Factors*" in the BF REIT Prospectus.
The Property:	The Trust owns the Property, commonly known as "34 Market Street", consisting of land and improvements located at 34 Market Street, Everett, Massachusetts 02149. Constructed in 2022 for e-commerce giant Amazon (NASDAQ: AMZN; S&P/Moody's: AA/A1), the Property is a modern industrial warehouse that facilitates seamless distribution logistics via surface and rooftop parking plus expandable loading capacity. The Property consists of a 221,999-square-foot, single-story, Class A industrial warehouse and distribution facility constructed in 2022. It includes approximately 220,000 square feet of rooftop parking and 515 parking spaces

(including seven ADA-compliant spaces), for a total gross area of approximately 441,999 square feet. The Property is situated less than five miles north of downtown Boston in a densely populated, fast-growing urban infill area within Everett, MA. The Property is fully triple-net-leased to the Amazon Tenant, whose performance under the Amazon Lease is guaranteed by Amazon.com, Inc. The Amazon Lease has approximately 12 years of remaining lease term and 2.5% annual rental rate increases. The credit-rated Amazon Tenant's long-term lease includes a corporate guarantee by Amazon.com, Inc., no discretionary termination or contraction options and three renewal options of five years each at 98% of fair market value. See "*The Property*."

The Acquisition Closing:

The Trust closed on the acquisition of the Property on March 23, 2026 in the Acquisition Closing. Prior to the Acquisition Closing, the TRS formed the Depositor and acquired all of the membership interests in the Depositor. In connection with the Acquisition Closing, the Trust issued 100% of the Class 2 Beneficial Interests to the Depositor in exchange for a contribution of cash proceeds. At Acquisition Closing, the Trust borrowed $84.0 million from the Lender. The proceeds from the Depositor Contribution and the Loan allowed the Trust to acquire the Property at Acquisition Closing for $155.4 million. The Sponsor obtained the Appraisal from Capright, reflecting a market value of the Property of $158.0 million as of February 28, 2026. In connection with the Loan, the Trust also entered into the Hedge resulting in an effective fixed interest rate to the Trust of 4.837% through the fifth anniversary of the Loan. Under the terms of the Loan, the Hedge will be extended, or replaced by an economically equivalent hedge, through the Maturity Date upon the initial expiration of the Hedge.

The Sponsor and the Master Tenant:

The Offering is sponsored by the Sponsor. The address of the Sponsor is 225 Liberty Street, 8th Floor, New York, New York 10281. The Sponsor is a wholly owned subsidiary of the TRS, which, in turn, is a wholly owned taxable real estate investment trust subsidiary of the Operating Partnership. The Operating Partnership is the entity through which BF REIT conducts substantially all of its business and owns substantially all of its assets. As of December 31, 2025, BF REIT owned a diversified portfolio of 19 investments in real estate and held investments in four unconsolidated interests in real estate joint ventures, as well as real estate-related loans and securities consisting of 26 investments resulting in a net asset value of $973.3 million for BF REIT.

In connection with the Acquisition Closing, the Trust master leased the Property to the Master Tenant pursuant to the Master Lease dated March 23, 2026. The Master Lease is subject to the existing Amazon Lease with the Amazon Tenant which subleases the Property from the Master Tenant. A copy of the Master Lease is available in the Purchaser Package.

The Trust:

Each Purchaser will acquire beneficial ownership interests in the Trust subject to the terms of the Trust Agreement and will thereupon become a Beneficial Owner of the Trust. The Trust Agreement will govern the rights and obligations of the Beneficial Owners with respect to the Trust. A copy of the Trust Agreement is available in the Purchaser Package.

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

Pursuant to this Offering, the Trust is offering Class 1 Beneficial Interests for sale to prospective Purchasers. As Class 1 Beneficial Interests are sold to Purchasers, the Depositor's Class 2 Beneficial Interests will be redeemed by the Trust on a one-for-one basis until the Maximum Offering Amount has been achieved and all Class 1 Beneficial Interests have been sold.

The net proceeds thereafter will be used by the Trust, in accordance with the Trust Agreement.

The Manager appointed itself as Signatory Trustee. In such capacity it will serve as co-trustee with the Delaware Trustee for the limited purpose of executing any documentation that may require the signature of an authorized representative of the Trust (the "**Signatory Trustee**").

The Purchasers may be required to exchange their Interests for units in the Operating Partnership of a currently existing class or of a class that may be issued in the future ("**OP Units**") or for cash (as determined in the sole discretion of the Operating Partnership) if the Operating Partnership exercises such option under the Trust Agreement (the "**FMV Option**"). See "*Summary of the Trust Agreement*," "*The FMV Option and the OP Units*," and "*Risk Factors*" in the Memorandum.

Management of the Trust:

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

The Trust will terminate upon the first to occur of (i) the sale of the Property or (ii) a Transfer Distribution (as defined below). The Manager shall sell all of the Trust's right, title and interest in and to the Master Lease and the end-user leases, the Property, and any and all other property and assets of the Trust (the "**Trust Estate**") upon its determination (in its sole discretion) that the sale of the Trust Estate is appropriate; provided, however, the Manager cannot sell the Trust Estate until the Beneficial Owners have held their Interests for at least two years.

For purposes of this Property Supplement, a "**Transfer Distribution**" shall be deemed to occur in the event that (i) the Trust Estate is in jeopardy of being lost due to any reason; (ii) the Manager determines that the Beneficial Owners are at risk of losing all or a substantial portion of their investment; or (iii) the Manager needs to take an action that is prohibited under the Trust Agreement. See "*Risk Factors*" in the Memorandum. In such case, the Manager will transfer title to the Property to a newly-formed Delaware limited liability company (the "**Springing LLC**") and terminate the Trust. If the Trust is terminated pursuant to a Transfer Distribution, the Beneficial Owners will become members in the Springing LLC, and the Manager, or an entity controlled by the Manager, will become the manager of the Springing LLC. See "*Summary of the Trust Agreement*" in the Memorandum.

Master Lease:

The Trust master leased the entirety of the Property to the Master Tenant under the Master Lease. The Master Tenant will operate the Property pursuant to the terms of the Master Lease and its sublease with the end-user tenant of the Property. The Master Lease is, with certain exceptions regarding Landlord Costs (as defined herein), an "absolute net" lease, allocating to the Master Tenant all expenses. The Trust is also obligated under the Master Lease to reimburse the Master Tenant expenditures with respect to (1) repairs and replacements of the structure,

foundations, roofs, exterior walls, parking lots and similar improvements to meet the needs of the tenant; (2) non-minor leasing commissions; (3) certain hazardous substances costs; (4) any repairs identified in the PCR (as defined herein), or similar engineering report, performed in connection with the acquisition of the Property; and (5) other improvements or replacements to the Property that would be considered capital expenditures (in accordance with generally accepted accounting principles) or that are required by law (collectively, "**Landlord Costs**"). The Master Tenant has the right to utilize certain reserves, including the Supplemental Trust Reserve to the extent available and as would be permitted under the Master Lease and the Loan Documents, to meet its obligations. In connection with the Acquisition Closing, the Master Lease commenced on March 23, 2026, and shall continue for a base term expiring March 23, 2046, unless sooner terminated pursuant to the terms of the Master Lease.

The Operating Partnership, as guarantor (in such capacity, the "**Guarantor**"), entered into a guaranty agreement (the "**Guaranty**") to fully guarantee the Master Lease obligations of the Master Tenant, whereby the Guarantor will guarantee to the Trust, as lessor, under the Master Lease: (i) the payment of all amounts due under the Master Lease including, without limitation, any rents; (ii) the full and timely performance and observance of all of the terms, covenants, conditions and agreements under the Master Lease by the Master Tenant and any sublease of the Property; (iii) the payment of all costs and expenses incurred by the lessor in connection with the enforcement of any of the provisions of the Guaranty or the Master Lease or the attempted collection of any amounts due thereunder; and (iv) the payment of any expense incurred by the Master Tenant pursuant to its operation of the Property. If the Master Tenant fails to duly and punctually pay any amount or perform or observe any term, covenant or condition of the Master Lease, the Guarantor will be obligated to pay, perform or observe the same on demand. Guarantor may also, without notice to any party, pay any guaranteed obligations in whole or in part on behalf of the Master Tenant or provide funds to the Master Tenant to pay any guaranteed obligation. See "*Risk Factors*" in the Memorandum and "*Additional Risk Factors*" herein. The Guarantor has no right to assign its rights and obligations under the Guaranty. See "*Additional Disclosure Regarding Certain Agreements*."

Pursuant to the Master Lease, the Master Tenant pays to the Trust the following amounts as "**Rent**" on a monthly basis: (1) a fixed monthly base rent ("**Base Rent**"); and

(2) other miscellaneous and additional amounts payable by the Master Tenant to the Trust pursuant to the Master Lease. Total Rent is intended to be sufficient for a return to be paid on the Purchasers' Interests, including after the payment of relevant expenses at the Trust level.

The following table sets forth the Base Rent. See "*Summary of the Master Lease*" in the Memorandum.

Base Rent Pursuant to the Master Lease

Lease Period	Base Rent
Year 1	$9,425,465
Year 2	$9,661,102
Year 3	$9,902,629
Year 4	$10,150,195
Year 5	$10,403,950
Year 6	$10,664,049
Year 7	$10,930,650
Year 8	$11,203,916
Year 9	$11,484,014
Year 10	$11,771,114
Year 11	$12,065,392
Year 12	$12,367,027
Year 13	$12,676,203
Year 14	$12,993,108
Year 15	$13,317,935
Year 16	$13,650,884
Year 17	$13,992,156
Year 18	$14,341,960
Year 19	$14,700,509
Year 20	$15,068,021

The table above assumes a repayment of the Loan by the Trust upon the Maturity Date. The Loan's Maturity Date is March 23, 2033. The Maturity Date is scheduled to occur prior to the scheduled termination of the Master Lease. If prior to the Maturity Date, the Manager has not sold, transferred, or otherwise disposed of the Property, and if the FMV Option has not been exercised by the Operating Partnership (at its discretion), then ***the Trust will need to take action to refinance the Loan or raise sufficient capital from Beneficial Owners for the pay-off of the Loan***. Because the Trust, as a fixed investment trust, will be prohibited from taking these actions under the Trust Agreement, the Manager will be required to effectuate a Transfer Distribution in order to pursue these options and avoid a default under the Loan.

Distributions: The Trust will distribute available cash (which will be equal to the Rent received by the Trust from the Master Lease less any contributions to reserves, costs, and expenses of the Trust, including debt service and administrative costs) to the Beneficial Owners on a monthly basis.

Property Management: In connection with the Acquisition Closing, the Master Tenant engaged Brookfield Properties (USA) LLC as the property manager for the Property (the "**Property Manager**") pursuant to a property management agreement (the "**Property Management Agreement**"). The Property Manager will earn a property management fee equal to 2.0% of Gross Revenues (as defined in the Property Management Agreement) (the "**Property Management Fee**"). Further, the Property Manager is entitled to a leasing fee for any new tenant lease or renewal of an existing tenant lease, equal to 2.50-5.0% of total expected rent of the tenant lease. Concurrently with entering into the Property Management Agreement, the Property Manager engaged Jones Lang LaSalle Americas, Inc (the "**Property Sub-Manager**" and, together with the Property Manager, the "**Property Managers**") as a property sub-manager to manage the day-to-day property management functions at the Property pursuant to a property sub-management agreement (the "**Property Sub-Management Agreement**" and, together with the Property Management Agreement, the "**Property Management Agreements**"). Pursuant to the Property Sub-Management Agreement, the Property Sub-Manager will earn a property sub-management fee equal to $4,000 per month, paid by the Property Manager. In addition, if a Property Manager performs any construction management services (to the extent any such construction is not inconsistent with Revenue Ruling 2004-86), the

applicable Property Manager will earn a construction management fee equal to 2.0-5.0% of the amount of hard and soft costs of the tenant improvement or capital repair.

Copies of the Property Management Agreements are available in the Purchaser Package.

Financing:

In connection with the Acquisition Closing, the Trust entered into the Loan in the original principal amount of $84.0 million from the Lender. The Loan Documents provide for a 7-year term and interest-only payments until the maturity date of the Loan on March 23, 2033 and a variable interest rate equal to Compounded SOFR (as defined in the Loan Documents) plus 1.45%. In connection with the Loan, the Trust also entered into the Hedge resulting in an effective fixed interest rate to the Trust of 4.837% through the fifth anniversary of the Loan. Under the terms of the Loan, the Hedge will be extended, or replaced by an economically equivalent hedge, through the Maturity Date upon the initial expiration of the Hedge.

The Property is subject to the Mortgage and other standard collateral rights granted in favor of the Lender, to secure the Trust's obligations under the Loan Documents. The Loan is "non-recourse" to the Trust except for certain non-recourse carve-outs contained within the Loan Documents.

Purchasers, as Beneficial Owners in the Trust, will not be required to execute personal guarantees for any portion of the Loan, and will not incur any personal liability with respect to the operation of the Property or under the Loan Documents, including liability for environmental claims. However, since the Property will secure the Trust's obligations under the Loan, Beneficial Owners could lose the entire value of their Interests if the Trust were to default on the Loan and the Lender were to foreclose on the Property. See "*Risk Factors*" and "*Potential Conflicts of Interest*" of the Memorandum and "*Additional Risk Factors*" herein.

Purchasers of Interests should be deemed for U.S. federal income tax purposes to have assumed their pro rata portion of the principal amount of the Loan. See "*Material U.S. Federal Income Tax Consequences*" in the Memorandum.

On a fully-loaded basis, the LTC ratio is 51.20%, which is based on the Maximum Offering Amount of $80,055,365 and maximum gross proceeds of $164,055,365. This ratio should not be assumed as

	dispositive for purposes of determining any "debt-relief boot" that may arise in a Section 1031 Exchange; you must consult your own tax advisors. Before investing, you should carefully consider the potential liabilities described under "*Acquisition Closing and Financing Terms*," the risk factors set forth under "*Risk Factors—Risks Related to Financing of the Property*," and the potential conflicts of interest described under "*Potential Conflicts of Interest—Brookfield Affiliated Lender.*"
Trust and Reserves:	The Trust will control the Supplemental Trust Reserve, in the amount of $600,000, for Property renovations, costs and expenses (including Landlord Costs), which may be drawn upon by the Master Tenant as provided in the Master Lease. The Trust also funded a working capital reserve of $400,000 from Loan proceeds.
Purchaser Suitability Requirements:	You should purchase Interests only if you have substantial financial means and you have no need for liquidity in your investment. Only U.S. Persons and accredited investors who meet certain minimum financial and other requirements as described in the "*Who May Invest*" section of the Memorandum may acquire Interests in this Offering. Interests are not suitable investments for qualified plans, individual retirement accounts, tax exempt entities, or foreign persons.
Plan of Distribution:	The Dealer Manager will make offers and sales of Interests. The commissions and expense reimbursements to the Dealer Manager are described in "*Estimated Use of Proceeds*" and "*Plan of Distribution*" below. The Dealer Manager has engaged Orchard Securities, LLC ("**Orchard Securities**") for coordinating sales efforts, training personnel, and managing the private placement business. A portion of the Dealer Manager Fee may be used to compensate Orchard Securities and/or used to compensate consultant(s) engaged by the Dealer Manager in connection with the placement of Interests.
Initial Closing:	There is no minimum escrow requirement in this Offering, and the Sponsor can hold the initial Closing at any time after one or more subscriptions for Interests have been accepted by the Sponsor. Subsequent to the initial Closing, the Sponsor may hold additional daily closings.
Offering Termination Date:	The Interests will be offered until the Maximum Offering Amount is attained or 12 months from the initial Closing, whichever is earlier. The Sponsor may extend the Offering period for one additional 12-month period

beyond the Offering Termination Date in its sole discretion. If any Interests in the Trust cannot be sold, the Depositor or its affiliate may continue to own the remaining Interests.

Offers to Purchase Interests: To offer to buy an Interest, you must follow the instructions set forth in "*How to Subscribe*" section of the Memorandum. Interests will only be sold pursuant to a purchase and sale agreement, a copy of which is attached hereto as Exhibit A to this Property Supplement (as may be amended and supplemented at any time, the "**Purchase Agreement**"). The Sponsor may accept or reject a prospective Purchaser's Purchase Agreement in its sole discretion. If the Sponsor does not accept a Purchase Agreement within 30 days of its submission, then it shall be deemed rejected. In the event a Purchase Agreement is rejected, the full amount of any check or wired funds you have sent will be returned to you.

Following its receipt of your completed Purchase Agreement, your confirmation of funding capability for the full amount of the purchase price for your Interests, and review of your suitability, the Sponsor will make available to you and your advisors, upon your written request, additional due diligence materials that may be material to your investment decision, if such requested agreements and documents are readily available to the Trust and the Sponsor. After reviewing such supplemental materials, you may determine to withdraw from the Offering, and not complete the remaining purchase documents, if notice of the withdrawal is given to us in a timely fashion, in which case the full amount of any check or wired funds you have sent will be refunded to you.

Compensation to Sponsor and its Affiliates: The Sponsor and its affiliates will receive substantial compensation and fees from the sourcing, due diligence and completion of the acquisition of the Property, and in connection with the Offering and sale of Interests and the management, financing, leasing, and operation of the Property and the Trust, which may include but are not limited to rents from the Property in excess of the amounts the Master Tenant is required to pay to the Trust under the Master Lease, the Organization and Offering Expenses, the Dealer Manager Fee, the Selling Commissions, the Placement Fee, Loan Fees and Costs, Property Closing Costs, the Administration Fee (as defined herein), Investor Servicing Fees (as defined herein), the Property Management Fee, and costs and expenses of operation of the Trust, including, but not limited to, accounting, tax, and legal needs. See "*Compensation and Fees*" herein.

See also "*Potential Conflicts of Interest*" in the Memorandum.

Reports: The Manager will prepare and send to each Beneficial Owner quarterly cash flow reports of the Trust as well as a report on any material developments with respect to the Property (if any). Further, the Manager will annually provide unaudited financial statements of the Trust as well as information that the Manager deems appropriate to assist the Beneficial Owners in preparation of federal income and state tax returns. See "*Reports*."

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

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

A copy of the Tax Opinion is attached hereto as Exhibit

B to this Property Supplement.

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

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

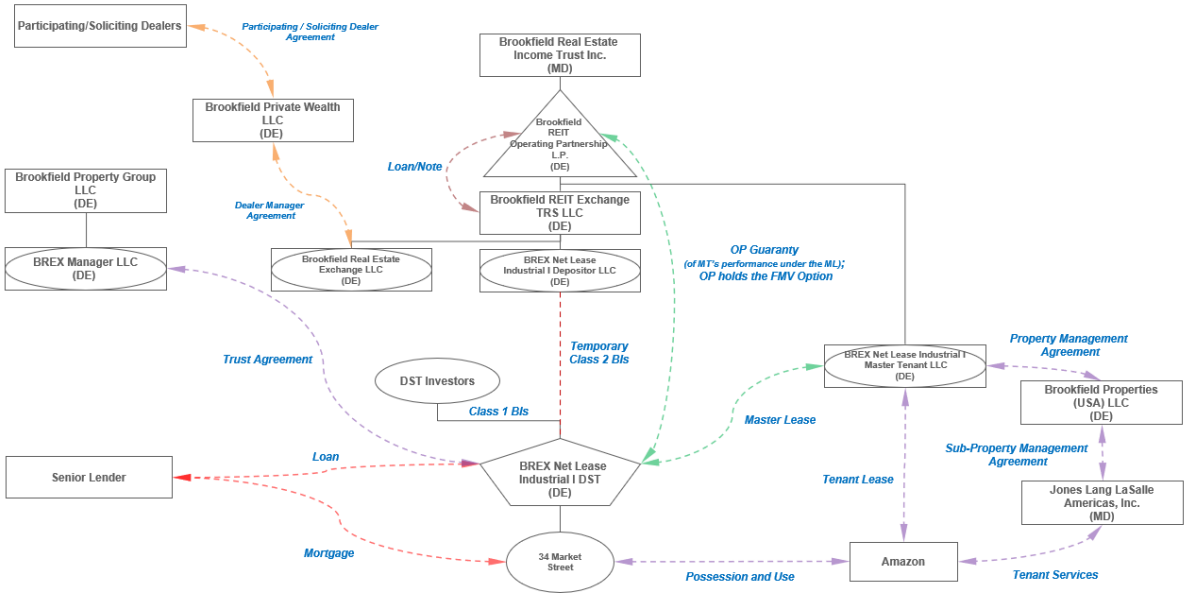
Each Purchaser must consult with his, her or its tax advisor concerning the identification requirements under Code Section 1031 and other requirements for successfully completing a qualifying like-kind exchange under Code Section 1031.

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

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

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FREQUENTLY ASKED QUESTIONS

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

How is the Property Owned?

The Trust owns the Property in fee simple. This Offering is for Interests in the Trust. The Property is master leased by the Trust to the Master Tenant, and the Master Tenant sub-leases the Property to the end-user tenant. The Trust is managed by the Manager.

Will there be Debt on the Property?

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

If my LTV Ratio on the Relinquished Property is Greater than the LTC Ratio of the Property, Can I Still Have Boot?

Yes, you may still have boot even if your loan-to-value ratio on the relinquished property is greater than the LTC ratio referenced in this Property Supplement or any other materials related to this Offering. The LTC ratio referenced in this Property Supplement (or in any other materials related to this Offering) is provided for background purposes to help you evaluate the financial terms of the Offering and should not be used for purposes of determining whether any potential Section 1031 Exchange may result in boot, including boot that may arise from relief of liabilities. Generally, to totally defer taxable gain in a Section 1031 Exchange, the taxpayer must trade up or equal in both value and equity from the relinquished property to the replacement property. The amount of leverage will affect your equity investment in the Property. Comparing debt ratios alone will not be sufficient to determine whether or not you will have boot in any anticipated Section 1031 Exchange. The Sponsor will not provide tax advice and will not provide a determination of taxability of your specific transaction. You must consult your tax advisor.

See the Memorandum for answers to additional Frequently Asked Questions.

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ADDITIONAL RISK FACTORS

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

Delaware Statutory Trust Structure Risks

Maturity of the Loan will require a termination of the fixed investment trust. The Loan's Maturity Date is March 23, 2033. The Maturity Date is scheduled to occur prior to the scheduled termination of the Master Lease. If, prior to the Maturity Date, the Manager has not sold, transferred, or otherwise disposed of the Property, and if the FMV Option has not been exercised by the Operating Partnership (at its discretion), then the Trust will need to take action to refinance the Loan or raise sufficient capital for the pay-off of the Loan. Because the Trust, as a fixed investment trust, will be prohibited from taking these actions under the Trust Agreement, the Manager will be required to effectuate a Transfer Distribution in order to pursue these options and avoid a default under the Loan. See the Memorandum for "*Summary of the Trust Agreement—Termination of the Trust to Protect the Property; Transfer Distribution*" and "*Risk Factors – Risks Related to Holding an Interest in a Delaware Statutory Trust*."

Real Estate Risks

Accuracy of anticipated results of operations. The anticipated results of operations for the Trust as set forth in this Property Supplement, including the pro forma financial projections attached as Exhibit C (the "**Financial Forecast**"), are based upon current estimates of income and expenses relating to the operation of the Property, should be considered speculative and are qualified in their entirety by the assumptions, information, limitations and risks disclosed in this Property Supplement. If the assumptions on which these estimates are based do not prove correct, the Beneficial Owners who own Interests in the Trust may have difficulty in achieving their anticipated results. The anticipated results of operations assume occupancy levels and certain net rental rates. There can be no assurance that the Property can achieve stabilization or maintain the occupancy level or rate increases anticipated. Some of the other underlying assumptions inevitably may not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the life of the ownership of the Property may vary from those anticipated, and the variation may be material. As a result, the rate of return to the Trust and the Beneficial Owners may be higher or lower than that projected. Any return to the Beneficial Owners on their investment will depend on the ability of the Master Tenant and the Property Manager to operate the Property profitably and ultimately sell the Property at a profit, which, in turn, will depend upon economic factors and conditions beyond their control.

Risks of investing in an industrial property; competition. The industrial properties space is a highly competitive business. Ownership of the Property could be adversely affected by competitive properties in the real estate market, which could affect the operations of the Property and the ultimate value of the Property. Success in owning the Property, therefore, will depend in part upon the ability of the Master Tenant and the Property Managers (i) to retain the current Amazon Tenant at a favorable rental rate; (ii) to attract another quality tenant upon the termination of the existing Amazon Lease if the existing Amazon Tenant fails to renew or as otherwise needed; and (iii) to provide an attractive and convenient environment for the Amazon Tenant.

Although the Property will be leased to the Master Tenant throughout the term of the Master Lease, the Master Tenant is a newly-formed entity with limited financial resources. The financial performance of the Property therefore will be dependent to a significant degree on the ability of the Master Tenant and the Property Managers to retain the current Amazon Tenant, to attract a new tenant if required and, to increase rental rates, all of which may in turn depend on factors both within and beyond the control of the Manager, the Trust, the Master Tenant and the Property Managers. These factors include changing demographic trends and e-commerce patterns, the availability and rental rates of competing industrial space, and general and local economic conditions. The number of competitive industrial properties in a particular area, and any increased volatility in general and local economic conditions could have a material adverse impact on the Master Tenant and the Property Manager's ability to lease the Property and the rents it is able to obtain. The loss of the Amazon Tenant or the inability to maintain favorable rental rates with respect to the Property would adversely affect the value of the Property and/or the ability of the Master Tenant to pay rent, which could result in the Lender declaring the Loan in default and foreclosing on the Property. This could result in the Purchasers losing the entire value of their Interests. The occurrence of a casualty resulting in damage to the Property could also decrease or interrupt the payment of the Amazon Tenant's rent, which could adversely affect the Master Tenant's performance under the Master Lease. The Amazon Lease generally allows the Amazon Tenant to terminate its lease if the leased premises is partially or completely damaged or destroyed by fire or other casualty. The lease also permits the Amazon Tenant to partially or completely abate rental payments during the time needed to rebuild or restore such damaged premises. The lease and/or local law may permit the Amazon Lease to assign its lease or sublet the premises it occupies, but such assignment or subletting generally will not relieve it of its primary obligations under the lease.

Competition from industrial properties in the surrounding geographic area. A number of industrial properties of similar size and age are located in the Property's industrial sub-market. The Appraisal identified several comparable industrial properties, each located within the same sub-market as the Property. In addition, there are other industrial properties in the surrounding region that may be or become more attractive to the tenant. Competing industrial properties may reduce demand for the Property, increase chances of vacancy, decrease potential lease renewal rates and adversely impact the value of the Property. There also may be additional real property available in the general vicinity of the Property that could support the development of additional competing industrial properties. It is possible that Amazon may move to an existing or new industrial property in the surrounding area, which could adversely affect the financial performance of the Property. Competition from nearby industrial properties could make it more difficult to attract a new tenant and/or to maintain or grow rental rates, and ultimately, sell the Property at an attractive price. The Property could also experience competition for real property investments from individuals, corporations and other entities engaged in real estate investment activities. Other properties and real estate investments may be more attractive than the Property. As such, there is no assurance that the Property will be able to retain or attract a tenant at the same or higher rents given the current or future competition for tenants.

The financial performance of the Property will depend upon the ability of the Property Managers to retain the Amazon Tenant or find replacement tenants that meet rental obligations on a timely basis, care for the space and preserve or enhance the reputation of the Property. The financial performance of the Property and the related ability of the Property Managers to meet the financial projections contained herein will depend upon many factors, a significant one being any tenant's timely payment of rent under its lease and the care it takes of its rented space. If any tenant is unable to make rental payments when due, decides not to renew its lease or decides to terminate its lease, this could result in a complete loss of rental revenues, which could adversely affect the ability of the Master Tenant to make payments under the Master Lease (thereby impacting the ability of the Trust to make payment of principal and interest under the Loan, which could adversely affect the value of the Property and/or result in the Lender declaring the Loan in default and foreclosing on the Property). This could result in the Purchasers losing the entire value of their Interests. In addition, the failure by a tenant to properly care for its leased

premises or to preserve or enhance the reputation of the Property could lead to increased repair and maintenance costs or otherwise adversely affect the value of the Property. Failure on the part of any tenant to comply with the terms of its lease may give the Master Tenant the right to terminate the lease, repossess the applicable premises and enforce payment obligations under the lease. However, the cost and effort involved in pursuing these remedies and collecting damages from a defaulting tenant could be greater than the value of the lease. There can be no assurance that the Master Tenant will be able to successfully pursue and collect from a defaulting tenant or re-let the premises to a new tenant without incurring substantial costs, if at all. If a replacement tenant is found, the Property Managers may not be able to negotiate a new lease on favorable terms. The financial projections assume minimum net rental rates for the Property to enable the Master Tenant to comply with its obligations under the Master Lease, but there can be no assurance that the Property will maintain the minimum net rental rate.

The financial performance of the Property and the related ability of the Property Managers to meet the financial projections contained herein will depend upon many factors, many of which will be beyond the control of the Property Managers. These factors include, but are not limited to, changing local demographic trends and traffic patterns, market conditions, neighborhood property values, local economic and social conditions, supply and demand for properties similar to the Property, competition from similar properties, interest rates and real estate tax rates and assessments, governmental rules, regulations and fiscal policies, zoning restrictions and other easements, covenants and restrictions that affect title to the Property, and the financial viability of the tenant.

The Appraisal value may not reflect the value of the Property at the time of a Purchaser's acquisition of an Interest or the time the Trust seeks to sell the Property. The Sponsor obtained the Appraisal for the Property prepared by Capright, dated March 16, 2026, reflecting a market value, "As Is", for the Property of $158.0 million as of February 28, 2026. The market value of the Property will change over time, and there can be no assurances that the value attributed to the Property will be accurate as of the date the Purchasers acquire their Interests.

In addition, the aggregate purchase price of the Interests exceeds the Trust's equity investment in the Property because the aggregate purchase price of the Interests includes Organization and Offering Expenses, Selling Commissions, the Dealer Manager Fee, the Placement Fee, Loan Fees and Costs, and Property Closing Costs. See *"Estimated Use of Proceeds."* These additional costs will cause the cost of a Purchaser's investment in an Interest to exceed the pro rata share of the market value of the Property. It may not be possible to sell the Property at a later date for a price equal to or greater than the invested capital of the Beneficial Owners. See also "*Additional Risk Factors—Risks Relating to an Investment in the Property—Valuation of the Interests exceeds the value of the Property.*"

See the Memorandum for additional "*Risk Factors – Risks Related to Investments in Real Estate*."

Risks Relating to an Investment in the Property

Valuation of the Interests exceeds the value of the Property. Pursuant to the Acquisition Closing, the Trust acquired the Property on an "As-Is" basis from an unaffiliated Seller for $155.4 million. This purchase price for the Property is lower than the $164,055,365 aggregate purchase price of the Interests, which includes (i) $80,055,365 in equity for the Interests (assuming the Maximum Offering Amount is sold), and (ii) $84.0 million from the Loan. See "*Estimated Use of Proceeds*." Thus, the Trust will be subject to immediate dilution and the Beneficial Owners may recover less than their invested capital upon any eventual sale of the Property. There can be no assurance that the value of the Property will appreciate, or appreciate at a rate sufficient to provide a positive return on investment.

The Property is not a diversified investment as to asset class and tenants. By the terms of the

Trust Agreement, the Trust generally is not permitted to acquire real property other than the Property or any other assets or make any other investments. Because an investment in Interests represents an investment in only an industrial property in Massachusetts, an investment in Interests is not a fully diversified investment as to asset class and tenants. Accordingly, poor performance of the Property would likely materially and adversely affect a Purchaser's investment in an Interest.

Physical condition of the Property; no representations to Purchasers. The Trust will not make any warranties or representations to the Purchasers regarding the condition of the Property. The Sponsor has received a Property Condition Report dated January 26, 2026 and revised on March 16, 2026 (the "**PCR**") prepared for the Trust, the Sponsor, the Lender, and Beneficial Owners (together with their respective broker-dealers) by Partner Engineering and Science, Inc. ("**Partner Engineering**"). The PCR identified immediate needs for repair in the amount of $6,750. The PCR also recommended recurring capital reserves for likely repairs and replacements necessary during the next 12 years with a 2.5% escalation, in the amount of $948,129 or $0.36 per square foot per year. The sum total of the estimated immediate and future capital needs set forth in the PCR is $954,879.

The Sponsor also obtained a Roof Condition Survey dated January 22, 2026 (the "**Roof Survey**") prepared by Roof Management, Ltd. ("**RML**"). The Roof Survey noted that a majority of the rooftop consists of a parking deck covered with a traffic-type waterproofing coating, which was excluded from the scope of the Roof Survey because it is not considered a roofing system. RML instead evaluated the single-ply thermoplastic polyolefin ("**TPO**") roofing system and the metal panel roofing system. Based on its review, RML concluded that the TPO roofing system and pre-engineered metal roofing system appear to have been installed in accordance with industry standards. Per the Roof Survey, the TPO roofing system was aging as expected and the metal roofing system was in good condition. The TPO roofing system is subject to a 20-year warranty expiring in February 2042, and the wall membrane is subject to a 10-year membrane-only warranty expiring in August 2034. The metal roofing system is subject to a 10-year manufacturer's warranty expiring in November 2032. The Roof Survey also recommended preventative repairs with an estimated cost of approximately $3,600.

Following funding of the Loan, the Trust set aside approximately $1.0 million in reserves, which consists of the $600,000 initial funding into the Supplemental Trust Reserve and a working capital reserve funded by the Trust out of Loan proceeds equal to $400,000. This total of $1.0 million is higher than the approximately $958,479 in capital repair items estimated by the PCR and the Roof Survey over the next 12 years. There can be no assurance of the accuracy of the PCR and the Roof Survey with regard to future capital expenditure requirements of the Property, or that the Sponsor has budgeted adequately in the Financial Forecast for all such repairs, replacements, and other expenditures that are or become necessary. If the Supplemental Trust Reserve and other trust reserves are insufficient (including due to the possibility that reimbursements and other compensation items due to the Sponsor may be or have been drawn from resources credited, held or controlled by the Trust, including the Supplemental Trust Reserve), the Trust's Rent could be used by the Trust to reserve for or pay such expenses (instead of being used to pay distributions to Purchasers), or those expenses and costs could possibly be so significant as to require additional capital to be infused which could not be done except through a Transfer Distribution, which would likely have material and adverse tax consequences for Purchasers.

Environmental problems are possible and can be costly. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at or affecting the Property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with any such contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one

person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. The Sponsor is also aware that environmental agencies and third parties have, in the case of certain properties with on-site or nearby contamination, asserted claims for remediation, property damage or personal injury based on the alleged actual or potential intrusion into buildings of chemical vapors (e.g., radon) or volatile organic compounds from soils or groundwater underlying or in the vicinity of those buildings or nearby properties. The Sponsor can provide no assurance that the Trust will not incur any material liabilities as a result of vapor intrusion at the Property.

The Property has been evaluated for environmental hazards on behalf of the Trust pursuant to a Phase I Environmental Site Assessment prepared by Roux Associates, Inc. ("**Roux**") dated March 16, 2026, based on a site visit conducted on January 15, 2026 (the "**Phase I Report**"). The Phase I Report, which consisted of a walk-through observation of the accessible areas and interviews with facility personnel, local agency representatives, and other relevant personnel, limited observations of surrounding properties, and a records review including regulatory databases and historical use information was performed in compliance with the standards of ASTM International Standard Practice E 1527-21. The Phase I Report revealed no evidence of recognized environmental conditions ("**RECs**"), controlled RECs ("**CRECs**"), historical RECs ("**HRECs**"), and business environmental risks ("**BER**"), except the following items, as noted by Roux:

The Property has a long history in industrial and railroad operations and being filled over several decades with materials associated with regional manufactured gas plant operations, and as a result, coal tar-related contaminants including polycyclic aromatic hydrocarbons, extractable petroleum hydrocarbons/volatile petroleum hydrocarbons, lead, and cyanide remain in subsurface soils beneath the building and paved areas. Regulatory closure has been achieved, allowing these materials to remain safely in place subject to ongoing controls. During redevelopment in 2021-2022, an engineered barrier and vapor mitigation systems were installed under a portion of the building to control exposures to the remaining subsurface impacts and land-use restrictions were recorded to limit future intrusive activities and require maintenance of these protective measures. The Property is suitable for its current use, no active remediation is required, and ongoing obligations are limited to compliance with existing engineering and institutional controls; accordingly, this condition is classified as a CREC.

On January 2, 2025, an approximately 60-gallon diesel fuel spill occurred on the Property on an asphalt surface. The release was promptly addressed through absorbent materials, vacuum recovery, and off-site disposal of remediation waste, with no impact to underlying soils. Regulatory closure was achieved through a Class A1 RAO (Permanent Solution), confirming that contaminants were reduced to background levels. No ongoing conditions, controls, or use restrictions apply, and this release is classified as an HREC.

In July 2025, an approximately 25-gallon diesel fuel release occurred from a trash truck on the Property. The release was limited to paved surfaces and was promptly addressed through the placement of absorbent materials and off-site disposal of the affected material. No soil impacts were identified, and a Permanent Solution with No Conditions ("**PSNC**") was filed on July 25, 2025. This release is classified as an HREC.

In 2024, the Massachusetts Department of Environmental Protection ("**MassDEP**") conducted a routine Level 1 Screening Audit (the "**Audit**") of the 2023 Permanent Solution with Conditions ("**PSWC**") and associated Activity and Use Limitation ("**AUL**") related to RTN 3-0013158. The Audit identified certain documentation and consistency issues, including data gaps related to delineation of coal tar–related contaminants, groundwater and vapor evaluations, and inconsistencies within AUL attachments. MassDEP recommended follow-up actions to confirm the completeness of the Permanent Solution and ensure full compliance with regulatory requirements. To date, MassDEP has not issued a Notice of Audit Findings or

a Notice of Noncompliance. The unresolved Audit is therefore identified as a BER associated with the Property. In connection with the Acquisition Closing, and subject to certain conditions, the unaffiliated Seller of the Property agreed to reimburse the Trust for all reasonable, documented, third-party costs and expenses actually incurred by the Trust in connection with any remedial work required by MassDEP arising from the Audit, provided that such costs are incurred on or before the earlier of the date the audit is completed or March 23, 2028.

The AUL imposes ongoing obligations to inspect, maintain, and repair a certain engineered barrier on the Property, including asphalt and paved surfaces that function as part of the protective cap over subsurface contamination remaining beneath the building and paved areas. The AUL requires continued upkeep of these controls, periodic monitoring, maintenance of the passive vapor intrusion mitigation system, and repair or restoration if barrier elements deteriorate or are compromised. During site reconnaissance, Roux observed that certain portions of the engineered barrier have been modified in a manner not fully consistent with the AUL requirements. As a result, repairs to the barrier or updates to the risk characterization and AUL may be required to reflect current conditions, including actions to address findings from the Audit. These ongoing and potential future obligations constitute a BER associated with the Property. The unaffiliated Seller of the Property is going to address paving inconsistencies related to AUL filings on or before June 15, 2026. Any additional work relating to the Audit will be reimbursed in full by the unaffiliated Seller to the Trust.

The Property operates under a National Pollutant Discharge Elimination System ("**NPDES**") permit for stormwater discharges associated with industrial activities, which is currently maintained by the Amazon Tenant. The permit requires ongoing compliance activities, including implementation and maintenance of stormwater controls, routine inspections, monitoring, recordkeeping, and periodic reporting, and is subject to renewal. No violations were identified during the Phase I Report; however, failure to maintain permit coverage or comply with permit requirements could result in regulatory enforcement or corrective actions. Because compliance is tenant-managed and the permit obligations may have financial or operational implications for the Trust, the NPDES permit is identified as a BER.

The preparers of the Phase I Report issued a reliance letter (i) entitling the Sponsor and any affiliates now or hereafter controlled by the Sponsor, including but not limited to the Trust, and their respective affiliates, successors and assigns, to rely upon the report, (ii) entitling any beneficial interest holders/investors that may purchase interests in the Trust and their respective broker-dealers, to rely upon the report, (iii) entitling the Lender to rely on the report, and (iv) permitting the report and any information contained within the report to be included, referenced or quoted in an offering memorandum, prospectus, sales brochure or similar document (in either electronic or hard copy format) issued in connection with the sale of Interests in the Trust.

The Property may be at risk of mold contamination. Mold growth may occur when excessive moisture accumulates in buildings or on building materials, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Mold contamination has been linked to a number of health problems, which could result in litigation by tenants seeking various remedies, including damages and the ability to terminate their leases. Recently there have been an increasing number of lawsuits against property owners and managers alleging personal injury and property damage caused by the presence of toxic molds. Some of these lawsuits have resulted in substantial monetary judgments or settlements. Insurance carriers generally exclude mold-related claims from standard policies and price mold endorsements at prohibitively high rates. The assessment of the Property in connection with the PCR included an evaluation of mold. Based on Partner Engineering's site visit and its interview with Property personnel, no visual or olfactory evidence was identified to indicate current or past mold growth or moisture intrusion likely to result in mold growth unless otherwise noted in the PCR. No assurance can be given either that an undetected mold condition does not presently exist at the Property or that a mold condition

will not arise in the future. A mold condition would create the risk of substantial damages, legal fees and possibly loss of tenants. If a significant mold condition arises in the future at the Property, we could be required to undertake a costly remediation program to contain or remove the mold from the Property and could be exposed to other liabilities that may exceed any applicable insurance coverage.

The Supplemental Trust Reserve may be inadequate. The Master Tenant, subject to the express terms of the Loan Documents and the Master Lease, may draw upon the Supplemental Trust Reserve for Landlord Costs and other Property costs and expenses. To the extent that Property expenses increase or unanticipated expenses arise, and the available reserves are insufficient to meet such expenses, the Trust may be forced to use some or all of the Rent payments received from the Master Tenant to pay such obligations of the Trust, or to effect a Transfer Distribution in order to raise the necessary capital through the Springing LLC for such purposes, because the Trust itself is prohibited from raising additional capital. Further, to the extent that the aggregate of the actual Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs exceed the amounts projected, then any such excess may be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess. If, however, the actual Organization and Offering Expenses, Loan Fees and Costs, and Property Closing Costs will be below the amounts projected or estimated, then the Depositor or its affiliates will retain such amounts on a non-accountable basis.

Risks related to Surety Indemnity. Pursuant to local environmental law, the Trust must provide sufficient financial assurance for future potential environmental work relating to the AUL. Pursuant to the Surety Indemnity (as defined herein), the Trust and the Operating Partnership agreed to indemnify the Surety (as defined herein), together with its affiliated, associated and subsidiary companies, successors and assigns for any and all liability, loss, costs, damages, fees of attorneys and consultants, and other expenses, including interest, which the Surety may sustain and incur: (i) by reason of, or in consequence of, having executed or procured the execution of the Surety Agreement (as defined herein), including, without limitation, making any investigation in connection with the Surety Agreement, prosecuting or defending any action and obtaining the release of the Surety Agreement; (ii) by reason of the failure of the Trust or the Operating Partnership to perform or comply with the covenants and conditions of the Surety Indemnity; and (iii) in enforcing any of the covenants and conditions of the Surety Indemnity.

The Surety required the Operating Partnership to join the Trust in providing the Surety Indemnity. If the costs under the Surety Indemnity arise based on future facts, we anticipate that any such costs will be borne entirely by the Trust, as the owner of the Property and not by the Operating Partnership. In the event the Trust is liable for the Surety Indemnity, it may be required to pay the entire financial assurance amount of $350,000, together with any other indemnified losses. The indemnification of the Surety is secured by (i) all of the Trust's and the Operating Partnership's rights, title and interest in, and arising in any manner out of, all contracts referred to in the Surety Agreement (whether or not bonded), or in, or arising in any manner out of the Surety Agreement; (ii) any and all sums that may be due or hereafter become due on account of any and all contracts referred to in the Surety Agreement including, but not limited to, all percentages retained, progress payments, deferred payments, compensation for extra work and proceeds of damage claims; (iii) all of the Trust's and the Operating Partnership's rights, title and interest in and to all machinery, supplies, equipment, plant, tools and materials of every nature and description which are now, or may hereafter be, about or upon the site or sites of any and all of the contractual work referred to in the Surety Agreement or elsewhere, including material purchased for or chargeable to any and all contracts referred to in the Surety Agreement, materials which may be in process of construction, in storage elsewhere, or in transportation to any and all of said sites; (iv) all proprietary systems, software or any other assets of a similar nature which are employed by the Trust or the Operating Partnership in connection with any and all contractual work referred to in the Surety Agreement; (v) all of the Trust's and the Operating Partnership's rights, title and interest in and to all subcontracts let or to be let in connection with any and all contracts referred to in the Surety Agreement, and in and to all surety bonds supporting such

subcontracts; (vi) all actions, causes of actions, claims and demands whatsoever which the Trust or the Operating Partnership may have or acquire against any subcontractor, laborer or materialman, or any person furnishing or agreeing to furnish or supply labor, material supplies, machinery, tools or other equipment in connection with or on account of any and all contracts referred to in the Surety Agreement; and all actions, causes of actions, claims and demands whatsoever which the Trust or the Operating Partnership may have or acquire against any surety or sureties of any subcontractor, laborer, or materialman; and (vii) all proceeds of the foregoing.

In the event the Trust is liable for the Surety Indemnity but lacks sufficient reserves and cash flow from the Property to pay such liability, it would be prohibited by the terms of the Trust Agreement from obtaining additional capital or securing new financing sufficient to satisfy such liability. In such event, the Trust may be forced to perform a Transfer Distribution, which may have adverse tax consequences to the Beneficial Owners.

See "*The Property—Agreements and Other Matters Affecting the Property*" herein and the Memorandum for additional "*Risk Factors—Risks Relating to an Investment in Real Property*."

Risks Related to Financing of the Property

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

Scheduled debt payments could adversely affect the Property's financial condition. In the future, the Property's cash flow could be insufficient to meet required payments under the Loan Documents or to pay cash flow to the Trust at expected levels. As a result of any shortfall, the Manager may be forced to postpone capital expenditures necessary for the maintenance of the Property, suspend distributions to Beneficial Owners, or may require a sale or Transfer Distribution. There can be no assurance that the Manager will be able to sell the Property upon acceptable terms, if at all, or that after a Transfer Distribution, the Springing LLC would be able to raise additional or sufficient capital to avert a Loan default and possible foreclosure of the Property by the Lender. In either case, Beneficial Owners could lose the entire value of their Interests.

Default under the Loan may result in liability beyond the value of the Property. The Loan is "non-recourse", meaning that the Lender may only seek recovery from the liquidation of its collateral (principally, the Property) for any amounts that remain due under the Loan after a default. However, the Loan Documents contain certain events that would allow the Lender to proceed against the Trust to repay amounts due on the Loan, in addition to foreclosing on the Property and the other collateral for the Loan. Thus, if such events occur, "springing" liability to the Trust may result, including an amount equal, in

certain instances, to the full amount of the Loan. See "*Acquisition Closing and Financing Terms*" for the events under the Loan Documents for which the Trust may have liability beyond the value of the Lender's collateral.

Lender's approval rights may limit otherwise available business options. The Lender has numerous rights under the Loan Documents, including the right to approve certain changes in ownership and management. For example, the Delaware Trustee can remove the Manager in certain limited circumstances but only with the consent of the Lender. This requirement may limit the ability of the Delaware Trustee to remove the Manager because the exercise of such right would give rise to a default under the Loan absent the Lender's consent. Further, the Trust cannot incur any additional borrowings or refinance the Property. Prospective Purchasers are encouraged to review a complete set of the Loan Documents prior to subscribing for the Interests.

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

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

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

Limited availability of financing and market conditions may impact financial performance. Market fluctuations in real estate financing may affect the availability and cost of funds needed in the future for the Property. Moreover, credit availability has been restricted in the past and may become restricted again in the future. Restrictions upon the availability of real estate financing or high interest rates for real

estate loans could adversely affect the Property and the ability of the Trust to sell the Property at a profit or at any price.

To hedge against interest rate fluctuations, the Trust has entered into the Hedge. The Hedge may be ineffective. The Trust has entered into the Hedge to hedge exposures to changes in the interest rate on the Loan. There is no assurance that this hedging activity will have a positive impact on the financial condition of the Trust. The Trust may be subject to costs, including transaction fees or breakage costs, if the arrangement is terminated. Derivative financial instruments also may expose the Trust to credit risk, basis risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Basis risk occurs when the index upon which the contract is based is more or less variable than the index upon which the hedged asset or liability is based, thereby making the hedge less effective. Finally, legal enforceability risks encompass general contractual risks including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract, particularly in light of current market conditions. The Trust may be unable to manage these risks effectively.

Additionally, under the terms of the Loan, the Trust is required to maintain the Hedge until at least the fifth anniversary of the Loan Closing. In advance of the fifth anniversary of the Loan Closing, the Trust must renew the Hedge or obtain a replacement hedge consistent with the terms provided by the Loan Documents. Consequently, the Trust will be unable to modify the terms of the Hedge in the event it has a negative impact on the financial condition of the Trust. Additionally, the Trust has no discretion over the terms of any replacement hedge as the terms thereof are governed by the Loan Documents. In the event such terms are unfavorable, the Trust will be unable to select a different replacement interest-rate hedge or decide to enter no interest-rate hedge.

Risks Relating to the Operation of the Property

See the Memorandum for "*Risk Factors – Risks Related to Investments in Real Property*."

Offering Risks

See the Memorandum for "*Risk Factors – Risks Related to the Offering*."

Tax Risks

Any amounts treated as "boot" will be taxable to the Purchasers. If, in a Section 1031 Exchange, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the relinquished property is recognized up to the amount of boot. Although there is no direct authority on point (other than certain potentially favorable authority that allows taxpayers to treat certain transaction expenses as reducing amounts otherwise taxable as boot in a Section 1031 Exchange), prospective Purchasers should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the relinquished property are boot and, therefore, income to the Purchasers. For example, the IRS may contend that some amounts paid into the Supplemental Trust Reserve and amounts paid in connection with the Offering constitute boot received by the Purchasers and not a reinvestment in real estate. Amounts raised in connection with the Offering and used to establish the Supplemental Trust Reserves may not be treated as an interest in real estate and will be treated as boot, which may be taxable. You should not assume that because the Property is subject to the Loan that you will not have "debt relief" boot in any potential Section 1031 Exchange. You must consult your tax advisors.

Uncertainty attributable to changes in tax law. On July 4, 2025, the "One Big Beautiful Bill Act" ("**OBBBA**") was enacted into law. The OBBBA made significant changes to the U.S. federal income

tax laws. To date, only limited guidance exists with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. You must consult your tax advisors on the impact of the OBBBA and any future legislative, regulatory, or administrative changes on an investment in Interests.

See the Memorandum for additional "*Risk Factors – Tax Risks*."

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COMPENSATION AND FEES

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

Type of Compensation or Reimbursement	Method of Computation
Offering:	
Dealer Manager Fee	A Dealer Manager Fee of up to 1.0% of the Maximum Offering Amount payable to the Dealer Manager, which may be re-allowed to participating broker dealers and/or used to compensate consultant(s) engaged by the Dealer Manager for coordinating sales efforts, training personnel, and managing the private placement business. The total Dealer Manager Fee if the Maximum Offering Amount is sold is $800,554.
Placement Fee	A Placement Fee of up to 1.00% of the Maximum Offering Amount payable to the Dealer Manager for placement services relating to the Offering. The total Placement Fee if the Maximum Offering Amount is sold is $800,554.
Redemption of Class 2 Beneficial Interests	The Trust will redeem all of the Class 2 Beneficial Interests held by the Depositor for $80,055,365 if the Maximum Offering Amount is reached. The Trust or its affiliates are responsible for paying certain costs and expenses, including: the Selling Commissions of up to 5.00% of the Maximum Offering Amount, Organization and Offering Expenses of up to $400,277 (0.50% of the Maximum Offering Amount) and Property Closing Costs of up to $400,277 (0.50% of the Maximum Offering Amount). Further, the Trust, through the Manager or its affiliates, will pay Loan Fees and Costs (up to 1.56% of the Maximum Offering Amount). 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 or certain of its affiliates. To the extent that the aggregate of the actual Organization and Offering Expenses, Property Closing Costs, and Loan

	Fees and Costs exceed the amounts projected, then any such excess may be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess. The Depositor estimates that the amount retained by it from the Offering Proceeds after paying the costs and expenses described above will be zero.
Operations:	
Administration Fee	Pursuant to the Trust Agreement (and, if applicable, the Springing LLC Agreement), the Manager will be entitled to be paid an administration fee of up to 0.15% per annum of the amount of the Maximum Offering Amount that consists of Class 1 Beneficial Interests (the "**Administration Fee**") as compensation to the Manager for management of the Trust (or, if applicable, the Springing LLC). The Administration Fee will be paid monthly in arrears as set forth in the Trust Agreement, which may be subject to adjustment over time. The Administration Fee is intended to compensate the Manager for managing the Trust (or the Springing LLC) and the Property pursuant to the Trust Agreement (or the Springing LLC Agreement). The Manager reserves the right to subcontract such management services and will pay all fees payable to such third-party contractors from such Administration Fee.
Investor Servicing Fee	The Trust (or the Springing LLC, if applicable), prior to any exercise of the FMV Option, will pay an ongoing "**DST Investor Servicing Fee**" of up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Class 1 Beneficial Interests, and that will be calculated daily and paid monthly to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Trust. Following any exercise of the FMV Option, if former Beneficial Owners become holders of OP Units or BF REIT Shares (as defined in the Memorandum), they will pay an investor servicing fee (together with the DST Investor Servicing Fee, the "**Investor Servicing Fees**") in the amount described below that shall be paid monthly in arrears to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Beneficial Owners.

(i) Following the exercise of the FMV Option, (a) 0.85% per annum of the NAV of the applicable Class T-1 OP Units, (b) 0.85% per annum of the NAV of the applicable Class S-1 OP Units and (c) 0.25% per annum of the NAV of the applicable Class D-1 OP Units. No investor servicing fee shall be payable with respect to any Class I-1 OP Units.

(ii) Following the exchange of any such OP Units for BF REIT Shares, (a) 0.85% per annum of the NAV of the applicable Class T BF REIT Shares, (b) 0.85% per annum of the NAV of the applicable Class S BF REIT Shares and (c) 0.25% per annum of the NAV of the applicable Class D BF REIT Shares. As further described in the BF REIT Prospectus, this is a class-specific fee and will impact the distributions payable with respect to the applicable class of OP Units or BF REIT Shares. No investor servicing fee shall be payable with respect to any Class I BF REIT Shares.

If the FMV Option is exercised, then in no event shall the aggregate Selling Commissions, Dealer Manager Fee, Placement Fee, and Investor Servicing Fees paid in connection with any Interests (or OP Units or BF REIT Shares received in exchange for such Interests) held by a Purchaser exceed the percentage cap, if any, of the amount paid by such Purchaser for its Interests as set forth in the applicable selling agreement related to such Purchaser (the "**Fee Limit**"). For the avoidance of doubt, if the applicable selling agreement related to a Purchaser does not contain a specific Fee Limit, then no Fee Limit shall exist for such Purchaser.

On the date on which the Dealer Manager, in conjunction with BF REIT's transfer agent, determines that the Fee Limit has been reached with respect to the OP Units of a particular class held by a Purchaser, all OP Units of such class held by such Purchaser shall automatically convert into Class I-1 OP Units, as set forth in the OP Partnership Agreement (as defined in the Memorandum), and no further OP Unit Investor Servicing Fee shall be payable with respect to such OP Units. See "*Compensation and Fees*," "*The FMV Option and the OP Units*," and "*Risk Factors*" in the Memorandum.

Property Managers

In connection with the Acquisition Closing, the Master Tenant entered into the Property Management Agreement with the Property Manager. Concurrently,

	the Property Manager entered into the Sub-Property Management Agreement with the Property Sub-Manager. The management fee payable to Property Sub-Manager will be equal to $4,000 per month and shall be paid by the Property Manager. The Property Management Fee will be equal to 2.0% of gross revenues from the Property. If a Property Manager performs any construction management services for any improvements that are permitted under Revenue Ruling 2004-86, the applicable Property Manager will earn a construction management fee ranging from 2.0-5.0% of the amount of hard and soft costs of the relevant tenant improvement or capital repair. The Property Manager is entitled to a leasing fee for any new tenant lease or renewal of an existing tenant lease, equal to 2.5-5.0% of total expected rent of the tenant lease. In addition, the Property Managers will be reimbursed for certain operating expenses.
Master Lease	The Master Tenant will retain the excess of the rental income received from the tenant after payment of all amounts owed to the Trust under the Master Lease and other capital and operating expenses associated with the maintenance and operation of the Property and the establishment of any reserves required under mortgage loans or maintenance reserves.

The Sponsor, the Master Tenant, the Manager, the Delaware Trustee, the Property Manager and their respective affiliates may receive additional compensation for any additional services performed on behalf of the Trust or Beneficial Owners so long as such services are provided on terms and conditions no less favorable to the Trust and Beneficial Owners than could be obtained from independent third parties for comparable services in the same location. Certain fee and expense percentages reflected above are calculated using the Maximum Offering Amount and assume that each Purchaser of Interests will pay the maximum amount of all such fees and expenses. The amount of a Purchaser's actual fees and expenses and Interest in the Trust will be calculated prior to applying any waiver of any fees and expenses, in whole or in part. Therefore, if any such fees or expenses are waived in whole or in part for a Purchaser, or the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, the actual fees and expenses charged and expressed as a percentage of a Purchaser's purchase price will exceed the percentages noted above.

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ESTIMATED USE OF PROCEEDS

This table addresses the estimated use of proceeds from this Offering toward the costs, fees and expenses that have been incurred or may be incurred in connection with this Offering, including the selection and acquisition of the Property and procuring the related financing. The Trust is offering a maximum of $80,055,365 of Interests, which, if sold in full, will represent 100% of the outstanding beneficial ownership interests in the Trust if the Maximum Offering Amount is sold. Proceeds raised from Purchasers in this Offering will be used to redeem the Class 2 Beneficial Interests held by the Depositor in order to reimburse the Depositor and its affiliates for the costs, fees, and expenses incurred as described below. See "*Summary of the Offering*." This table does not address the allocation for U.S. federal income tax purposes of the amount paid by a Purchaser for its Interest. Potential Purchasers should discuss with their own tax advisors the tax treatment of the purchase of an Interest.

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

	Total Proceeds (Offering Proceeds + Loan Proceeds)	**Amount from Loan Proceeds**	**Amount from Offering Proceeds**	**Percentage of Maximum Offering Amount**
Sources				
Offering Proceeds	$80,055,365		$80,055,365	100.00%
Loan Proceeds	$84,000,000	$84,000,000		0.00%
Total Sources	**$164,055,365**	**$84,000,000**	**$80,055,365**	**100.00%**
Application				
Fees				
Organization and Offering Expenses (1)	$400,277		$400,277	0.50%
Selling Commissions (2)	$4,002,768		$4,002,768	5.00%
Dealer Manager Fee (3)	$800,554		$800,554	1.00%
Placement Fee (4)	$800,554		$800,554	1.00%
Total	**$6,004,152**		**$6,004,152**	**7.50%**
Costs of Acquisition				
Property Purchase	$155,400,000	$83,000,000	$72,400,000	90.44%
Reserves (5)	$1,000,000	$1,000,000		0.00%
Loan Fees and Costs (6)	$1,250,936		$1,250,936	1.56%
Property Closing Costs	$400,277		$400,277	0.50%
Total	**$158,051,213**	**$84,000,000**	**$74,051,213**	**92.50%**
Total Application	**$164,055,365**	**$84,000,000**	**$80,055,365**	**100.00%**

(1) 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 or certain of its affiliates. To the extent that the aggregate of the actual Organization and Offering Expenses exceed the amounts projected, then any such excess

will be funded from savings in other categories. The Depositor or its affiliates will be responsible for any remaining excess.

(2) The Dealer Manager will make offers and sales of Interests. The Dealer Manager will receive Selling Commissions of up to 5.0% of the Maximum Offering Amount. The Dealer Manager, in its sole discretion, may reduce or waive the Selling Commissions.

(3) The Dealer Manager will also receive a Dealer Manager Fee of up to 1.0% of the Maximum Offering Amount (all or a portion of which may be re-allowed to participating broker dealers and/or used to compensate Orchard Securities for coordinating sales efforts, training personnel, and managing the private placement business).

(4) The Dealer Manager will also receive a Placement Fee of up to 1.0% of the Maximum Offering Amount for placement services relating to the Offering.

(5) A total of $600,000 was placed into the Supplemental Trust Reserve and $400,000 was used to fund a working capital reserve from the Loan proceeds.

(6) Loan Fees and Costs include the costs and fees payable to Lender, the Lender's agents, and the Sponsor or its affiliates for amounts, costs and expenses related to the Loan Closing. See "*Compensation and Fees*." Each Purchaser will be responsible for the fees associated with their own legal, tax, and other advisors.

The fee and expense percentages reflected above are calculated using the Maximum Offering Amount and assume that each Purchaser of Interests pays the maximum amount of all such fees and expenses. The amount of a Purchaser's actual fees and expenses and Interest in the Trust will be calculated prior to applying any waiver of any fees and expenses, in whole or in part. Therefore, if any such fees or expenses are waived in whole or in part for a Purchaser, or the actual Organization and Offering Expenses, Property Closing Costs, and Loan Fees and Costs exceed the amounts projected, the actual fees and expenses charged and expressed as a percentage of a Purchaser's purchase price will exceed the percentages noted above.

The Sponsor may, in its discretion, accept purchases of Interests net of all or a portion of the Selling Commissions otherwise payable from Purchasers including, but not limited to, those Purchasers purchasing through a RIA with whom the Purchaser has agreed to pay a fee for investment advisory services in lieu of commissions, and affiliates of the Sponsor may purchase the Interests net of Selling Commissions. See "*Plan of Distribution*."

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

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ACQUISITION CLOSING AND FINANCING TERMS

Acquisition Closing

The Trust closed on the acquisition of the Property on March 23, 2026 in the Acquisition Closing. Prior to the Acquisition Closing, the TRS formed the Depositor and acquired all of the membership interests in the Depositor. In connection with the Acquisition Closing, the Trust issued 100% of the Class 2 Beneficial Interests to the Depositor in exchange for a contribution of cash proceeds. At Acquisition Closing, the Trust borrowed $84.0 million from the Lender. The proceeds from the Depositor Contribution and the Loan allowed the Trust to acquire the Property at Acquisition Closing for $155.4 million. The Sponsor obtained the Appraisal from Capright, reflecting a market value of the Property of $158.0 million as of February 28, 2026.

Financing – The Loan

The Loan Documents executed in connection with the Loan Closing and the funding of the Loan provide for a $84.0 million Loan with a 7-year term, interest-only payments until the maturity date of the Loan, with a variable interest rate equal to Compounded SOFR (as defined in the Loan Documents) plus 1.45%. In connection with the Loan, the Trust also entered into the Hedge resulting in an effective fixed interest rate to the Trust of 4.837% through the fifth anniversary of the Loan. Under the terms of the Loan, the Hedge will be extended, or replaced by an economically equivalent hedge, through the Maturity Date upon the initial expiration of the Hedge. On a fully-loaded basis, the LTC ratio is 51.20%, which is based on the Maximum Offering Amount of $80,055,365 and maximum gross proceeds of $164,055,365. This ratio should not be assumed as dispositive for purposes of determining any "debt-relief boot" that may arise in a Section 1031 Exchange; you must consult your own tax advisors.

The Property is subject to the Mortgage and other standard collateral rights granted in favor of the Lender, to secure the Trust's obligations under the Loan. The Loan is "non-recourse" to the Trust except for certain non-recourse carve outs contained within the Loan Documents.

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

Summary of Loan Terms

Amount:	$84.0 million
Term; Maturity Date:	7 years, maturing March 23, 2033 (the "**Maturity Date**")
Interest Rate:	Variable annual interest equal to Compounded SOFR (as defined in the Loan Documents) plus 1.45%
Amortization:	None
Repayment:	The Loan will be interest-only until the Maturity Date. Upon the Maturity Date, a final payment of the principal balance plus accrued and unpaid interest, if any, will be due and payable.

Fees: If the Trust fails to make any payment of principal, interest, or other amount due under the Loan Documents, it must also pay a "late charge." Such late charge is equal to the lesser of $100 or 5.0% of the amount overdue. In addition to the late charge, at any time that an Event of Default (as defined in the Loan Documents) is continuing, default interest may be charged by the Lender in the amount of 4.0% over the standard Interest Rate or the maximum permitted by applicable law. If (a) the Lender determined that Compounded SOFR (as defined in the Loan Documents) cannot be determined, (b) the Lender determines that Compounded SOFR (as defined in the Loan Documents) does not adequately and fairly reflect the cost to the Lender of funding, establishing or maintaining the Loan, and (c) upon certain other events set forth in the Loan Documents, interest at the "**Alternate Rate**" may be charged. The Alternate Rate is equal to the sum of (a) the rate per annum comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York, plus (b) 1.0%. In connection with the Loan, the Trust also entered into the Hedge resulting in an effective fixed interest rate to the Trust of 4.837% through the fifth anniversary of the Loan. Under the terms of the Loan, the Hedge will be extended, or replaced by an economically equivalent hedge, through the Maturity Date upon the initial expiration of the Hedge.

Reserves from Loan Proceeds: As part of the reserves that were initially funded from the Loan proceeds, the Trust will control (a) the Supplemental Trust Reserve, in the amount of $600,000, for Property renovations, costs and expenses (including Landlord Costs), which may be drawn upon by the Master Tenant as provided in the Master Lease, and (b) a working capital reserve in the amount of $400,000.

Transfers: The Loan Documents generally prohibit the transfer or further encumbrance of the Property or any interest in the Property. There are, however, certain exceptions to this general prohibition on transfer or encumbrance of the Interests such as permitted transfers (as set forth in the Loan Documents) and the FMV Option.

Assumption: The Loan Documents generally prohibit assumption of the Loan, except with the Lender's prior written consent subject to the satisfaction of conditions set forth in the Loan Documents.

Collateral: The Loan is secured by (i) the Mortgage and other security instruments in or related to the Property, and (ii) a valid and perfected security interest in all personal property owned by the Trust located on or used in connection with the Property and any improvements thereon. Additionally, the Master Tenant has entered into a separate Subordination Agreement in favor of the Trust, pursuant to which the Master Lease is subordinate to the Loan and the Master Tenant's interest in the Property and tenant leases are assigned to the Trust which interest the Trust then assigned to the Lender as additional collateral.

Prepayment: The Trust may prepay the Loan in full, but not in part, on any business day (the "**Prepayment Date**") upon the conditions stated in the Loan Documents, including giving the Lender not less than five business days prior written notice specifying the date on which prepayment will be made and the total principal amount of the prepayment, which may not be less than $100,000.

Insurance: The Trust must, and must require the Master Tenant to, insure its properties and assets against loss or damage by insurable hazards with reputable and financially sound insurers, all as reasonably determined necessary or acceptable by the Lender, and pursuant to requirements set forth in the Loan Documents.

Events of Default: The "**Events of Default**" under the Loan Documents include the following, if not cured within any applicable notice and/or cure periods set forth therein, among others:

- any failure by the Trust to make any scheduled payment of interest and/or any principal payment (including required payments on the Maturity Date) due under the Loan when due;
- any failure by the Trust to may any required deposits or payments under the Loan Documents;
- any representation or warranty by the Trust, the Operating Partnership, or the Master Tenant (each, a "**Loan Party**") was false or misleading in any material respect as of the time it was made, renewed or furnished in any Loan Document, or any certificate, other instrument or written statement delivered by or on behalf of any Loan Party pursuant to a Loan Document;
- any Loan Party fails to comply with any covenant or obligation contained in any Loan Document which calls for the payment of money;
- any Loan Party fails to comply with certain covenants or obligations contained in the Loan Documents;
- certain representations or warranties become false or misleading at any time;
- any lien or encumbrance, other than certain permitted encumbrances, is entered against the Property;
- a court having jurisdiction enters any final non-appealable judgment against the Trust and/or the Master Tenant for the payment of money in excess of $500,000 individually or $1.0 million in the aggregate and not covered by insurance, or any final judgment against any guarantor for the payment of money in an amount which is reasonably anticipated to cause breach of certain net worth covenants;
- the collateral of the Loan or any assets of the Trust and/or the Master Tenant are attached, seized, levied upon or subjected to a writ or distress warrant, or such come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors;

- any of the Loan Documents ceases to be a legal, valid and binding agreement enforceable against any Loan Party in accordance with the terms of such Loan Document or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative or is in any way challenged or contested or ceases to give or provide the respective liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby;
- any Person obtains an order or decree in any court of competent jurisdiction enjoining or prohibiting the Lender or any Loan Party from carrying out the terms and conditions of any Loan Document;
- a termination or modification of the Master Lease and certain other Master Lease documents made without the Lender's prior written consent, other than as expressly permitted under the Loan Documents;
- the occurrence of any default or event of default which continues beyond any applicable cure period under the Master Lease or certain other Master Lease documents;
- a voluntary termination or modification of the Amazon Lease made without the Lender's prior written consent, except to the extent permitted by the Loan Documents;
- an insolvency proceeding is instituted in a court having jurisdiction seeking a decree or order for relief in respect of any Loan Party in an involuntary case under any applicable debtor relief law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party for any substantial part of its property, or for the winding up or liquidation of its affairs; and
- any Loan Party commences a voluntary insolvency proceeding, or consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or other similar official) of itself or for any substantial part of its property or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any action in furtherance of any of the foregoing;

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

- accelerating the Loan;
- termination of the Master Lease and removal of the Master Tenant;
- foreclosure on and/or the power of sale of the Property;
- taking possession of the Property and collecting rent therefrom; and
- exercising any other right and remedy available to the Lender under the Loan Documents.

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

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

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

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THE PROPERTY

The Trust owns the Property, commonly known as "34 Market Street", consisting of land and improvements located at 34 Market Street, Everett, Massachusetts 02149. Constructed in 2022 for e-commerce giant Amazon (NASDAQ: AMZN; S&P/Moody's: AA/A1), the Property is a modern industrial warehouse that facilitates seamless distribution logistics via surface and rooftop parking plus expandable loading capacity. The Property consists of a 221,999-square-foot, single-story, Class A industrial warehouse and distribution facility constructed in 2022. It includes approximately 220,000 square feet of rooftop parking and 515 parking spaces (including seven ADA-compliant spaces), for a total gross area of approximately 441,999 square feet. The Property is situated less than five miles north of downtown Boston in a densely populated, fast-growing urban infill area within Everett, MA. The Property is fully triple-net-leased to the Amazon Tenant, whose performance under the Amazon Lease is guaranteed by Amazon.com, Inc. The Amazon Lease has approximately 12 years of remaining lease term and 2.5% annual rental rate increases. The credit-rated Amazon Tenant's long-term lease includes a corporate guarantee by Amazon.com, Inc., no discretionary termination or contraction options and three renewal options of five years each at 98% of fair market value.

General information about the Property is summarized below. Certain information about the Property contained in this section of the Property Supplement is available in the Appraisal, the PCR, the Survey dated March 9, 2026, as prepared by Blew & Associates P.A., (the "**Survey**"), and the Zoning Report (as defined herein). Neither the Trust nor the Sponsor have independently verified the information obtained from these sources, and no assurance can be provided as to the accuracy or completeness of the data. The Sponsor has revised portions of the sources included in this section to eliminate typographical errors, to eliminate duplicative language, and to conform certain definitions contained in this Property Supplement. To the knowledge of the Sponsor, there have been no material changes to the conditions of the Property from the date of the reports discussed in this section and the date of this Property Supplement.

Acquisition Closing and Acquisition Price

The Trust closed on the acquisition of the Property on March 23, 2026 in the Acquisition Closing. Prior to the Acquisition Closing, the TRS formed the Depositor and acquired all of the membership interests in the Depositor. In connection with the Acquisition Closing, the Trust issued 100% of the Class 2 Beneficial Interests to the Depositor in exchange for a contribution of cash proceeds. At Acquisition Closing, the Trust borrowed $84.0 million from the Lender. The proceeds from the Depositor Contribution and the Loan allowed the Trust to acquire the Property at Acquisition Closing for $155.4 million. The Sponsor obtained the Appraisal from Capright, reflecting a market value of the Property of $158.0 million as of February 28, 2026.

Property Condition Report and Roof Survey

Partner Engineering issued the PCR dated January 26, 2026 and revised on March 16, 2026. The PCR concluded that generally the Property is overall in good condition and the overall level of preventative maintenance is good. The PCR identified immediate and short-term needs for repair in the amount of $6,750. The PCR also recommended recurring capital reserves for likely repairs and replacements necessary during the next two years in the amount of $51,122 on an inflation adjusted basis, the majority of which is to seal and stripe the asphalt. The sum total of the immediate and future capital needs over the next 12 years is $954,879 on an inflation adjusted basis. There were no issues observed or reported that indicate the need for additional investigations.

The Sponsor also obtained a Roof Survey dated January 22, 2026 prepared by RML. The Roof Survey noted that a majority of the rooftop consists of a parking deck covered with a traffic-type

waterproofing coating, which was excluded from the scope of the Roof Survey because it is not considered a roofing system. RML instead evaluated the TPO roofing system and the metal panel roofing system. Based on its review, RML concluded that the TPO roofing system and pre-engineered metal roofing system appear to have been installed in accordance with industry standards. The TPO roofing system is aging as expected and the metal roofing system is in good condition. The TPO roofing system is subject to a 20-year warranty expiring in February 2042, and the wall membrane is subject to a 10-year membrane-only warranty expiring in August 2034. The metal roofing system is subject to a 10-year manufacturer's warranty expiring in November 2032. The Roof Survey also recommended preventative repairs with an estimated cost of approximately $3,600.

A copy of the PCR is available in the Purchaser Package.

Phase I Environmental Site Assessment

The Property has been evaluated for environmental hazards on behalf of the Trust pursuant to a Phase I Report dated March 16, 2026 and prepared by Roux, based on a site visit conducted on January 15, 2026. The Phase I Report, which consisted of a walk-through observation of the accessible areas and interviews with facility personnel, local agency representatives, and other relevant personnel, limited observations of surrounding properties, and a records review including regulatory databases and historical use information was performed in compliance with the standards of ASTM International Standard Practice E1527-21. The Phase I Report revealed no evidence of RECs. The following CRECs, HRECs and BERs were identified:

The Property has a long history in industrial and railroad operations and being filled over several decades with materials associated with regional manufactured gas plant operations, and as a result, coal tar-related contaminants including polycyclic aromatic hydrocarbons, extractable petroleum hydrocarbons/volatile petroleum hydrocarbons, lead, and cyanide remain in subsurface soils beneath the building and paved areas. Regulatory closure has been achieved, allowing these materials to remain safely in place subject to ongoing controls. During redevelopment in 2021-2022, an engineered barrier and vapor mitigation systems were installed under a portion of the building to control exposures to the remaining subsurface impacts and land-use restrictions were recorded to limit future intrusive activities and require maintenance of these protective measures. The Property is suitable for its current use, no active remediation is required, and ongoing obligations are limited to compliance with existing engineering and institutional controls; accordingly, this condition is classified as a CREC.

In January 2, 2025, an approximately 60-gallon diesel fuel spill occurred on the Property on an asphalt surface. The release was promptly addressed through absorbent materials, vacuum recovery, and off-site disposal of remediation waste, with no impact to underlying soils. Regulatory closure was achieved through a Class A1 RAO (Permanent Solution), confirming that contaminants were reduced to background levels. No ongoing conditions, controls, or use restrictions apply, and this release is classified as an HREC.

In July 2025, an approximately 25-gallon diesel fuel release occurred from a trash truck on the Property. The release was limited to paved surfaces and was promptly addressed through the placement of absorbent materials and off-site disposal of the affected material. No soil impacts were identified, and a PSNC was filed on July 25, 2025. This release is classified as an HREC.

In 2024, the MassDEP conducted the Audit of the 2023 PSWC and associated AUL related to RTN 3-0013158. The Audit identified certain documentation and consistency issues, including data gaps related to delineation of coal tar–related contaminants, groundwater and vapor evaluations, and inconsistencies within AUL attachments. MassDEP recommended follow-up actions to confirm the completeness of the Permanent Solution and ensure full compliance with regulatory requirements. To date, MassDEP has not

issued a Notice of Audit Findings or a Notice of Noncompliance. The unresolved Audit is therefore identified as a BER associated with the Property. In connection with the Acquisition Closing, and subject to certain conditions, the unaffiliated Seller of the Property agreed to reimburse the Trust for all reasonable, documented, third-party costs and expenses actually incurred by the Trust in connection with any remedial work required by MassDEP arising from the Audit, provided that such costs are incurred on or before the earlier of the date the audit is completed or March 23, 2028.

The AUL imposes ongoing obligations to inspect, maintain, and repair a certain engineered barrier on the Property, including asphalt and paved surfaces that function as part of the protective cap over subsurface contamination remaining beneath the building and paved areas. The AUL requires continued upkeep of these controls, periodic monitoring, maintenance of the passive vapor intrusion mitigation system, and repair or restoration if barrier elements deteriorate or are compromised. During site reconnaissance, Roux observed that certain portions of the engineered barrier have been modified in a manner not fully consistent with the AUL requirements. As a result, repairs to the barrier or updates to the risk characterization and AUL may be required to reflect current conditions, including actions to address findings from the Audit. These ongoing and potential future obligations constitute a BER associated with the Property. The unaffiliated Seller of the Property is going to address paving inconsistencies related to AUL filings on or before June 15, 2026. Any additional work relating to the Audit will be reimbursed in full by the unaffiliated Seller to the Trust.

The Property operates under a NPDES permit for stormwater discharges associated with industrial activities, which is currently maintained by the Amazon Tenant. The permit requires ongoing compliance activities, including implementation and maintenance of stormwater controls, routine inspections, monitoring, recordkeeping, and periodic reporting, and is subject to renewal. No violations were identified during the Phase I Report; however, failure to maintain permit coverage or comply with permit requirements could result in regulatory enforcement or corrective actions. Because compliance is tenant-managed and the permit obligations may have financial or operational implications for the Trust, the NPDES permit is identified as a BER.

The preparers of the Phase I Report issued a reliance letter entitling (i) the Sponsor and any affiliates now or hereafter controlled by the Sponsor, including but not limited to the Trust, and their respective affiliates, successors and assigns to rely upon the report, (ii) any beneficial interest holders/investors that may purchase interests in the Trust and their respective broker-dealers to rely upon the report, (iii) the Lender, and (iv) the report and any information contained within the report may be included, referenced or quoted in an offering memorandum, prospectus, sales brochure or similar document (in either electronic or hard copy format) issued in connection with the sale of interests in the Trust.

A copy of the Phase I Report is available in the Purchaser Package.

Flood Zone

Based on the PCR, according to Flood Insurance Rate Map, Community Panel Numbers 25017C0443F and 25025C0018J, dated July 8, 2025 and March 16, 2016, respectively, the Property appears to be located in Zone AE, which is defined as areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods.

Seismic Zone

Based on the PCR, according to the seismic zone map published in the Uniform Building Code 1997, Volume 2, Table 16.2, the Property appears to be located in Seismic Zone 2A, which is an area with low to moderate probability of damaging ground motion.

Wind Zone

Based on the PCR, according to the Wind Zone Map published by the Federal Emergency Management Agency, the Property appears to be located in Wind Zone II, which is an area with design winds speeds up to 160 miles per hour and does not appear to be located in a special wind region or a hurricane-susceptible zone.

Zoning

According to the Zoning and Site Requirements Report prepared by Nationwide Zoning Services, LLC ("**Nationwide**") dated January 13, 2026 and revised on March 17, 2026 (the "**Zoning Report**"), the Property is designated as "Industrial District" (for the City of Everett and the City of Chelsea). The Zoning Report concludes that this is a legal conforming use for the Property.

The Zoning Report indicates that there are no outstanding open zoning, fire or building code violations as of March 17, 2026.

The preparers of the Zoning Report included reliance language to the Zoning Report entitling (i) the Sponsor and any affiliates now or hereafter controlled by the Sponsor, including but not limited to the Trust, and their respective affiliates, successors and assigns to rely upon the report, (ii) any beneficial interest holders/investors that may purchase interests in the Trust and their respective broker-dealers to rely upon the report, (iii) the Lender, and (iv) the report and any information contained within the report may be included, referenced or quoted in an offering memorandum, prospectus, sales brochure or similar document (in either electronic or hard copy format) issued in connection with the sale of interests in the Trust.

A copy of the Zoning Report is available in the Purchaser Package.

Agreements and Other Matters Affecting the Property

The Property is or may become subject to various easements, declarations, restrictions, encroachments and other agreements of record with neighboring landowners and local municipalities, the most significant of which is described below. See also "*Additional Risk Factors*" herein.

Seller Paving Work Escrow Agreement

In connection with the Trust's acquisition of the Property from an unaffiliated third-party seller, the Trust and the seller agreed that $75,000 of the purchase price would be withheld to fund paving work. The work consists of paving, with asphalt or concrete, approximately two areas measuring 80 feet by 33 feet, and 130 feet by 25 feet areas, as identified in that certain Real Estate Purchase and Sale Agreement.

Pursuant to a Seller Paving Work Escrow Agreement, a certain escrow agent will disburse funds to the seller upon seller's written request confirming completion of the work. Any remaining balance following completion of the paving work will be returned to the seller, provided however, that if the work is not completed by June 15, 2026, any remaining balance will be released to the Trust.

See "*Additional Risk Factors*" herein.

MassDEP Financial Assurance and Indemnity

Pursuant to local environmental law, the Trust must provide sufficient financial assurance in the amount of $350,000 to ensure that future potential environmental work is funded. Everest Reinsurance Company and Everest National Insurance Company (collectively, the "**Surety**") has issued that certain Surety Bond Guaranteeing Payment (the "**Surety Agreement**") under which the Surety agreed to, upon certain conditions, issue funds sufficient to satisfy the requirement for the Trust to provide financial assurance. The Trust, the Operating Partnership and the Surety entered into that certain Agreement of Indemnity (the "**Surety Indemnity**") whereby the Trust and the Operating Partnership agreed to indemnify the Surety, together with its affiliated, associated and subsidiary companies, successors and assigns for any and all liability, loss, costs, damages, fees of attorneys and consultants, and other expenses, including interest, which the Surety may sustain and incur: (i) by reason of, or in consequence of, having executed or procured the execution of the Surety Agreement, including, without limitation, making any investigation in connection with the Surety Agreement, prosecuting or defending any action and obtaining the release of the Surety Agreement; (ii) by reason of the failure of the Trust or the Operating Partnership to perform or comply with the covenants and conditions of the Surety Indemnity; and (iii) in enforcing any of the covenants and conditions of the Surety Indemnity.

See "*Additional Risk Factors*" herein.

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MARKET AND LOCATION OVERVIEW

The following is a brief summary of the real estate market in which the Property is located. Unless otherwise indicated, the information in this section has been taken from third-party reports or sources, including the Appraisal. Neither the Trust nor the Sponsor has independently verified the information obtained from these sources and they cannot assure you of the accuracy or completeness of the data. However, we have revised certain portions of the information included in this section to eliminate typographical errors, to eliminate duplicative language, and to conform certain terms to the definitions contained in this Property Supplement. Forecasts and other forward-looking information are subject to the same qualifications and the additional uncertainties regarding other forward-looking statements in this Property Supplement.

Property Location

The Property is located in Everett, Massachusetts, within the Boston-Cambridge-Newton Metropolitan Statistical Area ("**Boston MSA**"). The Property's location within the region is indicated with a star in the map below. General information about the location of the Property and the Boston MSA is summarized below based on publicly available information and sources available to the Sponsor (as indicated where relevant below). The Sponsor did not independently verify this information, and no assurance can be provided as to the accuracy or completeness of the data.



Market: Boston MSA

Home to an estimated five million residents, the Boston MSA encompasses various counties in Massachusetts and New Hampshire. The Boston MSA is a global leader in education and healthcare, home to world-renowned institutions like Harvard University and Massachusetts Institute of Technology. The

region also excels in biotechnology, finance, and technology. Its rich historical and cultural heritage further supports a strong tourism industry. The tables below summarize the major employers and the allocation of workforce by industry.

TOP EMPLOYERS IN THE REGION		
Top Employers	Industry	No. Employees
1 Mass General Brigham	Healthcare	81,416
2 University of Massachusetts	Education	25,850
3 TJX	Retail	19,018
4 Stop & Shop	Retail	17,440
5 Raytheon Technologies	Technology	12,000
Source: BosToday, 2024		

EMPLOYMENT BY INDUSTRY FOR THE REGION	
Employment by Industry	Workforce (%)
Agriculture/Mining	0.20%
Construction	5.90%
Manufacturing	8.40%
Wholesale Trade	1.40%
Retail Trade	8.80%
Transportation/Utilities	3.70%
Information	2.10%
Finance/Insurance/Real Estate	7.80%
Services	57.60%
Public Administration	4.00%
Source: Esri	

The Property is adjacent to Commercial Triangle, a 100-acre area undergoing high-density residential development, and offers immediate connectivity to population hubs across Downtown Boston's urban core and surrounding inner-city communities. Additionally, it is easily accessible to key ground and air transportation infrastructure with Route 1 less than one mile east of the Property, Interstate 93 less than three miles from the Property and Boston Logan International Airport less than five miles from the Property. Situated just five miles north of Downtown Boston, the Property facilitates seamless distribution logistics with swift connectivity to a wealth of densely-populated urban residential communities.

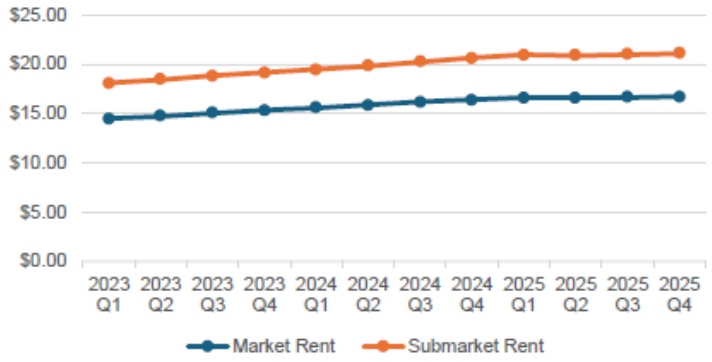
The Port of Boston, one of the oldest and most historically significant ports in the United States, plays a crucial role in the region's economy. It handles container shipping, cruise ship operations, and bulk cargo. The port's facilities in South Boston, Charlestown, and East Boston are essential for international trade and local commerce.

According to Esri the estimated 2025 population of the Boston MSA was five million, which represents 0.63% annual growth since 2010, in line with the national average. The median household income is estimated at $118,435, 45% higher than the national average.

According to Costar, the Somerville/Chelsea submarket achieved 17% market rent growth from Q1 2023 to Q4 2025 despite vacancy levels that were higher than historical averages. Similarly, the Boston MSA achieved 15% market rent growth during the same period despite the same vacancy challenges.

HISTORICAL RENT: BOSTON MARKET VS. SOMERVILLE/CHELSEA SUBMARKET

Period	Market Asking Rent	Submarket Asking Rent
2023 Q1	$14.50	$18.09
2023 Q2	$14.77	$18.44
2023 Q3	$15.09	$18.83
2023 Q4	$15.33	$19.14
2024 Q1	$15.59	$19.48
2024 Q2	$15.87	$19.85
2024 Q3	$16.17	$20.28
2024 Q4	$16.41	$20.64
2025 Q1	$16.61	$20.93
2025 Q2	$16.59	$20.92
2025 Q3	$16.64	$20.99
2025 Q4	$16.73	$21.10



Source: CoStar

Per Cushman & Wakefield, at the national level, the fourth quarter of 2025 registered the strongest quarterly absorption in over a year, while supply is expected to drop significantly through 2025, with new deliveries anticipated at roughly half the pace of 2025. With development slowing, vacancy is expected to stabilize throughout 2026 and begin tightening in 2027. Per GreenStreet, very little new supply is expected in the Boston MSA in 2026 and 2027, pushing M-RevPAF forecasts to approximately 3% annually for the period 2026 to 2030.

Market Conclusion

According to the Appraisal prepared by Capright, the city of Everett benefits from its location with good infrastructure and transportation linkages, which provide access to good connectivity, and a heavily populated and affluent area. The Boston MSA remains a desirable location for industrial tenants and landlords given the connectivity to major population centers across the Northeast and Mid-Atlantic regions. With near term absorption expected to stabilize vacancy in the near-term and little new supply expected, the Sponsor believes that the prospects are positive due to the stable employment and population growth in the area.

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THE SPONSOR

Officers of the Sponsor

The senior members of the management team are described below.

Brian W. Kingston has served as the Chief Executive Officer of BF REIT since March 2023 and as Chairman of its Board since November 2021. Mr. Kingston also serves as a director and Chief Executive Officer of Brookfield Property Partners L.P. since 2015 and as Executive Chair of Brookfield's Real Estate Group since 2025. Mr. Kingston joined Brookfield in 2001 and holds an Honors Bachelor of Commerce from Queens University.

Dana E. Petitto has served as the Chief Operating Officer and Portfolio Manager of BF REIT since January 2024 and prior to that, served as its Chief Financial Officer since November 2021. Ms. Petitto has served as a Managing Director of Finance in Brookfield's Real Estate Group since 2018. Ms. Petitto joined Brookfield in 2005 and has held numerous roles across the organization during her tenure. She was initially Assistant Controller for Brookfield Office Properties Inc., followed by Vice President and Controller and then Senior Vice President, Finance, before moving to Brookfield Property Partners L.P. in 2013, where she served as Senior Vice President, Finance until 2018. Prior to joining Brookfield, Ms. Petitto was a manager in the corporate finance department of Bristol-Myers Squibb Company from 2003 to 2005, following three years in the audit group at KPMG LLP. Ms. Petitto holds a B.S. in Accounting from the A.B. Freeman School of Business at Tulane University.

Theodore C. Hanno has served as the BF REIT's Chief Financial Officer since January 2024 and as a Managing Director in Brookfield's Real Estate Group since 2025. Mr. Hanno previously served as the Sponsor's Chief Accounting Officer from 2021 to 2023. Mr. Hanno joined Brookfield in 2019 and has served as the Controller for Brookfield's open-end U.S. core-plus fund, responsible for the accounting, reporting, and operations of the fund. Prior to joining Brookfield, Mr. Hanno served as Director and Controller at Guggenheim Partners from 2014 to 2019, leading the team responsible for the accounting and reporting for their open-end real estate fund. Mr. Hanno has also held positions at TA Associates Realty from 2011 to 2014 and at the public accounting firm Caturano and Company from 2007 to 2009. Mr. Hanno is a Certified Public Accountant and holds an M.S. in Accounting from the University of Massachusetts Amherst and a B.S. in Accounting from Boston College.

K. Alexander Elawadi has served as the BF REIT's Chief Investment Officer since December 2025. He also serves as Head of Acquisitions for North America within Brookfield's Real Estate Group. Mr. Elawadi joined Brookfield in 2017 and has since held several positions across the organization, with responsibilities spanning property transactions, capital formation and portfolio management. Prior to joining Brookfield, Mr. Elawadi held various investing and asset management positions at a global private equity firm and a leading investment bank. Mr. Elawadi holds an MBA from Columbia University and a Bachelor of Science degree from Virginia Tech.

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PRIOR PERFORMANCE OF THE SPONSOR AND AFFILIATES

The information presented and referenced in this section represents the historical experience of real estate programs for which the Sponsor or an affiliate is or was the sponsor. A prospective Purchaser should not assume that he, she, or it will experience returns, if any, comparable to those experienced by Purchasers in such prior real estate programs. This Property Supplement does not include any prior performance tables.

Cautionary Note

BREX NET LEASE INDUSTRIAL I DST IS THE THIRD DELAWARE STATUTORY TRUST SPONSORED BY BROOKFIELD REAL ESTATE EXCHANGE LLC. IN CONSIDERING THE PRIOR PERFORMANCE INFORMATION CONTAINED OR REFERENCED HEREIN, PROSPECTIVE PURCHASERS SHOULD BEAR IN MIND THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT COMPARABLE RESULTS WILL BE ACHIEVED IN THE FUTURE. PROSPECTIVE PURCHASERS WILL NOT ACQUIRE ANY INTEREST IN ANY OF THE PROPERTIES PREVIOUSLY ACQUIRED BY THE SPONSOR OR ITS AFFILIATES.

IT IS ANTICIPATED THAT THE OPERATING RESULTS OF THE TRUST WILL BE SIGNIFICANTLY DIFFERENT THAN THOSE OF THE PRIOR SPONSOR PROGRAMS. PROSPECTIVE PURCHASERS SHOULD NOT ASSUME THAT ACQUIRING INTERESTS WILL RESULT IN RETURNS COMPARABLE TO THOSE EXPERIENCED BY INVESTORS IN THE SPONSOR'S PRIOR INVESTMENTS.

Experience and Background of the Sponsor and its Affiliates

This Trust is the third DST offering from the Sponsor and its affiliates. The first DST offering from the Sponsor was launched in October 2024 and was fully subscribed in October 2025. The second DST offering from the Sponsor was launched in July 2025 and was fully subscribed as of March 2026. Accordingly, there is limited applicable previous performances of the Sponsor and its affiliates related to the Sponsor's previous DST offerings.

As of December 31, 2025, BF REIT owned a diversified portfolio of 19 investments in real estate and held investments in four unconsolidated interests in real estate joint ventures, as well as real estate-related loans and securities consisting of 26 investments resulting in a net asset value of $973.3 million for BF REIT. You may find additional information about BF REIT at its website, www.brookfieldREIT.com. The contents of the BF REIT website are not incorporated by reference in or otherwise a part of this Property Supplement.

Brookfield (as defined herein) is a leading global alternative asset manager with over $1 trillion of assets under management as of December 31, 2025 across renewable power and transition, infrastructure, private equity, real estate and credit. Brookfield invests client capital for the long-term with a focus on real assets and essential service businesses that form the backbone of the global economy. Brookfield offers a range of alternative investment products to investors around the world — including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield draws on its heritage as an owner and operator to invest for value and generate strong returns for its clients, across economic cycles.

Brookfield's real estate business is one of the world's largest investors in real estate, with approximately $273 billion of assets under management across office, rental housing, logistics, retail, hospitality, mixed-use and alternative real estate (such as life sciences, manufactured housing, student

housing and serviced apartments). Through its deep global sourcing network of 278 real estate investment professionals and approximately 24,000 real estate operating employees around the world, Brookfield seeks to acquire high-quality assets in supply-constrained markets and execute operational enhancements to deliver consistent cash flows. Building on Brookfield's history of successfully operating properties through multiple market cycles, Brookfield's long-term goal is to generate strong risk-adjusted returns while mitigating downside risk.

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POTENTIAL CONFLICTS OF INTEREST

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

Notwithstanding the foregoing, the Sponsor and its affiliates will be subject to various conflicts of interest arising out of their relationships with the Trust and Beneficial Owners. Brookfield is a global alternative asset manager with significant assets under management and a long history of owning, managing and operating assets, businesses and investment vehicles across various industries, sectors, geographies and strategies. In addition to this Potential Conflicts of Interest section, prospective Purchasers should review "*Potential Conflicts of Interest*" in the Memorandum for a summary of the conflicts of interest applicable to us and our affiliates.

Brookfield Affiliated Property Manager. The Property Manager is an affiliate of the Sponsor and Brookfield. Amounts charged to the Trust or the Master Tenant by the Property Manager for services under the Property Management Agreement will be in addition to the Administration Fee payable to the Manager, will not be shared with the Trust and/or the Beneficial Owners (or be offset against the Administration Fee), will increase the overall costs and expenses borne indirectly by Purchasers, and are expected to be substantial. See "*Potential Conflicts of Interest—Affiliate Services and Transactions*" in the Memorandum for discussion of the conflicts of interest that may arise through the provision of services by an affiliate of Brookfield.

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ADDITIONAL DISCLOSURE REGARDING CERTAIN AGREEMENTS

The Master Lease

Term

In connection with the Loan Closing, the Master Lease commenced on March 23, 2026, and shall continue for a base term expiring March 23, 2046 unless sooner terminated pursuant to the terms of the Master Lease.

Rent

Pursuant to the Master Lease, the Master Tenant pays Rent to the Trust on a monthly basis. The following table sets forth the anticipated amount of Base Rent Costs:

Rent Amounts Pursuant to the Master Lease

Lease Period	Base Rent
Year 1	$9,425,465
Year 2	$9,661,102
Year 3	$9,902,629
Year 4	$10,150,195
Year 5	$10,403,950
Year 6	$10,664,049
Year 7	$10,930,650
Year 8	$11,203,916
Year 9	$11,484,014
Year 10	$11,771,114
Year 11	$12,065,392
Year 12	$12,367,027
Year 13	$12,676,203
Year 14	$12,993,108
Year 15	$13,317,935
Year 16	$13,650,884
Year 17	$13,992,156
Year 18	$14,341,960

Year 19	$14,700,509
Year 20	$15,068,021

The table above assumes a repayment of the Loan by the Trust upon the Maturity Date. The Loan's Maturity Date is March 23, 2033. The Maturity Date is scheduled to occur prior to the scheduled termination of the Master Lease. If prior to the Maturity Date, the Manager has not sold, transferred, or otherwise disposed of the Property, and if the FMV Option has not been exercised by the Operating Partnership (at its discretion), then the Trust will need to take action to refinance the Loan or raise sufficient capital from Beneficial Owners for the pay-off of the Loan. Because the Trust, as a fixed investment trust, will be prohibited from taking these actions under the Trust Agreement, the Manager will be required to effectuate a Transfer Distribution in order to pursue these options and avoid a default under the Loan.

As part of the Loan Closing, the Supplemental Trust Reserve was funded by the Loan proceeds.

The Trust Agreement

Administration Fee

Pursuant to the Trust Agreement (and, if applicable, the Springing LLC Agreement), the Manager will be entitled to be paid the Administration Fee as compensation to the Manager for management of the Trust (or, if applicable, the Springing LLC). The Administration Fee will be in an amount of up to 0.15% per annum of the amount of the Maximum Offering Amount that consists of Class 1 Beneficial Interests. The Administration Fee will be paid monthly in arrears as set forth in the Trust Agreement, which may be subject to adjustment over time. The Administration Fee is intended to compensate the Manager for managing the Trust (or the Springing LLC) and the Property pursuant to the Trust Agreement (or the Springing LLC Agreement).

The Manager reserves the right to subcontract such management services and will pay all fees payable to such third-party contractors from such Administration Fee.

Investor Servicing Fee

The Trust (or the Springing LLC, if applicable), prior to any exercise of the FMV Option, will pay an ongoing DST Investor Servicing Fee of up to 0.25% per annum of the amount of the Maximum Offering Amount that consists of Class 1 Beneficial Interests, that will be calculated daily and paid monthly to the Dealer Manager (all or a portion of which may be re-allowed to participating broker-dealers) for ongoing services rendered to the Trust.

The Guaranty

The Guarantor (i.e., the Operating Partnership) does not have a right to assign its rights and obligations under the Guaranty, except to a similarly creditworthy successor guarantor, and only pursuant to a reorganization, merger, or other similar transaction or by operation of law.

SUMMARY OF PROPERTY MANAGEMENT AGREEMENTS

The Property Managers and the Master Tenant have heretofore entered into the Property Management Agreements with respect to the Property. The Property Management Agreements govern the rights and obligations regarding the management of the Property and the compensation to be paid to the Property Managers.

The following is a summary of some of the significant provisions of the Property Management Agreements. This summary is qualified in its entirety by reference to the full text of the agreements, a copy of which is available to Beneficial Owners in the Purchaser Package.

Term	Each Property Management Agreement has a term of one year and shall be automatically renewed for additional successive one year terms if not otherwise terminated.
Rights and Duties of the Property Managers	In general, the Property Managers will manage, coordinate and supervise the ordinary and usual business and affairs pertaining to the operation, maintenance, leasing, licensing and management of the Property.
Compensation	As compensation for its services, the Property Manager will receive a fee that is equal to 2.0% of gross receipts from the Property, and the Property Sub-Manager will receive from the Property Manager a fee that is equal to $4,000 per month. If a Property Manager performs any construction management services (to the extent such construction is permitted under Revenue Ruling 2004-86), the applicable Property Manager will earn a construction management fee equal to 2.0-5.0% of the amount of hard and soft costs of the relevant tenant improvement or capital repair. The Property Manager is entitled to a leasing fee for any new tenant lease or renewal of an existing tenant lease, equal to 2.5-5.0% of total expected rent of the tenant lease. In addition, the Property Managers will be reimbursed for certain operating expenses. Any fees payable to the Property Managers will be paid by the Master Tenant or the Property Manager, as applicable, solely from the revenue received from the Property.
Indemnification	The Master Tenant will indemnify, defend and hold the Property Manager, its directors, officers, agents, servants and employees harmless from and against any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorneys' fees and court costs, arising out of claims, demands or causes of action by third parties to which the Property Manager may become liable or subject in connection with the performance or nonperformance of the Property Manager's duties and activities within the scope of the Property Management Agreement or arising from any action or activity on, or the condition of, the Property; except if and to the extent caused by or arising out of the Property Manager's gross negligence or willful misconduct; provided, however, that the Master Tenant's indemnification obligation shall be limited to those losses arising out of the Property and/or the performance of the Property Manager's duties and activities related thereto.

The Property Manager and the Master Tenant, if applicable, will indemnify, defend and hold the Property Sub-Manager, its directors, officers, agents, servants and employees harmless from and against any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorneys' fees and court costs, arising out of claims, demands or causes of action by third parties to which the Property Sub-Manager may become liable or subject in connection with the performance or nonperformance of the Property Sub-Manager's duties and activities within the scope of the Property Sub-Management Agreement or arising from any action or activity on, or the condition of, the Property; except if and to the extent caused by or arising out of the Property Sub-Manager's gross negligence or willful misconduct; provided, however, that Property Manager's and the Master Tenant's indemnification obligations shall be limited to those losses arising out of the Property and/or the performance of the Property Sub-Manager's duties and activities related thereto.

Assignment

Neither the Master Tenant nor any Property Manager may assign any Property Management Agreement (except as may be required by a surety company in a matter of subrogation and to any party holding a first mortgage lien on the Property), although (a) the Property Manager may assign the Property Management Agreement to any affiliate of the Property Manager or any entity which acquires all or substantially all of the Property Manager's assets through a merger, consolidation or otherwise, (b) the Property Manager shall be permitted to engage one or more third parties to perform all or any portion of the Property Manager's obligations set forth in the Property Management Agreement (and to have the rights of the Property Manager thereunder to the extent necessary or appropriate to perform such obligations), and (c) the Property Sub-Manager may assign the Property Sub-Management Agreement to any affiliate of the Property Sub-Manager or any entity which acquires all or substantially all of the Property Sub-Manager's assets through a merger, consolidation or otherwise.

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U.S. FEDERAL INCOME TAX CONSEQUENCES

TAX CONSEQUENCES RELEVANT TO INTERESTS

Possible adverse tax treatment for closing costs and reserves. A portion of the proceeds of the Offering will be used to pay each Purchaser's pro rata share of closing costs, expenses, and other costs of the Offering. In addition, the Trust used a portion of the proceeds of the Loan to establish the Supplemental Trust Reserve and working capital. Because the tax treatment of certain expenses of the Offering, closing costs, financing costs, or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Tax Counsel will be given regarding the tax treatment of such costs and reserves, and which may result in the recognition of taxable "boot" by a Purchaser funding its share of such costs and expenses using relinquished Property sales proceeds being held to consummate a Section 1031 Exchange. Therefore, each prospective Purchaser (and particularly those Purchasers desiring to acquire an Interest as "replacement property" for a Section 1031 Exchange) should seek the advice of a qualified tax advisor as to the proper treatment of the Purchaser's payment of such costs and expenses.

"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 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 Section 1031 Regulations. The 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 property. 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. Amounts used to establish reserves, including the Supplemental Trust Reserve, if applicable, will not be treated as an interest in real estate and will be treated as "boot", which may be taxable to prospective Purchasers.

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PLAN OF DISTRIBUTION

General

Subject to the terms and conditions set forth in this Property Supplement and the Trust Agreement, the Trust is offering a maximum of $80,055,365 of Interests (i.e., the Maximum Offering Amount), which, if sold in full, will represent 100% of the outstanding beneficial ownership interests in the Trust. Each Purchaser must pay cash for its Interests. The Interests may be purchased only by prospective Purchasers who satisfy the investor suitability requirements. See the "*Who May Invest*" section of the Memorandum.

Marketing of Interests

The Trust will offer the Interests through the Dealer Manager. The Dealer Manager will use commercially reasonable efforts to sell the Class 1 Beneficial Interests. The Class 1 Beneficial Interests shall be offered and sold only by the Dealer Manager.

The Dealer Manager has engaged Orchard Securities for coordinating sales efforts, training personnel, and managing the private placement business. All or a portion of the Dealer Manager Fee may be used to compensate Orchard Securities and/or used to compensate consultant(s) engaged by the Dealer Manager in connection with the placement of Interests. Orchard Securities may receive other compensation in connection with the placement of Interest, such as Selling Commissions or re-allowance of Dealer Manager Fee.

The Dealer Manager will receive a Placement Fee of up to 1.0% of the Maximum Offering Amount. See "*Estimated Use of Proceeds*."

The Sponsor may, in its discretion, accept purchases of Interests net of all or a portion of the Selling Commissions otherwise payable from Purchasers, including, but not limited to, those Purchasers purchasing through a RIA with whom the Purchaser has agreed to pay a fee for investment advisory services in lieu of commissions, and affiliates of the Trust, including the Sponsor, may purchase the Interests net of Selling Commissions.

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

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

Subscription Period

The Sponsor may hold the initial Closing at any time after one or more subscriptions for Interests have been accepted by the Sponsor. Following the initial Closing, the remaining Interests will continue to be sold and closings may from time to time be conducted with respect to additional Interests sold until the Maximum Offering Amount of Interests is sold or, if earlier, until 12 months from the date of the initial Closing. The Sponsor may, in its sole discretion, extend the Offering period for one additional 12-month period beyond the Offering Termination Date. There is no assurance that all of the Interests will be sold.

If any Interests in the Trust cannot be sold, the Depositor or its affiliate will own the remaining Interests. The Depositor or its affiliate will hold the Interests for investment purposes and not for resale.

Broker/Dealer Disqualifying Events

Except as provided under the Memorandum, the Sponsor is not aware of any other broker/dealers selling Interests in this Offering who have experienced certain specified "disqualifying events" under Rule 506 of Regulation D. In the event that the Sponsor receives information about "disqualifying events" under Rule 506 affecting any other broker/dealers selling Interests, we will provide this same information to you.

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LITIGATION

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

OTHER DOCUMENTS

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

REPORTS

The Manager will prepare and send to each Beneficial Owner quarterly cash flow reports of the Trust as well as a report on any material developments with respect to the Property (if any). Further, the Manager will annually provide unaudited financial statements of the Trust as well as tax information as may be necessary for the preparation of the Beneficial Owner's tax returns.

EXHIBIT A

PURCHASE AGREEMENT

[ATTACHED]

INVESTOR QUESTIONNAIRE AND PURCHASE AGREEMENT

Brookfield Real Estate Exchange LLC

An offering of Class 1 beneficial interests in BREX Net Lease Industrial I DST

If you decide not to participate in this offering, please return the Confidential Delaware Statutory Trust Program Memorandum including the applicable Confidential Property Supplement (together with all amendments thereof, and supplements thereto), the Trust Agreement, this Purchase Agreement and all related documentation related to the Trust to the address contained herein.

BROOKFIELD REAL ESTATE EXCHANGE LLC
BREX NET LEASE INDUSTRIAL I DST

INSTRUCTIONS

Please read carefully (i) the Confidential Delaware Statutory Trust Program Memorandum for the beneficial ownership interests ("**Interests**") in **BREX Net Lease Industrial I DST**, a Delaware statutory trust (the "**Seller**"), dated April 17, 2026 (as amended and supplemented from time to time, the "**Memorandum**") and all exhibits thereto, and (ii) the Confidential Property Supplement for BREX Net Lease Industrial I DST (as amended and supplemented from time to time, the "**Property Supplement**"), before deciding to purchase Interests.

This private offering of Interests is limited to a purchaser who certifies that he, she or it is an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and meets all of the qualifications set forth in the Memorandum. If you meet these qualifications and desire to purchase an Interest, then please follow the instructions below to complete your purchase.

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

INSTRUCTIONS TO PROSPECTIVE PURCHASERS FOR PURCHASING INTERESTS:

1. This Purchase Agreement is comprised of two parts – the Investor Questionnaire and the Purchase Agreement, each of which is accompanied by specific instructions. You must complete, sign and date the Investor Questionnaire and Purchase Agreement according to the instructions provided. Deliver the completed and signed Investor Questionnaire and Purchase Agreement to your financial advisor. In addition, you must submit to the Manager (as defined herein) a fully completed and executed IRS Form W-9, or successor form thereto, signed under penalties of perjury.

2. Your financial advisor will review the documents and acknowledge his or her approval before forwarding the documents to his or her Broker Dealer or Registered Investment Advisor. The Broker Dealer or Registered Investment Advisor will review the documents and acknowledge its approval before forwarding the documents to **Orchard Securities, LLC (Attn: Operations), 365 S. Garden Grove Lane, Suite 100, Pleasant Grove, Utah 84062** or via e-mail to **ops@orchardsecurities.com**.

3. **If your investment is part of a U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") Section 1031 ("Section 1031") tax-deferred exchange**: The Seller and the qualified intermediary (the holder of the exchange proceeds from your relinquished property) will coordinate the payment for the purchase of the Interests. Upon receiving the Purchase Agreement, and the necessary escrow instructions from the Seller, the qualified intermediary will either wire the funds from the qualified escrow account to the Seller or deliver to BREX Net Lease Industrial I DST, in person or by mail, a check made payable to **BREX Net Lease Industrial I DST**.

4. **If your investment is a direct investment or Internal Revenue Code Section 1033 ("Section 1033") tax-deferred exchange**: Payment for the purchase of Interests may be made by either wiring the funds directly to the Seller (the preferred method), or by delivering to **Orchard Securities, LLC, 365 S. Garden**

Grove Lane, Suite 100, Pleasant Grove, Utah 84062 in person or by mail, a check made payable to **BREX Net Lease Industrial I DST**. If you choose to wire the funds directly, please contact Jason Lapierre at (216) 416- 3042 or BREXoperations@brookfieldproperties.com for the necessary escrow instructions.

IMPORTANT NOTE: PLEASE MAKE SURE THAT ANY CHECKS ARE MADE PAYABLE TO BREX NET LEASE INDUSTRIAL I DST. CHECKS MADE PAYABLE TO BROOKFIELD REAL ESTATE EXCHANGE LLC WILL NOT BE ACCEPTED.

5. Note: Submission of your Investor Questionnaire and Purchase Agreement does not guarantee a reservation or acceptance by BREX Net Lease Industrial I DST. Such acknowledgement can only be provided to you by a representative of BREX Net Lease Industrial I DST in writing to you on or before a transaction closing.

Please note that investments will not be accepted from, or on behalf of tax-exempt entities, including but not limited to qualified employee pension and profit-sharing trusts, individual retirement accounts, Simple 401(k) plans, annuities and charitable remainder trusts.

PROSPECTIVE PURCHASER INFORMATION CHECKLIST

PPM No. (For Internal Use Only): _____

Legal Name of Prospective Purchaser: _____

Primary State of Residency: _____

Please note that if this is a Section 1031 or Section 1033 tax-deferred exchange, the replacement property must be held in exactly the same name as the relinquished property. List the name(s) exactly as they appeared on the title of the relinquished property.

Type of Investment: (check all that apply and provide the applicable information)

☐ Section 1031 or Section 1033 tax-deferred exchange. (If a Section 1031 tax-deferred exchange, please complete Section IV).

Closing date of the sale of relinquished property: _____

Relinquished property tax basis (as reported on last tax return): $ _____

Date of taxable year-end for tax basis reported above _____

Relinquished property proceeds: $ _____

Relinquished debt: $ _____

Is this a Section 1033 exchange? ☐ Yes ☐ No

☐ Cash investment.

Cash to be paid at closing: $ _____

Funds to Close: Please indicate how you will be purchasing your interest (check all that apply).

☐ Funds will be wired by my qualified intermediary (the holder of the exchange proceeds from my relinquished property).

☐ Funds will be wired by me.

☐ I have enclosed a **check made payable to BREX Net Lease Industrial I DST**.

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

For Purchasers That Are Individuals (Natural Persons):

☐ **Investor Questionnaire** (attached): please complete Section I.A, Section I.D, Section II, Section III, and Section IV, sign and date.

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

☐ **Purchase Agreement** (attached): please complete, sign and date.

☐ **Natural Person Documentation** (i.e., photo ID)

For Purchasers That Are Trusts:

☐ **Investor Questionnaire** (attached): please complete Section I.B, Section I.D, Section II, Section III, Section IV, and Appendix A, sign and date.

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

☐ **Purchase Agreement** (attached): please complete, sign and date.

☐ **Trust Documentation** (i.e., trust certificate and trust agreement, as amended). Please note that the documentation submitted **must include documents evidencing signing authority and incumbency** and should include any and all amendments.

For Purchasers That Are Entities (e.g. Corporation, Partnership, LLC):

☐ **Investor Questionnaire** (attached): please complete Section I.C, Section I.D, Section II, Section III, Section IV, and Appendix B, C, D, E, or F (as applicable), sign and date.

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

☐ **Purchase Agreement** (attached): please complete, sign and date.

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

PARTICIPATING INTERMEDIARY ACKNOWLEDGEMENT

Legal Name of Prospective Purchaser: _____

Broker Dealer Principal or RIA Principal APPROVAL

By signing below, you acknowledge that a Principal of the Broker Dealer or Registered Investment Advisor has reviewed and approves the submission of the attached Purchase Agreement.

Signature: _____ Date: _____

Printed Name: _____

B/D or RIA Name: _____

Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Financial Advisor of Broker Dealer or RIA APPROVAL AND CERTIFICATION

By signing below, the Financial Advisor acknowledges that he or she has reviewed and approves the submission of the attached Purchase Agreement and makes the certification below.

The undersigned Financial Advisor hereby represents and warrants that he or she will comply with the applicable requirements of the Securities Act of 1933, as amended, and the published rules and regulations of the U.S. Securities and Exchange Commission thereunder, and applicable blue sky or other state securities laws, as well as the rules and regulations of FINRA or any other applicable regulatory authority. The undersigned further represents and warrants that he or she is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d) under the Securities Act of 1933, as amended, except for such event: (1) contemplated by Rule 506(d)(2) of the Securities Act of 1933, as amended, and (2) a reasonably detailed description of which has been furnished to **BREX Net Lease Industrial I DST** in writing.

Signature: _____

Printed Name: _____ Date: _____

Name: _____

Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

B/D or RIA Name: _____

Dealer Number: _____

Branch Number: _____

Advisor Number: _____

BIN Number: _____

Fee waiver (stated as a percentage, if applicable): _____ %

Purchase Price, including all fees and expenses, even if such fees and expenses are waived in whole or in part $ _____

INVESTOR QUESTIONNAIRE

SECTION I – OWNERSHIP AND ELIGIBILITY INFORMATION

A. Individual Purchasers (Natural Persons):

Type of ownership: ☐ Individual Ownership ☐ Joint Tenants ☐ Joint Tenants with Rights of Survivorship

☐ Tenants in Common ☐ Community Property

ELIGIBILITY INFORMATION

Each purchaser must select the statement or statements below that truthfully describe him or her:

☐ I am a natural person whose individual net worth or joint net worth with my spouse (or spousal equivalent[1]), exceeds $1,000,000 at the time of purchasing the Interests; provided, that for purposes of calculating such net worth: (1) my primary residence shall not be included as an asset; (2) indebtedness that is secured by my primary residence, up to the estimated fair market value of the primary residence at the time of the closing of my acquisition of the Interests, shall not be included as a liability; provided, however, that if the amount of such indebtedness outstanding at the time of the closing of my acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if I take out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by my primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability.

☐ I am a natural person who had an individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with my spouse (or spousal equivalent[1]) in excess of $300,000 in each of those years, and I have (individually or with my spouse or spousal equivalent[1]) a reasonable expectation of reaching the same income level in the current year.

☐ I am a director, executive officer, general partner, manager, or person serving in a similar capacity of (1) the Seller; (2) the Seller's manager and signatory trustee (the "**Manager**"); or (3) any of the Manager's managing affiliates.

☐ I am an employee of (1) the Manager or any of the Manager's affiliates who in such role has participated in investment activities of the Seller or one or more other affiliated investment vehicles; or (2) an unaffiliated Section 3(c)(1) or 3(c)(7) fund or any of its managing entities who, in such role, has participated in the investment activities of the Seller, in either case for at least the past 12 months in connection with my regular job duties.

☐ I am a natural person holding a Series 7, 65 or 82 license issued by the Financial Industry Regulatory Authority ("**FINRA**") and whose license remains in good standing.[2]

After completing this Section I.A., please proceed to Section I.D.

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[1] The term "spouse" includes a "spousal equivalent" which is defined as a cohabitant occupying a relationship generally equivalent to that of a spouse.

[2] Each purchaser making this election must enclose with his or her completed Investor Questionnaire a detailed report from FINRA's BrokerCheck website (https://brokercheck.finra.org/) (i) verifying that the Investor passed a Series 7, Series 65 or Series 82 exam; and (ii) confirming that his or her license remains in good standing.

B. Purchasers that are Trusts

Please submit a copy of the Trust Agreement and any amendments and either (i) provide a Trust Certificate or (ii) complete Appendix A – Trust Certificate

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

ELIGIBILITY INFORMATION

Revocable Trusts: Please select the statement or statements below that truthfully describe the grantor of the prospective purchaser:

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

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

☐ Purchaser is a trust in which each grantor is either:

(a) a natural person whose individual net worth or joint net worth with that person's spouse (or spousal equivalent[1]) exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

(b) a natural person who had individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with their spouse (or spousal equivalent[1]) in excess of $300,000 in each of those years and who has (individually or with their spouse or spousal equivalent[1]) a reasonable expectation of reaching the same income level in the current year.

<u>Irrevocable Trusts</u>: Please select the statement or statements below that truthfully describe the prospective purchaser (continued on next page):

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

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

☐ Purchaser is an irrevocable trust (1) that has all of the characteristics set forth in Question 255.24 of SEC's Compliance and Disclosure Interpretations; and (2) whose grantor satisfies one or more of the accreditation standards set forth under this Investor Questionnaire.

After completing this Section I.B., please proceed to Section I.D.

C. Purchasers that are Entities (e.g. Corporation, Partnership, LLC)

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

☐ Other: _____

Corporation - If purchasing as a **corporation**, the prospective purchaser must submit the following: (1) a copy of the corporation's bylaws, with any and all amendments; (2) a completed Incumbency Certificate (Appendix B); and (3) a completed Corporate Resolution or Officer's Certificate (Appendix C or Appendix D). In lieu of providing Appendix B and either Appendix C or Appendix D, a prospective purchaser can provide an incumbency certificate and either a corporate resolution or officer's certificate that has been prepared and authorized on behalf of the corporation.

Partnerships - If purchasing as a **partnership**, the prospective purchaser must submit the following: (1) a copy of the Partnership Agreement, with any and all amendments; and (2) a completed Partnership Resolution (Appendix E). In lieu of providing Appendix E, a prospective purchaser can provide a properly authorized resolution from the partnership.

Limited Liability Company - If purchasing as a **limited liability company**, the prospective purchaser must submit the following: (1) a copy of the Operating Agreement, with any and all amendments; and (2) a completed LLC Resolution (Appendix F). In lieu of providing Appendix F, a prospective purchaser can provide a properly authorized resolution from the LLC.

ELIGIBILITY INFORMATION

Please select the statement or statements below that truthfully describes the prospective purchaser (continued on next page):

☐ The prospective purchaser represents that, as of the date hereof, neither it nor any of its beneficial owners is subject to a "Bad Actor" disqualification event described in Rule 506(d)(1)(i) - (viii) of the Securities Act, whether prior to, on or after September 23, 2013 (a "**Disqualifying Event**"). The prospective purchaser agrees to notify the Manager promptly in writing in the event it or any of its beneficial owners becomes subject to a Disqualifying Event at any date after the date hereof, or in the event that any of the information provided to the Manager in connection with the matters set forth herein becomes untrue at any time. In the event that the prospective purchaser or any of its beneficial owners becomes subject to a Disqualifying Event at any date after the date hereof, the prospective purchaser agrees and covenants to use its best efforts to coordinate with the Manager and (i) to provide documentation as reasonably requested by the Manager related to any such Disqualifying Event and (ii) to implement such remedies as may be directed by the Manager to address the prospective purchaser's changed circumstances such that the changed circumstances will not affect in any way the Trust or its affiliates' (including Brookfield (as defined in the Memorandum) and its affiliates') ongoing or future reliance on the private placement provisions of Rule 506 of Regulation D under the Securities Act.

☐ The entity **IS NOT** purchasing Interests with funds that constitute, directly or indirectly, the assets of a Benefit Plan Investor (as defined below).

The term "Benefit Plan Investor" means a benefit plan investor within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, which includes (i) any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not such plan is subject to Title I of ERISA (which includes both U.S. and Non-U.S. plans, plans of governmental entities as well as private employers, church plans and certain assets held in connection with nonqualified deferred compensation plans); (ii) any plan described in Internal Revenue Code Section 4975(e)(1) (which includes a trust described in Internal Revenue Code Section 401(a) which forms a part of a plan, which trust or plan is exempt from

tax under Internal Revenue Code Section 501(a), a plan described in Internal Revenue Code Section 403(a), an individual retirement account described in Internal Revenue Code Sections 408(a) or 408A, an individual retirement annuity described in Internal Revenue Code Section 408(b), a medical savings account described in Internal Revenue Code Section 220(d), and an education individual retirement account described in Internal Revenue Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because twenty-five percent (25%) or more of a class of interests in the entity is owned by plans). Benefit Plan Investors also include that portion of any insurance company's general account assets that are considered "plan assets" and the assets of any insurance company separate account or bank common or collective trust in which plans invest. One hundred percent (100%) of an investor's Interests whose underlying assets include "plan assets," such as a fund investor, shall be treated as "plan assets" by the trustees for purposes of meeting an exemption under the Department of Labor regulation.

Please select the statement or statements below that truthfully describes the prospective purchaser:

☐ The prospective purchaser is an entity in which each equity owner is either:

(a) a natural person whose individual net worth or joint net worth with that person's spouse (or spousal equivalent[1]) exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the acquisition of the Interests, shall not be included as a liability; *provided, however*, that if the amount of such indebtedness outstanding at the time of the closing of the acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

(b) a natural person who has an individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with his or her spouse (or spousal equivalent[1]) in excess of $300,000 in each of those years, and who have (individually or with his or her spouse or spousal equivalent[1]) a reasonable expectation of reaching the same income level in the current year.

☐ The prospective purchaser is a corporation, a business trust, a partnership, a limited liability company, an Indian tribe, a labor union, a governmental body or fund: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of this Investor Questionnaire and Purchase Agreement.

☐ The prospective purchaser is any of the following: (1) a bank or savings and loan association or other institution acting in its individual or fiduciary capacity; (2) a broker or dealer; (3) an insurance company; (4) an investment company or a business development company under the Investment Company Act of 1940; (5) a private business development company under the Investment Advisers Act of 1940 (the "**Advisers Act**"); (6) a Small Business Investment Company licensed by the U.S. Small Business Administration; (7) either (i) registered with the U.S. Securities and Exchange Commission as an investment adviser or an exempt reporting adviser under Section 203 of the Advisers Act; or (ii) registered as an investment adviser or equivalent under the laws of any state of the United States of America; (8) a "rural business investment company" as defined in Section 384A of the Consolidated

Farm and Rural Development Act, as amended; or (9) a "family office" or "family client" (each as defined in Rule 202(a)(11)(G)-1 of the Advisers Act) of a family office that (i) has at least $5,000,000 in assets under management; (ii) was not formed for the specific purpose of acquiring the securities offered; and (iii) is directed by a person who has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of acquiring Interests.

D. Certification Regarding U.S. Person Status (All Prospective Purchasers Must Complete This Section)

Please check if applicable

☐ **For Individual Purchasers**: The prospective purchaser certifies that it is a "United States person," as determined for U.S. federal income tax purposes.

☐ **For Entity Purchasers**: The prospective purchaser certifies that it is a "United States person," as determined for U.S. federal income tax purpose and is not owned, in whole or in part, directly or indirectly, by any foreign persons. If the box is checked the entity agrees that (i) it will not permit a direct or indirect interest in the entity to become owned by a foreign person or (ii) it will notify Brookfield if any direct or indirect interest in the entity becomes owned by a foreign person.

"U.S. Person" means a "United States person" as defined by Internal Revenue Code Section 7701(a)(30) and includes (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in the United States or under the laws of the United States or of any State (unless, in the case of a partnership, the Secretary provides otherwise by regulations), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, and (iv) a trust, if it is subject to the primary supervision of a U.S. court and one or more U.S. persons have the authority to control all substantial decisions of the trust or that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

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SECTION II – PROSPECTIVE PURCHASER INFORMATION (ALL PROSPECTIVE PURCHASERS MUST COMPLETE THIS SECTION)

PROSPECTIVE PURCHASER #1 (SPOUSE #1, TRUSTEE #1, EQUITY OWNER #1, ETC.)

Salutation: _____ Mr. _____ Ms. _____ Mrs.

Name: _____

Date of Birth: _____

Social Security No.: _____

Home Address: _____

City / State / Zip: _____

Mailing Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Country of Residence: _____

PROSPECTIVE PURCHASER #2 (SPOUSE #2, TRUSTEE #2, EQUITY OWNER #2, ETC.)

Salutation: _____ Mr. _____ Ms. _____ Mrs.

Name: _____

Date of Birth: _____

Social Security No.: _____

Home Address: _____

City / State / Zip: _____

Mailing Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Country of Residence: _____

Please provide additional pages as necessary to complete this Section II for all trustees, equity owners, as applicable.

SECTION III – SECTION III – PROSPECTIVE PURCHASER DISTRIBUTION OPTIONS (ALL PROSPECTIVE PURCHASERS MUST COMPLETE THIS SECTION)

Please direct distributions: (Select one.)

☐ VIA MAIL TO: MAILING ADDRESS OF RECORD

☐ VIA MAIL TO BANK OR BROKERAGE ACCOUNT: (Complete #1, #2, #3 and #5 in the below box.)

☐ VIA ELECTRONIC DEPOSIT (ACH) TO: (Complete #1 through #5 and attach a voided check.)

1. _____
Name of Bank, Brokerage Firm or Individual

2. _____
Mailing Address

3. _____
City, State, Zip Code

4. _____
Bank ABA Number

5. _____
Account Number

☐ Checking ☐ Savings

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

The signature(s) of all prospective purchasers of record are required.

_____ _____
Signature of prospective Purchaser Signature of Co-prospective Purchaser (if applicable)

SECTION IV – SECTION 1031 EXCHANGE ONLY (ALL PROSPECTIVE PURCHASERS COMPLETING A SECTION 1031 EXCHANGE MUST COMPLETE THIS SECTION)

I (we) hereby provide the following information pertaining to my (our) Qualified Intermediary for this acquisition. I (we) request and authorize my (our) Qualified Intermediary to furnish the Seller any information requested regarding my (our) Section 1031 exchange.

The following Qualified Intermediary is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date. Further, the Trust acknowledges that the interest will be assigned to the following Qualified Intermediary.

Company Name: _____

Contact Person: _____

Address: _____

City / State / Zip Code: _____

Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

Is escrow closed (please check one) ☐ Yes ☐ No

Closing date of relinquished property: _____

I (we) instruct my (our) Qualified Intermediary to wire (check only one box):

☐ All funds held by the Qualified Intermediary in the qualified escrow account, which is $_____, excluding any accumulated interest and expenses that cause the amount to be less than a whole dollar (rounding up or down), with the understanding that these costs will be treated as boot.

☐ Only $_____ held by the Qualified Intermediary in the qualified escrow account.

ALL PROSPECTIVE PURCHASERS MUST SIGN THIS PAGE

SIGNATURE PAGE TO INVESTOR QUESTIONNAIRE

I (we) acknowledge and agree to all of the representations and warranties contained in this Investor Questionnaire.

Executed this _____ day of _____ , 20 _____

(Date must be completed.)

If a natural person:

Signature: _____

Name: _____

(*If Joint Ownership: to be signed by joint owner.)*

Signature: _____

Name: _____

If not a natural person:

Name of Trust/Entity: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

ALL PROSPECTIVE PURCHASERS MUST SIGN THIS PAGE

SIGNATURE PAGE TO THE TRUST AGREEMENT OF BREX NET LEASE INDUSTRIAL I DST

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Trust Agreement of **BREX Net Lease Industrial I DST**, dated March 23, 2026 (the "**Trust Agreement**"), as may be further amended or supplemented from time to time, and hereby covenants and agrees to be bound by the Trust Agreement.

ON BEHALF OF OR BY INDIVIDUAL PROSPECTIVE PURCHASER(S):

Signature prospective Purchaser #1	Signature prospective Purchaser #2
Please Print Name	Please Print Name
Signature prospective Purchaser #3	Signature prospective Purchaser #4
Please Print Name	Please Print Name

ON BEHALF OF OR BY OTHER ENTITY (trust, corporation, partnership, limited liability company):

NAME OF TRUST/ENTITY: _____

Signature of Trustee/Equity Owner	Signature of Trustee/Equity Owner
Please Print Name / Title	Please Print Name / Title
Signature of Trustee/Equity Owner	Signature of Trustee/Equity Owner
Please Print Name / Title	Please Print Name / Title

APPENDIX A – TRUST CERTIFICATE

Note: To be completed only by those prospective purchasers investing through a trust.

1. The date of the trust agreement is: _____

2. The date of the last amendment to the trust agreement (if any) is: _____

3. **Please select one of the following three options**:

☐ The trustee(s) may act independently as provided in the trust agreement, and the execution by any one trustee can bind the trust.

☐ The trustees may act as a majority as provided in the trust agreement.

☐ The trustee(s) must act unanimously as provided in the trust agreement, and the execution or authorization of all of the trustees is required to bind the trust.

4. The undersigned, constituting all of the trustee(s) of the trust, hereby certify as follows:

(a) A true and correct copy of the trust agreement is attached hereto and that, as of the date hereof, the trust agreement has not been amended (except as to any attached amendments) or revoked and is still in full force and effect.

(b) As the trustee(s) of the trust, we have determined that the investment in, and purchase of Interests in **BREX Net Lease Industrial I DST** is authorized by the terms of the trust agreement and is of benefit to the trust, and we have determined to make such investment on behalf of the trust.

(c) We, the trustees, jointly and severally, indemnify **BREX Net Lease Industrial I DST** and hold **BREX Net Lease Industrial I DST** harmless from and against any liability relating to effecting any orders, transactions, instructions or directions given by any individuals listed in this certificate.

Please sign and date below.

Trustee Signature	Date	Trustee Signature	Date
Trustee Signature	Date	Trustee Signature	Date

APPENDIX B – INCUMBENCY CERTIFICATE

Note: To be completed only by those prospective purchasers investing through a corporation.

_____

Name of Corporation

_____

State of Incorporation

The undersigned hereby certifies that the following persons are the duly elected directors and officers, respectively, of the corporation listed above.

_____	Director	_____	Director
_____	Director	_____	Director
_____	Director	_____	Director
_____	President	_____	Vice President
_____	Treasurer	_____	Secretary

Dated effective _____ , 20 _____

By: _____

Name: _____

After completing this Appendix B, please proceed to Appendix C or Appendix D.

APPENDIX C – CORPORATE RESOLUTION

Note: To be completed only by those prospective purchasers investing through a corporation.
Additional Note: Appendix D may be provided as an alternative to this Appendix C.

The undersigned, being the members of the Board of Directors (the "Board of Directors") of _____, a/an _____ corporation (the "**Corporation**"), hereby adopt the following preambles and resolutions:

WHEREAS, the Corporation desires to purchase an interest in **BREX Net Lease Industrial I DST** (the "**Investment**");

WHEREAS, the Corporation is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Board of Directors believes it to be in the best interest of the Corporation to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Board of Directors in all respects;

FURTHER RESOLVED, that _____, an officer of the Corporation (the "**Officer**"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the Corporation, with such changes therein and additions thereto as the Officer may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Officer is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the Corporation, as he, she or it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the Corporation or the Officer in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____ , 20 _____

_____	_____
Director (signature)	Director (signature)
_____	_____
Director (signature)	Director (signature)
_____	_____
Director (signature)	Director (signature)

APPENDIX D – OFFICER'S CERTIFICATE

Note: To be completed only by those prospective purchasers investing through a corporation.
Additional Note: Appendix C may be provided as an alternative to this Appendix D.

The undersigned, _____, hereby certifies that:

1. _____ is the _____ of _____, a/an _____ corporation (the "**Corporation**"), and has personal knowledge of the matters set forth herein.

2. This certificate is executed to evidence the approval and consent of the Corporation to purchase an interest in **BREX Net Lease Industrial I DST** (the "**Investment**").

3. The undersigned acknowledges that the Corporation is authorized to execute and deliver all documents relating to the Investment.

4. Pursuant to the organizational documents of the Corporation, the specific consent or approval of the Board of Directors of the Corporation is not necessary for the consummation of the Investment.

5. The undersigned acting alone has the authority, pursuant to the organizational documents of the Corporation, to execute all documents related to the Investment.

6. This Certificate may be relied upon by **BREX NET LEASE INDUSTRIAL I DST** and its affiliates.

Dated effective _____ , 20 _____

By: _____

Name: _____

Title: _____

APPENDIX E – PARTNERSHIP RESOLUTION

Note: To be completed only by those prospective purchasers investing through a partnership

The undersigned, being all the partners (the "**Partners**") of _____, a/an _____ partnership (the "**Partnership**"), hereby adopt the following preambles and resolutions:

WHEREAS, the Partnership desires to purchase an interest in **BREX Net Lease Industrial I DST** (the "**Investment**");

WHEREAS, the Partnership is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Partners believe it to be in the best interest of the Partnership to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Partners in all respects;

FURTHER RESOLVED, that _____, an agent of the Partnership (the "**Authorized Person**"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the Partnership, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the Partnership, as he, she or it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the Partnership or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____ , 20 _____

_____	_____
Partner (signature)	Partner (signature)
_____	_____
Partner (signature)	Partner (signature)
_____	_____
Partner (signature)	Partner (signature)

APPENDIX F – LIMITED LIABILITY COMPANY RESOLUTION

Note: To be completed only by those prospective purchasers investing through a limited liability company.

The undersigned, being the members (the "**Members**") of _____, a/an _____ limited liability company (the "**LLC**"), hereby adopt the following preambles and resolutions:

WHEREAS, the LLC desires to purchase an interest in **BREX Net Lease Industrial I DST** (the "**Investment**");

WHEREAS, the LLC is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Members believe it to be in the best interest of the LLC to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Members in all respects;

FURTHER RESOLVED, that _____, an agent of the LLC (the "**Authorized Person**"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the LLC, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the LLC, as he, she or it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the LLC or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____ 20 _____

_____	_____
Member (signature)	Member (signature)
_____	_____
Member (signature)	Member (signature)
_____	_____
Member (signature)	Member (signature)

PURCHASE AGREEMENT

INSTRUCTIONS

BREX Net Lease Industrial I DST, a Delaware statutory trust, is offering up to $80,055,365 of Interests (as defined herein) to certain qualified persons. The minimum amount of Interests that a prospective purchaser completing a Section 1031 or Section 1033 (as defined herein) tax-deferred exchange may purchase is $100,000, unless the Seller waives this minimum requirement. The minimum amount of Interests that a prospective purchaser making a cash investment without a Section 1031 or Section 1033 tax- deferred exchange may purchase is $100,000, unless the Seller waives this minimum requirement. If all Interests cannot be sold, the depositor of the Seller will own the remaining Interests.

No person is authorized to receive the Investor Questionnaire and Purchase Agreement unless it is preceded or accompanied by a copy of the Seller's Memorandum (as defined herein). Reproduction or circulation of these materials, in whole or in part, is prohibited except as specifically provided herein.

If, after you have carefully reviewed the Memorandum, you wish to purchase an Interest, please carefully review and complete the Purchase Agreement that follows. The Seller cannot and will not accept a Purchase Agreement that is missing information or signatures until such information and signatures are provided. The Seller will treat all information confidentially, except as otherwise indicated herein.

The Seller will not evaluate whether the acquisition of Interests offered hereby is suitable for any particular person. **You should consult with your tax and legal advisor prior to purchasing Interests.**

Payment of the purchase price for Interests may be made by either wiring the funds directly to the Seller (the preferred method), or by delivering to Brookfield Properties-BREX Operations, c/o BREX Net Lease Industrial I DST, 127 Public Square, Suite 2500, Cleveland, Ohio 44114, Attn: Jason Lapierre, in person or by mail, a check that is made payable to **BREX Net Lease Industrial I DST**. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment to the Seller should be coordinated through the qualified intermediary who holds your exchange proceeds from the relinquished property.

Please mail your Purchase Agreement and any accompanying documents to:

Orchard Securities, LLC
365 S. Garden Grove Lane, Suite 100
Pleasant Grove, Utah 84062
or via e-mail at ops@orchardsecurities.com

The Seller will not accept investments from, or made on behalf of, tax exempt entities, including but not limited to qualified employee pension and profit-sharing trusts, individual retirement accounts, Simple 401(k) plans, annuities and charitable remainder trusts. In addition, the Seller reserves the right to reject, in its sole discretion, any purchase, in whole or in part, for any reason or for no reason. If the Seller rejects your offer to purchase Interests, the Seller will return your payment and related purchase documents.

If you have any questions concerning the Purchase Agreement, or if you need additional copies of the Investor Questionnaire and Purchase Agreement, please call or write **Orchard Securities, LLC (Attention: Operations), 365 S. Garden Grove Lane, Suite 100, Pleasant Grove, Utah 84062 or via e-mail at ops@orchardsecurities.com.**

PURCHASE AGREEMENT OF BREX NET LEASE INDUSTRIAL I DST

Up to $80,055,365 of Interests

THIS PURCHASE AGREEMENT (the "**Purchase Agreement**") is made by and between BREX Net Lease Industrial I DST, a Delaware statutory trust (the "**Seller**") and the undersigned, with reference to the facts set forth below.

RECITALS

A The Seller owns 34 Market Street located at 34 Market Street, Everett, Massachusetts 02149.

B The Seller is offering (the "**Offering**") to sell to certain qualified, accredited investors pursuant to that certain private placement memorandum, dated April 17, 2026 (as amended and supplemented from time to time, the "**Memorandum**"), beneficial ownership interests in the Seller ("**Interests**").

C The Seller desires to sell and the undersigned desires to buy Interests on the terms and conditions set forth in the Memorandum. This sale will be made pursuant to the Memorandum.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Purchase of Interests. The undersigned, intending to be legally bound, hereby irrevocably offers to purchase $_____ worth of Interests in the Seller, and agrees to pay a total cost of $100,000 in cash, prior to the application of any waiver of fees and expenses, for each 0.1249% Interest to be acquired. Such Interests are being purchased pursuant to the terms and conditions of the Memorandum, receipt of which is hereby acknowledged. Terms not defined herein shall have the same meanings as in the Memorandum.

2. Amount and Method of Payment. Payment for Interests purchased hereunder is to be made by either wiring the funds from the qualified escrow account or by delivering to BREX Net Lease Industrial I DST in person or by mail, a **check made payable to "BREX Net Lease Industrial I DST"** for the aggregate purchase price of the Interests. The minimum amount of Interests that a prospective purchaser completing a U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**") Section 1031 ("**Section 1031**") or Section 1033 ("**Section 1033**") tax-deferred exchange will be required to purchase is $100,000, unless the Seller waives such requirement. The minimum amount of Interests that a prospective Purchaser making a cash investment without a Section 1031 or Section 1033 tax-deferred exchange will be required to purchase is $100,000, unless the Seller waives such requirement. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment shall be coordinated through the undersigned's qualified intermediary who holds the undersigned's exchange proceeds from the relinquished property.

3. Acceptance of Purchase. The undersigned understands and agrees that Brookfield Real Estate Exchange LLC, a Delaware limited liability company (the "**Sponsor**"), on behalf of the Seller and in its sole discretion, reserves the right to accept or reject this or any other offer to purchase Interests in whole or in part. If this offer to purchase is rejected in whole or in part, or if the Seller terminates the Offering for any reason, the Seller will promptly return the applicable portion of the purchase price. This Purchase Agreement shall thereafter have no force or effect with respect to the rejected portion of the purchase of Interests.

4. Representations and Warranties of the Seller. The Seller hereby acknowledges, represents and warrants that:

(a) Status. The Seller is a validly formed and existing statutory trust under the laws of the State of Delaware.

(b) Issuance. When issued, authenticated and delivered by the Seller and paid for by the undersigned pursuant to the provisions of this Purchase Agreement and of the Seller's Trust Agreement, as amended or restated from time to time (the "**Trust Agreement**"), the undersigned's Interests will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

5. Representations and Warranties of the Undersigned. The undersigned hereby acknowledges, represents and warrants that:

(a) Interests offered by the Memorandum have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or under the laws of any state, and are being offered and sold in reliance on exemptions from the provisions of the Securities Act and applicable state law. The Interests have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon, or endorsed the merits of, the offering or the accuracy or adequacy of the Memorandum. The undersigned hereby further acknowledges, represents and warrants that:

(i) the undersigned has been furnished with, and has carefully read, the Memorandum and the Confidential Property Supplement for BREX Net Lease Industrial I DST (as amended and supplemented from time to time, the "**Property Supplement**"), the Trust Agreement, and this Purchase Agreement and has been given the opportunity to (i) ask questions of, and receive answers from, the Trust concerning the terms and conditions of the offering and other matters pertaining to an investment in the Trust and (ii) obtain any additional information which the Trust can acquire without unreasonable effort or expense that is necessary to evaluate the merits and risks of an investment in the Trust. In considering a subscription for Interests, the undersigned has not relied upon any representations made by, or other information (whether oral or written, including any information provided through an online data site) furnished by or on behalf of, the Trust, other than as set forth in the Memorandum and the Property Supplement or the Trust Agreement. The undersigned has carefully considered and has, to the extent it believes such discussion necessary, discussed with legal, tax, accounting and financial advisers, the suitability of an investment in the Trust in light of its particular tax and financial situation, and has determined that the Interests being subscribed for by it hereunder are a suitable investment for it and is consistent with the undersigned's investment objectives, requirements for liquidity, and need for diversification in the undersigned's overall investment portfolio;

(ii) if the undersigned is a natural person, the execution, delivery, and performance by such person of this Purchase Agreement and the Trust Agreement are within such person's legal right, power and capacity, require no action by or in respect of or filing with, any governmental body, agency, or official (except as disclosed in writing to the Sponsor) and do not and will not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of any agreement, judgment, injunction, order, decree or other instrument to which such person is a party or by which such person or any of such person's properties are bound. The signature on the signature page of this Purchase Agreement is genuine, and the undersigned has legal competence and capacity to execute the same, and this Purchase Agreement constitutes, and the Trust Agreement, when executed and delivered on behalf of the undersigned, shall constitute a valid and binding agreement of the undersigned, enforceable against the undersigned in accordance with its terms;

(iii) the undersigned, if it is a corporation, limited liability company, trust, partnership or other entity, is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization and the execution, delivery and performance by it of this Purchase Agreement and the Trust Agreement are within its powers, have been duly authorized by all necessary corporate or other action on its behalf, require no action by or in respect of, or filing with, any governmental body, agency or official (except as disclosed in writing to the Seller) and do not and will not contravene, or constitute a default under, any provision of applicable law, rule or regulation or of its certificate of incorporation or other comparable organizational documents or any agreement, judgment, injunction, order, decree or other instrument to which the undersigned is a party or by which the undersigned is, or any of the undersigned's properties are, bound. The signature on the signature page of this Purchase Agreement is genuine, and the signatory has been duly authorized to execute the same, and this Purchase Agreement constitutes, and the Trust Agreement, when executed and delivered on behalf of the undersigned, shall constitute, a valid and binding agreement of the undersigned, enforceable against the undersigned in accordance with its terms;

(iv) the undersigned, either directly or through advisors, has had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Seller concerning the Offering and, as the undersigned may deem necessary, to verify the information contained in the Memorandum, and all questions have been answered and all such information has been provided to the full satisfaction of the undersigned;

(v) the undersigned acknowledges that (i) the offering and sale of the Interests have not been and will not be registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction, nor is such registration contemplated, and are being made in reliance upon U.S. federal and U.S. state exemptions for transactions not involving a public offering and/or rules governing offers and sales made outside the United States, and (ii) the Trust will not be registered as an investment company under the Investment Company Act. In furtherance thereof, the prospective Purchaser represents and warrants that it is an "accredited investor," as defined in Rule 501(a) of Regulation D under the Securities Act;

(vi) the undersigned is <u>not</u> purchasing Interests on behalf of any tax-exempt entity, including but not limited to any qualified employee pension or profit sharing trust, any individual retirement account, Simple 401(k) plan, annuity or charitable remainder trust;

(vii) the undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth and the undersigned's investment in Interests will not cause the overall commitment to become disproportionate to the undersigned's net worth;

(viii) the undersigned (or its signatory, as applicable) has reached the age of majority, has adequate net worth and means of providing for the undersigned's current needs and personal contingencies, is able to bear the substantial economic risks of an investment in Interests for an indefinite period of time, has no need for liquidity in such investment and, at the present time, could afford a complete loss of such investment;

(ix) the undersigned has the requisite knowledge and experience in financial and business matters so as to enable the undersigned to use the information made available to evaluate the merits and risks of an investment in Interests and to make an informed decision;

(x) the undersigned is acquiring Interests solely for his, her or its own account as principal, for investment purposes only and not with a view to the resale or distribution thereof in whole or in part, and no other person has a direct or beneficial interest in the Interests purchased by the undersigned;

(xi) the undersigned will not sell or otherwise transfer his, her or its Interests without complying with all applicable laws and any restrictions on transfer contained in the Trust Agreement or other agreements or documents executed by the undersigned associated with an investment in Interests, and fully understands and agrees that he, she or it must bear the economic risk of his, her or its purchase for an indefinite period of time because, among other reasons, Interests may not be readily transferable;

(xii) the undersigned's assets have not been the subject of any proceeding under any matter relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors ("**Creditor Rights Laws**") during the ten (10) years prior to the date hereof, nor has the undersigned sought the protection of any Creditors Rights Laws during the ten (10) years prior to the date hereof. The foregoing representation with regard to this paragraph are also applicable to the undersigned's affiliates which the undersigned owns or controls, including any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association and any fiduciary acting in such capacity on behalf of any of the foregoing, and further including any such entity in which the undersigned or its affiliate is an officer or director; and

(xiii) the undersigned is not designated as a financial institution by the U.S. Secretary of the Treasury under Section 311 of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**PATRIOT Act**"). Except as otherwise disclosed to the Sponsor in writing: (i) the undersigned is not resident in, or organized or chartered under the laws of, (A) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the PATRIOT Act as warranting special measures due to money laundering concerns or (B) any non-U.S. country that has been designated by the Financial Action Task Force as a High-Risk Jurisdiction Subject to a Call to Action (a "High-Risk Jurisdiction"); (ii) the subscription funds of the prospective Purchaser and any Beneficiary or Related Person, do not originate from, nor will they be routed through, an account maintained at (A) a Foreign Shell Bank, (B) a non-U.S. bank that is barred, pursuant to its banking license, from conducting banking activities with the citizens of, or with the local currency of, the country that issued the license, or (C) a bank organized or chartered under the laws of a High-Risk Jurisdiction; and (iii) the undersigned is not nor has been a senior non-U.S. government, political or military official or any other Senior Foreign Political Figure (as defined in the PATRIOT Act), or any immediate family member or close associate of a person. The undersigned hereby declares, represents and warrants that all sums of money transferred and to be transferred as a result of executing this Purchase Agreement and becoming an investor in the Trust do not have a criminal origin of any nature, do not constitute proceeds of money laundering or terrorism financing under any applicable law.

(b) the undersigned recognizes that the purchase of Interests involves a number of significant risks and other factors relating to the structure and objectives of the Seller as described in the Memorandum under the heading "Risk Factors" and in the Property Supplement under the heading "Additional Risk Factors," and that there can be no assurance that the Seller will achieve its objectives. In addition, the undersigned acknowledges that:

(i) no federal or state agency has passed upon the adequacy of the information presented to the undersigned or made any finding or determination as to the fairness of this investment; and

(ii) there is no established market for Interests and a public market for Interests may never develop.

(c) **The undersigned understands that the Seller has not obtained a specific Private Letter Ruling from the Internal Revenue Service ("IRS") addressing the treatment of Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Section 1033. In addition, the undersigned understands that the tax consequences of an investment in Interests, especially the qualification of the transaction under Section 1031 or Section 1033 of the Code and the related rules, are complex and vary with the facts and circumstances of each purchaser. Therefore, the undersigned represents and warrants that he, she or it: (1) has independently obtained advice from legal counsel and/or accountants about a tax-deferred exchange under Section 1031 or a conversion under Section 1033 and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange or involuntary conversion, and he, she or it is relying on such advice; (2) understands that the Seller has not obtained a ruling from the IRS addressing the treatment of Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Section 1033; (3) understands that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Section 1031 and the related Section 1031 exchange rules, or under Section 1033 and its underlying rules, are complex and vary with the facts and circumstances of each individual purchaser; (4) understands that the opinion of Baker & McKenzie LLP, as tax counsel to the Seller, is only Baker & McKenzie LLP's view of the anticipated tax treatment, does not address the particular facts and circumstances of the undersigned, and there is no guarantee that the IRS will agree with such opinion; and (5) understands that Baker & McKenzie LLP, as tax counsel to the Seller, is not providing an opinion that an Interest will qualify as "similar or related in service or use" to involuntarily converted property under Section 1033 and is not providing an opinion on any other matter concerning Section 1033.**

(d) If the undersigned is purchasing Interests in a representative or fiduciary capacity, e.g., serving as a qualified intermediary, the representations and warranties contained herein (and in any other written statement or document delivered to the Seller in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom Interests are being purchased.

(e) All information furnished to the Seller by the undersigned is correct and complete as of the date of this Purchase Agreement, and the undersigned will immediately furnish revised or corrected information to the Seller if there should be any material change in this information prior to the Seller completing the Offering.

(f) Within five days after receipt of a request from the Seller, the undersigned hereby agrees to provide such information and to execute and deliver such documents (i) as may be reasonably necessary to comply with any and all laws, rules, regulations and ordinances to which the Seller is subject, including in order to determine the beneficial ownership of the undersigned or (ii) that may be reasonably requested by the Seller for administrative and business convenience. The undersigned explicitly agrees to provide information related to tax attributes of the undersigned with respect to

its investment in the Interests and any related tax-deferred exchange, including, without limitation, documentation that establishes the tax basis of the relinquished property (including, but not limited to, purchase and sale agreements, wire transfers, receipts for professional fees, etc.), tax depreciation figures and methods, details of capital improvements and supporting documentation to establish the tax basis of the relinquished property (e.g., construction contracts, wire transfers, etc.), tax to general ledger reconciliations to support the tax basis of the relinquished property, and the IRS Form 8824 filed with the IRS in the year for the Section 1031 exchange. The undersigned further agrees to update any previously provided information described in this paragraph within five days after receipt of a request from the Seller to update such information.

(g) The undersigned hereby represents and warrants to the Manager, the Sponsor and the Trust that the IRS Form W-9 is true and correct as of the date hereof, and will be true and correct as of the closing date. The undersigned understands that the tax information, tax representations (including the information set forth in the Investor Questionnaire) and tax I.D. number, along with IRS Form W-9, are provided under penalty of perjury and may be disclosed to the IRS or other applicable taxing authority by the Seller and that any false statement thereof could be punished by fine, imprisonment or both. The undersigned agrees to provide to the Seller updated versions of the tax forms, certifications and other information referenced herein upon such information no longer being true and correct, upon the expiration of any such form previously provided by the undersigned (e.g., IRS Form W-9) and upon the request of the Seller, and to provide the Seller with such further information as the Seller may reasonably require, including for the avoidance of doubt, with respect to FATCA or any other tax reporting regime, or as required pursuant to any change in law, or the application or interpretation thereof. In connection with the foregoing, the undersigned agrees to waive any provision of law of any jurisdiction that would, absent a waiver, prevent compliance by the Seller with FATCA or any other tax reporting regime.

(h) The undersigned has not distributed the Memorandum to anyone other than his, her or its advisors, if any, and no one other than the undersigned and his, her or its advisors, if any, has used the Memorandum.

(A) The undersigned hereby irrevocably makes, constitutes, appoints and empowers the Manager and each of its duly authorized officers, managers, successors and assignees, with full power of substitution and resubstitution, as its true and lawful representative and attorney-in-fact, in its name, place and stead and for its use and benefit, to make, execute, certify, acknowledge, file, record, sign and swear to all instruments, agreements and documents not inconsistent with the provisions of the Trust Agreement and necessary or advisable to carrying out the following:

(i) the Trust Agreement;

(ii) any and all organizational documents relating to the FMV Option (as such term is defined in the Trust Agreement);

(iii) any and all amendments to the Trust Agreement (or organizational documents relating to the FMV Option) authorized or permitted by the Trust Agreement (or similar agreement relating to the FMV Option) or the laws of the State of Delaware, as the same may be amended from time to time;

(iv) all instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Delaware or any other U.S. State, or any political subdivision or agency thereof, to effectuate, implement and continue the valid and subsisting existence of the Trust, or to dissolve or terminate, the Trust or the documents

relating to the FMV Option (including any certificate of cancellation of the certificate of Delaware Statutory Trust of the Trust, if applicable, or any similar instrument);

(v) any certificate of cancellation (or similar instrument pertaining to the documents relating to the FMV Option) that may be necessary upon the termination of the Trust; and

(vi) any further action not inconsistent with the provisions of this Purchase Agreement, the Trust Agreement and which such attorney-in-fact shall consider necessary or advisable, hereby giving such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever consistent with this Purchase Agreement, the Trust Agreement all other instruments that may be required or permitted by applicable law to be filed on behalf of the Trust and that are not inconsistent with this Purchase Agreement or the Trust Agreement.

The undersigned authorizes such attorney-in-fact to take any further action not inconsistent with the Trust Agreement and which such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving such attorney- in-fact full power and authority to do and perform each and every act or thing whatsoever consistent with the Trust Agreement and necessary or advisable to be done in and about the foregoing as fully as the undersigned might or could do if personally present, and hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is irrevocable and is given to secure a proprietary interest of the attorney-in-fact or the performance of an obligation owed to the Manager.

(B) If requested by the Manager, the undersigned shall execute and deliver to the Manager, within five (5) Business Days after receipt of a request therefor, such further designations, powers of attorney or other instruments as the Manager shall determine to be necessary for the purposes of this Section 5(h) or Section 11.10 of the Trust Agreement consistent with the provisions of this Purchase Agreement and the Trust Agreement, including as required by any applicable state statute or other similar legal requirement. Without limiting the foregoing, if at any time the power of attorney granted pursuant to this Section 5(h) or Section 5.1 of the Trust Agreement is deemed to be invalid for any reason, the undersigned agrees, to the extent permitted by the Trust Agreement, to execute and deliver to the Manager, within five (5) Business Days after receipt of a request therefor, any documents necessary to grant the Manager the powers of attorney contemplated in this Section 5(h) or Section 5.1 of the Trust Agreement. In recognition of the fact that each Beneficial Owner of the Trust will be relying upon the power of the Manager and such officers, managers, successors and assigns to act as contemplated by the Trust Agreement in such filing and other action by it on behalf of the Trust, the appointment by the undersigned of the Manager and each of its duly authorized officers, managers, successors and assigns with full power of substitution and resubstitution, as aforesaid, as attorneys-in-fact (i) shall be deemed to be a power coupled with an interest and irrevocable, (ii) shall survive and not be affected by the subsequent dissolution, incapacity, disability, death, termination or bankruptcy of the undersigned granting the same or the transfer of all or any portion of the undersigned's interest in the Trust and (iii) shall extend to the successors, assigns and legal representatives of the undersigned. The granting of this power of attorney shall not terminate any continuing power of attorney previously granted by the undersigned and shall not be terminated by the undersigned on the execution of a continuing power of attorney in the future, and the undersigned hereby agrees not to take any action in the future which results in the termination of this power of attorney. The power of attorney granted herein shall not: (x) entitle the Manager to vote on or to consent to any written resolution of the Beneficial Owner on behalf of the undersigned; (y) be deemed to constitute a written consent of the undersigned for purposes of the Trust; or (z) be exercised in contravention of the Trust Agreement.

(C) To the fullest extent permitted by applicable law, this power of attorney may be exercised by such attorney-in-fact for all Beneficial Owners (or any of them) by a single signature of the Manager acting as attorney-in-fact with or without listing all of the Beneficial Owners (including the undersigned) executing an instrument. Any Person dealing with the Trust may conclusively presume and rely upon the fact that any instrument referred to in Section 5(h) hereof or Section 5.1 of the Trust Agreement, executed by such attorney-in-fact, is authorized and binding, without further inquiry.

(D) Notwithstanding anything in Section 14 hereof to the contrary, to the extent of any conflict between this Section 5(h) and Section 5.1 of the Trust Agreement, the terms of Section 5.1 of the Trust Agreement shall control.

(i) The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Seller in any other written statement or document delivered in connection with the Offering shall be true and correct in all respects on and as of the date the purchase is accepted as if made on that date. If more than one person is signing this Purchase Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

(j) The undersigned acknowledges and agrees that the Interests are subject to the FMV Option, as described in the Trust Agreement and Memorandum. The undersigned further acknowledges and agrees to the terms of the FMV Option Acknowledgement attached hereto and made part hereof by reference.

(k) The undersigned acknowledges that prior to closing, the Seller may terminate the Offering for any reason or no reason.

6. Additional Representations and Warranties – Section 1031 Exchanges. **The following additional representations and warranties apply only to those prospective purchasers purchasing Interests as part of a Section 1031 tax-deferred exchange.**

(a) The undersigned hereby acknowledges, represents and warrants that:

(i) The undersigned's rights under this Purchase Agreement may be assigned to his, her or its qualified intermediary (the "**Qualified Intermediary**") for the purpose of completing a Section 1031 exchange.

(b) The Seller hereby acknowledges, represents and warrants that:

(i) It is the intent of the undersigned to effect a Section 1031 tax-deferred exchange, which will not delay the closing or cause additional expense to the Seller.

(ii) The undersigned's rights under this Purchase Agreement may be assigned to his, her or its Qualified Intermediary for the purpose of completing a Section 1031 exchange.

(iii) The Seller will use commercially reasonable efforts to cooperate with the undersigned and his, her or its Qualified Intermediary in a manner reasonably necessary to complete the Section 1031 tax-deferred exchange.

7. Additional Information. The undersigned hereby acknowledges and agrees that the Seller may make such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the undersigned.

8. Authorization. The undersigned releases to the Seller and those third-party vendors retained to conduct credit and background evaluations in accordance with the questions contained in the Investor Questionnaire (the "**Vendors**") any information regarding the undersigned's employment status, bank account records, mortgage or other current or prior credit, collection accounts, rental history, state and federal tax liens, state and federal crimes, state and federal civil litigation and bankruptcy, and state and county UCC (Uniform Commercial Code) searches. As part of such authorization, the undersigned hereby authorizes the Seller's release of such information to the Vendors. This information is for the confidential use of the Seller and the Vendors only.

9. Indemnification. The undersigned agrees to indemnify and hold harmless the Seller and the Seller's Signatory Trustee and their respective officers, directors, employees, beneficiaries, trustees, and agents (the "**Indemnified Parties**") against any and all loss, liability, claim, damage and expense whatsoever (including reasonable attorneys' fees) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein, or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, taxes (including interest, penalties, and other amounts related thereto), costs and expenses (including reasonable attorneys' fees) incurred by the Indemnified Parties in investigating, preparing or defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the undersigned has furnished to any of the foregoing in connection with this transaction.

10. Irrevocability; Binding Effect. The undersigned hereby acknowledges and agrees that, except as provided under applicable state law, the purchase hereunder is irrevocable and may not be canceled, terminated or revoked and that this Purchase Agreement shall survive the death or disability of the undersigned and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.

11. Modifications. Neither this Purchase Agreement nor any provision hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

12. Notices. Any notice, demand or other communication that any party hereto may be required, or may elect, or give to any other party hereunder shall be sufficiently given if: (1) deposited, postage prepaid, in a United States mailbox, stamped registered or certified mail, return receipt requested, or with an established and reputable overnight delivery service, addressed to BREX Net Lease Industrial I DST, c/o Brookfield Real Estate Exchange LLC, 225 Liberty Street, 8th Floor, New York, New York 10281, Attn: BPG Funds Legal, or to the undersigned prospective purchaser at the address set forth on the signature page of the Investor Questionnaire or such other address as the parties may agree; or (2) delivered personally at such address.

13. Counterparts; Signatures. This Purchase Agreement, the related Investor Questionnaire and supporting documents may be executed and delivered (including by facsimile transmission or portable document format (PDF)) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same Purchase Agreement, Investor Questionnaire or other document, as applicable.

14. Entire Agreement. This Purchase Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein. The signature page to this Purchase Agreement may be executed in several counterparts with the same effect as if the parties executing the several counterparts had executed a single document. This Purchase Agreement may be signed by any party under hand or by way of an electronic signature or by a signature or a representation of a

signature affixed by electronic means and may be reproduced as an electronic record and delivered by electronic mail or by delivery through a web or other electronic portal.

15. Severability. Any term or provision of this Purchase Agreement that is invalid or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Purchase Agreement or affecting the validity or enforceability of any of the terms or provisions of this Purchase Agreement in any other jurisdiction.

16. Assignability. This Purchase Agreement is not transferable or assignable by the undersigned except to a qualified intermediary in the case of a Section 1031 tax-deferred exchange.

17. Applicable Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of Delaware as applied to residents of that state executing contracts wholly to be performed in that state.

18. Choice of Jurisdiction. The undersigned agrees that any action or proceeding arising, directly, indirectly, or otherwise, in connection with, out of, or from this Purchase Agreement, or the breach thereof, or any transaction covered hereby, shall be resolved, whether by arbitration or otherwise, within Delaware. The parties further agree that any such relief whatsoever in connection with this Purchase Agreement shall be commenced exclusively in the United States federal or state courts, or if possible before an arbitral body, located within Delaware.

19. Reimbursement. If any action or other proceeding, other than arbitration, is brought to enforce this Purchase Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Purchase Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in the action or proceeding in addition to any other relief to which they may be entitled.

20. Certificates of Non-Foreign Status. Under penalties of perjury, the undersigned declares that, to the best of his, her or its knowledge and belief, the following statements are true, correct and complete: (1) the undersigned is not a foreign person for purposes of U.S. federal income taxation (i.e., he, she or it is not a nonresident alien, nor executing this document as an officer of a foreign corporation, as a partner in a foreign partnership, or as a fiduciary of a foreign employee benefit plan, foreign trust or foreign estate); (2) if the undersigned is an entity, no foreign persons own a direct or indirect interest, (3) the undersigned agrees to inform the Seller promptly if it becomes owned, in whole or in part, directly or indirectly by a foreign person, (4) the undersigned agrees to inform the Seller promptly if the undersigned becomes a nonresident alien (in the case of an individual) or other foreign person (in the case of an entity) and (5) that the U.S. taxpayer identification number (i.e., social security number) and the home address provided elsewhere in the Purchase Agreement or the Investor Questionnaire is true, correct, and complete.

21. Certification regarding Securities Laws. By signing below, the undersigned certifies that he, she or it has read and understands the following additional considerations:

> **Interests have not been approved or disapproved by the U.S. 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. Interests offered hereby are subject to investment risk, including the possible loss of principal.**

I (we) acknowledge and agree to all of the representations and warranties contained in this Purchase Agreement.

SELLER
Executed this ____ day of _____ , 20 ____

BREX Net Lease Industrial I DST, a Delaware Statutory Trust

By: BREX Manager LLC

Its Manager

By: _____

Name: _____

Title: _____

BUYER
Executed this ___ day of _____ , 20 ____
(Date must be completed.)

<u>If a natural person</u>:

Signature: _____

Name: _____

(If Joint Ownership: to be signed by joint owner.)

Signature: _____

Name: _____

<u>If not a natural person</u>:

Name of Trust/Entity: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature:

Name: _____

Signature Page to Purchase Agreement

ACKNOWLEDGEMENT OF THE FAIR MARKET VALUE OPTION

As represented in Section 5 of your Purchase Agreement, you hereby acknowledge the following:

Brookfield REIT Operating Partnership L.P. (the "**Operating Partnership**") has an option to acquire your Interests (the "**FMV Option**"). The FMV Option provides the Operating Partnership a right, but not the obligation, in its sole discretion, to acquire the Interests from the investors in exchange for "Operating Partnership units" of a class currently issued (or that may be issued in the future) by the Operating Partnership (all such Operating Partnership Units, collectively, the "**OP Units**"). The Operating Partnership, in its sole discretion, may acquire a Beneficial Owner's Interests for cash rather than exchange such interests for OP Units. The fair market value of the Interests will be determined by multiplying: (i) the percentage of your Interests that are to be acquired by the Operating Partnership by (ii) the fair market value of the applicable Trust Estate (as defined in the Trust Agreement), less applicable liabilities corresponding to the Interests to be acquired by the Operating Partnership, as determined by a third-party appraisal firm selected by the Manager in its sole discretion, and further reduced by any applicable fees, expenses, and adjustments. Such adjustments may include prorations of payables and receivables, accrued distributions, reserves, loan and transaction fees and costs, cash balances and other items. The value of the Trust Estate will be determined by taking into account the value of the real property held by the Seller, subject to the Master Lease (as defined in the Trust Agreement), as determined by a third-party appraisal firm selected by the Manager (as defined in the Trust Agreement) in its sole discretion.

Based on a particular class of OP Units that may be received by investors pursuant to the exercise of the FMV Option, different investors may receive different classes of OP Units that bear different fees, as determined by the selling agreement entered into by your participating broker-dealer or RIA. The Operating Partnership cannot exercise the FMV Option until all investors have held their Interests for at least two (2) years, and shall be exercisable only during a one (1) year period, as specified in the Trust Agreement of BREX Net Lease Industrial I DST. The Operating Partnership will determine whether or not to exercise the FMV Option taking into account only the best interests of the Operating Partnership and not the investors. This may result in the Operating Partnership exercising the FMV Option at a time when the Operating Partnership believes that the value of the OP Units as compared to the value of the Interests is high. In addition, the Operating Partnership may determine not to exercise the FMV Option for any reason or no reason, or if the Operating Partnership believes that the underlying real estate and improvements owned by BREX Net Lease Industrial I DST is not an attractive acquisition opportunity for the Operating Partnership at such time. As such, there is no assurance that the Operating Partnership will exercise its FMV Option and, therefore, investors may hold their Interests until an ultimate sale, transfer or disposition of the underlying real estate by BREX Net Lease Industrial I DST.

Your investment risks will change if you hold OP Units. The fact that the Interests are subject to the FMV Option could adversely affect the amount a third party would be willing to pay for an Interest or the underlying real estate. The FMV Option is exercisable at a price determined by reference to an appraisal process applied to the underlying real estate subject to the master lease, and there are no guarantees that the future fair market value of the Interests will be equal to or greater than the price originally paid for the Interests.

By providing your signature on the following page, you acknowledge that, in the event that the Operating Partnership chooses to exercise the FMV Option by issuing OP Units, the selling agreement entered into by your participating broker-dealer or RIA will determine the class of OP Units you will receive. Each Class of OP Units is subject to the Unitholder Servicing Fees indicated below:

Class of OP Units *(subject to change)*	**Unitholder Servicing Fees** (*per annum, payable monthly*) (*ongoing*)
Class D-1 Units	0.25% of NAV
Class S-1 Units	0.85% of NAV
Class T-1 Units	0.85% of NAV
Class I-1 Units	None

[Signature on the following page]

Execution Date: _____
(Date must be completed.)

If a natural person:

Signature: _____

Name: _____

(If Joint Ownership: to be signed by joint owner.)

Signature: _____

Name: _____

If not a natural person:

Name of
Trust/Entity: _____

Signature: _____

Name: _____

Title: _____

Signature: _____

Name: _____

Title: _____

EXHIBIT A TO PURCHASE AGREEMENT

Legal Description

SUFFOLK COUNTY- REGISTERED LAND

Lot 19 shown on Land Court Plan No. 22029-C, a copy of which is filed with said Registry District with Certificate of Title No. 75467.

Together with the benefit of that certain Reciprocal Easement by and between DIV BMT, LLC and SDTJ, LLC, dated February 14, 2020, filed with Suffolk as Document No. 904269 and filed with Middlesex as Document No. 1837287.

MIDDLESEX SOUTH COUNTY -REGISTERED AND RECORDED LAND

Parcel 1 (Recorded Land)

Lot 9A shown on a plan entitled "Subdivision Plan of Land in Everett-Chelsea-Mass.", dated May 19, 1966 by William S. Crocker, Inc., Civil Engineers and Surveyors, recorded with said Deeds, Book 11136, Page 376 as Plan No. 712 of 1966.

Parcel 2 (Recorded Land)

A 25,000 square foot parcel adjoining said Lot 9A, as shown on Plan No 712 of 1966, as noted above.

Parcel 3 (Registered Land)

Lot 14 shown on Land Court Plan No. 501-H, dated February 10, 2000, a copy of which is filed with said Registry District with Certificate of Title No. 220615.

There is appurtenant to the above described land, the right to use for all purposes for which public ways may now or hereafter be used, in common with Eastern and others entitled, the proposed way in Everett extending from East Locust Street to the line between the City of Everett and the City of Chelsea, as shown on said plan, and also the right to use the railroad track, more particularly set forth in Deed Document No. 435458 and Book 11182, Page 106.

Less and excepting the land in Deed to Community-Suffolk, Inc. recorded with said Deeds, Book 12352, Page 120 and filed with said Registry District as Document No. 506207. See the Land Court Plan 501-F filed with Certificate of Title No. 139827 in Book 829, Page 77.

Less and excepting land in Deed to Joseph R. Piazza and Lawrence P. Piazza, Trustees of J & L Realty Trust, recorded with said Deeds, Book 32322, Page 268 and filed with said Registry District as Document No. 1162046. See Plan No. 114 of 2001 recorded with said Deeds, Book 32322, Page 267 and Land Court Plan No. 501-H filed with Certificate of Title No. 220615 in Book 1233, Page 65.

Address

"34 Market Street"

34 Market Street

Everett, Massachusetts 02149

INTERESTED PARTIES INTAKE FORM

(To be completed by contacts in addition to the Prospective Purchaser)

Purchaser / Legal Entity Name: _____

Contact Details

Name _____ Office Address _____

Company _____ Phone # _____

Role / Title _____ Email Address _____

Contact Type

- ☐ Financial Advisor
- ☐ Administrator / Operations
- ☐ Tax Provider
- ☐ Legal
- ☐ Custodian
- ☐ Other: _____

Document Access

- ☐ All Documents
- ☐ Reporting (e.g., Monthly Statements, Quarterly Reports)
- ☐ Tax (e.g., Financial Statements)
- ☐ Legal (e.g., PPM, Settlement Statement, Executed Documents)

Authorizations	***Yes***	***No***
Is the contact authorized to make changes to Brookfield Investor portal access?	☐	☐
Is the contact authorized to make changes to bank account information?	☐	☐

Please provide additional pages as necessary to complete this Section for all equity owners

Form **W-9** (Rev. March 2024)
Department of the Treasury Internal Revenue Service

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 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) _____

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

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) _____

(Applies to accounts maintained outside the United States.)

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

must obtain your correct taxpayer identification number (TIN), which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid).
- Form 1099-DIV (dividends, including those from stocks or mutual funds).
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds).
- Form 1099-NEC (nonemployee compensation).
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers).
- Form 1099-S (proceeds from real estate transactions).
- Form 1099-K (merchant card and third-party network transactions).
- Form 1098 (home mortgage interest), 1098-E (student loan interest), and 1098-T (tuition).
- Form 1099-C (canceled debt).
- Form 1099-A (acquisition or abandonment of secured property).

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

Caution: If you don't return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);

2. Certify that you are not subject to backup withholding; or

3. Claim exemption from backup withholding if you are a U.S. exempt payee; and

4. Certify to your non-foreign status for purposes of withholding under chapter 3 or 4 of the Code (if applicable); and

5. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting is correct. See *What Is FATCA Reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding. Payments made to foreign persons, including certain distributions, allocations of income, or transfers of sales proceeds, may be subject to withholding under chapter 3 or chapter 4 of the Code (sections 1441–1474). Under those rules, if a Form W-9 or other certification of non-foreign status has not been received, a withholding agent, transferee, or partnership (payor) generally applies presumption rules that may require the payor to withhold applicable tax from the recipient, owner, transferor, or partner (payee). See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

The following persons must provide Form W-9 to the payor for purposes of establishing its non-foreign status.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the disregarded entity.
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the grantor trust.
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust and not the beneficiaries of the trust.

See Pub. 515 for more information on providing a Form W-9 or a certification of non-foreign status to avoid withholding.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person (under Regulations section 1.1441-1(b)(2)(iv) or other applicable section for chapter 3 or 4 purposes), do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515). If you are a qualified foreign pension fund under Regulations section 1.897(l)-1(d), or a partnership that is wholly owned by qualified foreign pension funds, that is treated as a non-foreign person for purposes of section 1445 withholding, do not use Form W-9. Instead, use Form W-8EXP (or other certification of non-foreign status).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a saving clause. Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if their stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first Protocol) and is relying on this exception to claim an exemption from tax on their scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include, but are not limited to, interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third-party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester;

2. You do not certify your TIN when required (see the instructions for Part II for details);

3. The IRS tells the requester that you furnished an incorrect TIN;

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only); or

5. You do not certify to the requester that you are not subject to backup withholding, as described in item 4 under "*By signing the filled- out form*" above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code, later, and the separate Instructions for the Requester of Form W-9 for more information.

See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier.

What Is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all U.S. account holders that are specified U.S. persons. Certain payees are exempt from FATCA reporting. *See Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you are no longer tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

- **Individual**. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note for ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040 you filed with your application.

- **Sole proprietor**. Enter your individual name as shown on your Form 1040 on line 1. Enter your business, trade, or "doing business as" (DBA) name on line 2.
- **Partnership**, C corporation, S corporation, or LLC, other than a disregarded entity. Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.
- **Other entities**. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. Enter any business, trade, or DBA name on line 2.
- **Disregarded entity**. In general, a business entity that has a single owner, including an LLC, and is not a corporation, is disregarded as an entity separate from its owner (a disregarded entity). See Regulations section 301.7701-2(c)(2). A disregarded entity should check the appropriate box for the tax classification of its owner. Enter the owner's name on line 1. The name of the owner entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, enter it on line 2.

Line 3a

Check the appropriate box on line 3a for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3a.

IF the entity/individual on line 1 is a(n)…	THEN check the box for…
• Corporation	Corporation.
• Individual or • Sole proprietorship	Individual/sole proprietor.
• LLC classified as a partnership for U.S. federal tax purposes or	
• LLC that has filed Form 8832 or 2553 electing to be taxed as a corporation	Limited liability company and enter the appropriate tax classification: P = Partnership, C = C corporation, or S = S corporation.
• Partnership	Partnership.
• Trust/estate	Trust/estate.

Line 3b

Check this box if you are a partnership (including an LLC classified as a partnership for U.S. federal tax purposes), trust, or estate that has any foreign partners, owners, or beneficiaries, and you are providing this form to a partnership, trust, or estate, in which you have an ownership interest. You must check the box on line 3b if you receive a Form W-8 (or documentary evidence) from any partner, owner, or beneficiary establishing foreign status or if you receive a Form W-9 from any partner, owner, or beneficiary that has checked the box on line 3b.

Note: A partnership that provides a Form W-9 and checks box 3b may be required to complete Schedules K-2 and K-3 (Form 1065). For more information, see the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

If you are required to complete line 3b but fail to do so, you may not receive the information necessary to file a correct information return with the IRS or furnish a correct payee statement to your partners or beneficiaries. See, for example, sections 6698, 6722, and 6724 for penalties that may apply.

Line 4 Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third-party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space on line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

2—The United States or any of its agencies or instrumentalities.

3—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities.

5—A corporation.

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or territory.

7—A futures commission merchant registered with the Commodity Futures Trading Commission.

8—A real estate investment trust.

9—An entity registered at all times during the tax year under the Investment Company Act of 1940.

10—A common trust fund operated by a bank under section 584(a). 11—A financial institution as defined under section 581.

12—A middleman known in the investment community as a nominee or custodian.

13—A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for...	THEN the payment is exempt for…
Interest and dividend payments	All exempt payees except for 7.
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4.
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5.[2]
Payments made in settlement of payment card or third-party network transactions	Exempt payees 1 through 4.

[1] See Form 1099-MISC, Miscellaneous Information, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) entered on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37).

B—The United States or any of its agencies or instrumentalities.

C—A state, the District of Columbia, a U.S. commonwealth or territory, or any of their political subdivisions or instrumentalities.

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i).

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i).

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state.

G—A real estate investment trust.

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940.

I—A common trust fund as defined in section 584(a). J—A bank as defined in section 581.

K—A broker.

L—A trust exempt from tax under section 664 or described in section 4947(a)(1).

M—A tax-exempt trust under a section 403(b) plan or section 457(g) plan.

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, enter "NEW" at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have, and are not eligible to get, an SSN, your TIN is your IRS ITIN. Enter it in the entry space for the Social security number. If you do not have an ITIN, see *How to get a TIN below*.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.SSA.gov*. You may also get this form by calling 800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website *at www.irs.gov/EIN*. Go to *www.irs.gov/Forms* to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to *www.irs.gov/OrderForms* to place an order and have Form W-7 and/or Form SS-4 mailed to you within 15 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and enter "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon. See also *Establishing U.S. status for purposes of chapter 3 and chapter 4 withholding*, earlier, for when you may instead be subject to withholding under chapter 3 or 4 of the Code.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see Exempt payee code, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1 Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4.Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third-party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor[2]
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
6. Sole proprietorship or disregarded entity owned by an individual	The owner[3]
7. Grantor trust filing under Optional Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))**	The grantor*
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity[4]
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing Form 1041 or under the Optional Filing Method 2, requiring Form 1099 (see Regulations section 1.671-4(b)(2)(i)(B))**	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name on line 1, and enter your business or DBA name, if any, on line 2. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

* **Note**: The grantor must also provide a Form W-9 to the trustee of the trust.

** For more information on optional filing methods for grantor trusts, see the Instructions for Form 1041.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax return preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity, or a questionable credit report, contact the IRS Identity Theft Hotline at 800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 877-777-4778 or TTY/TDD 800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 800-366-4484. You can forward suspicious emails to the Federal Trade Commission at *spam@uce.gov* or report them at *www.ftc.gov/complaint*. You can contact the FTC at *www.ftc.gov/idtheft* or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see *www.IdentityTheft.gov* and Pub. 5027.

Go to *www.irs.gov/IdentityTheft* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their laws. The information may also be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payors must generally withhold a percentage of taxable interest, dividends, and certain other payments to a payee who does not give a TIN to the payor. Certain penalties may also apply for providing false or fraudulent information.

EXHIBIT B

TAX OPINION

[ATTACHED]

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* Associated Firm
** In cooperation with Trench, Rossi e Watanabe Advogados

PRIVILEGED AND CONFIDENTIAL

April 17, 2026

Brookfield Real Estate Exchange LLC
225 Liberty Street
8th Floor
New York, New York 10281-1023

RE: BREX Net Lease Industrial I DST

Dear Ladies and Gentlemen,

Brookfield Real Estate Exchange LLC, a Delaware limited liability company (the "**Company**"), and BREX Net Lease Industrial I DST, a Delaware statutory trust (the "**Trust**"), have retained Baker & McKenzie LLP as special tax counsel to address certain federal income tax consequences and render opinions on specific federal income tax issues in connection with the proposed transactions described in the Confidential Delaware Statutory Trust Program Memorandum and Confidential Property Supplement to Delaware Statutory Trust Program Memorandum offering Interests in the Trust (collectively, the "**Memorandum**"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined have the meanings set forth in the Memorandum.

In formulating our opinion, we have reviewed the following documents: (i) the Memorandum; (ii) the Trust Agreement; (iii) the form Limited Liability Company Agreement accompanying the Trust Agreement; (iv) the Master Lease (the "**Lease**"); (v) the form of the Purchase Agreement for DST Interests in BREX Net Lease Industrial I DST; and (vi) the Loan Documents (collectively, the "**Transaction Documents**"). We have also assumed that the representations set forth in the letter addressed to us and signed on behalf of the Company on April 17, 2026 (the "**Representation Letter**"), are true, complete and correct in all respects as of the date hereof.

Based on our review of the Transaction Documents and the Representation Letter, it is our opinion that (i) the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c) [1] that is classified as a "trust" under Treasury Regulations Section 301.7701-4(a), (ii) the Beneficial Owners should be treated as "grantors" of the Trust, (iii) as "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes, (iv) the Interests should not be treated as securities for purposes of Section 1031, (v) the Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031, (vi) the Lease should be treated as a true lease and not a financing for federal income tax purposes, (vii) the Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes, (viii) the discussions of the federal income tax consequences contained in the Memorandum are correct in all material respects,

[1] All section references provided for herein refer to the Internal Revenue Code of 1986, as amended (the "**Code**"), and the Treasury Regulations promulgated thereunder.

Baker McKenzie.

and (ix) certain judicially created doctrines should not apply to change the foregoing conclusions.

Our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the acquisition of an Interest will, in light of the facts and circumstances applicable to a specific Purchaser, constitute the acquisition of like-kind replacement property by any Purchaser in a transaction that qualifies for non-recognition of gain or loss under Section 1031.

DISCUSSION

Section 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment." Non-recognition treatment does not apply, however, if the interests in the property being exchanged are, *inter alia*, regarded as interests in a partnership, securities, or certificates of trust or beneficial interests.[2] Section 1031 does not expressly address the treatment of interests in a Delaware Statutory Trust (a "**DST**").

The Internal Revenue Service (the "**IRS**") concluded in Revenue Ruling 2004-86[3] that, under the limited circumstances set forth therein, beneficial owners of a DST that in turn owns real estate will be treated as owning a direct interest in such real estate for purposes of the non-recognition provisions of Section 1031. In order to reach this conclusion, the IRS determined that (i) the DST described therein will be treated as an investment trust under Treasury Regulations Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulations Section 301.7701-4(a), and (ii) the beneficial owners of the DST are "grantors" and, as such, are treated as owning direct interests in the DST's property for federal income tax purposes. We believe that the tax treatment of the Trust and the Beneficial Owners (and the Interests that are the subject of the Offering) should be the same as the treatment of the DST and its beneficial owners in Revenue Ruling 2004-86 for federal income tax purposes.

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2 Treas. Reg. § 1.1031(a)-1(a)(1); former Section 1031(a)(2)(C), (D), (E) (1984). On December 22, 2017, the Tax Cuts and Jobs Act (the "**TCJA**") was signed into law. The TCJA significantly modified Section 1031 by limiting it to *only* exchanges of certain real property not held primarily for sale. Exchanges of personal and intangible property completed after December 31, 2017, can no longer qualify for a Section 1031 Exchange. Additionally, the TCJA eliminated specific language providing that exchanges of certain types of property (stock in trade or other property held primarily for sale, stocks, bonds, or notes, other securities, or evidences of indebtedness or interest; interests in a partnership; certificates of trust or beneficial interest; or choses in action) are excluded from a Section 1031 Exchange. Although the specific language providing for non-qualification (for Section 1031 purposes) of interests in a partnership, securities, certificates of trust, and beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning qualifying real property for federal income tax purposes.

3 2004-33 I.R.B. 191.

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I. The Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulations Section 301.7701-4(a).

The Trust should be classified as a "trust" under Treasury Regulations Section 301.7701-4(a) because it (i) should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes, and (ii) should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c).

A. The Trust should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes.

Whether an organization is an entity separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.[4] Thus, an entity formed under local law is not always recognized as a separate entity for federal income tax purposes.[5] When participants in a venture form a state-law entity and avail themselves of the benefits of that entity for a valid business purpose, however, the entity generally will be recognized for federal income tax purposes.[6]

An entity formed under state law that acts as a mere agent of its owners will not be treated as an entity separate from its owners for federal income tax purposes. In *Commissioner v. Bollinger*,[7] a corporation was treated as an agent of its owners where the corporation functioned merely as the nominal debtor and record title holder to mortgaged property. The shareholders entered into an agreement providing that (i) the corporation would hold title to the property as the shareholders' nominee and agent solely to secure financing, (ii) the shareholders had sole control and responsibility for the mortgaged property, and (iii) the shareholders were the principals and owners of the property during its financing, construction and operation. The Supreme Court held that the shareholders, rather than the corporation, were the owners of the property because the relationship between the shareholders and the corporation was, in both form and substance, an agency with the shareholders as principals.

Similarly, the IRS concluded in Revenue Ruling 92-105[8] that an Illinois land trust was not to be treated as an entity separate from its owner for federal income tax purposes. A single taxpayer created an Illinois land trust and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to real property to the trust, subject to the provisions of an accompanying land trust agreement. Under the agreement, the taxpayer (i) retained exclusive control of the management, operation, rental and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property, and (ii) was required to file all tax returns, pay all taxes and satisfy any other

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4 Treas. Reg. § 301.7701-1(a)(1).
5 Treas. Reg. § 301.7701-1(a)(3).
6 *See Moline Properties, Inc. v. Comm'r*, 319 U.S. 436 (1943).
7 485 U.S. 340 (1988).
8 1992-2 C.B. 204.

liabilities with respect to the real property. Under Illinois law, there is no limitation on liability of a beneficiary of an Illinois land trust. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that the Illinois land trust could not rise to the level of an "entity" separate from the beneficial owner for federal income tax purposes.

In contrast, the IRS concluded in Revenue Ruling 2004-86[9] that the DST described therein was an entity that should be recognized as separate from its owners for federal income tax purposes. The IRS did so by looking to the powers, limitations and benefits that Delaware law accords to a DST and its beneficial owners. Under Delaware law, creditors of a beneficial owner in a DST may not assert claims directly against the property held by a DST; they can seek payment only from the beneficial owner herself. The property of a DST is subject to attachment and execution with respect to liabilities of the DST as if the DST were a corporation. A DST may sue or be sued. The beneficial owners of a DST are entitled to the same limitation on personal liability stemming from actions of a DST that is extended to stockholders of a corporation organized under Delaware law. A DST may merge or consolidate with or into one or more statutory entities or other business entities. A DST can be formed for investment purposes. These powers and privileges afforded to a DST and the beneficial owners thereof, as well as the purpose of a DST, led the IRS to conclude that a DST is an entity separate from its owners for federal income tax purposes.[10]

Based on the authorities discussed above, the Trust should be recognized as an entity separate from the Beneficial Owners. The Trust should not be viewed merely as an agent of the Beneficial Owners because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Beneficial Owners have no right or power to direct in any manner the Trust, the Manager in connection with the operation of the Trust or the actions of the Delaware Trustee, Signatory Trustee or the Manager.[11] Specifically, the Beneficial Owners have no right or power to (i) contribute additional assets to the Trust (other than the initial contribution of cash in exchange for Interests), (ii) be involved in any manner in the operation or management of the Trust or its assets, (iii) cause the Trust to negotiate or renegotiate leases or loans or (iv) cause the Trust to sell its assets and reinvest the proceeds of such sale.[12] Additionally, so long as any obligation evidenced or secured by any of the Loan Documents remains outstanding and not discharged in full and the lien of the mortgage has not been released, the Trust Agreement requires the Trust to, among other things, prepare separate financial statements and (unless treated as disregarded from its owners) file its own tax returns.[13]

These requirements and prohibitions evidence an intent that the Trust be engaged in activities on its own behalf rather than as an agent of the Beneficial Owners. Lastly,

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9 2004-33 I.R.B. 191.
10 *Id*. (citing to Del. Code Ann. Title 12, §§ 3801-3824).
11 *See* the Trust Agreement at § 6.12.
12 *See id*.
13 *See* the Trust Agreement at § 3.2(b).

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because the Trust is organized as a DST, the Beneficial Owners may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Thus, the Trust (as a DST) and the Beneficial Owners have substantially all of the same powers, limitations and benefits as the trust that the IRS found to constitute an entity separate from its owners for federal income tax purposes in Revenue Ruling 2004-86. Accordingly, the Trust should be recognized for federal income tax purposes as an entity separate from the Beneficial Owners.

B. The Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c).

A trust arrangement generally will be classified as a "trust" rather than another form of business entity for federal income tax purposes if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of a business for profit.[14] A trust with a single class of ownership interests that provides no power to vary the investments of the trust is classified as an investment trust that is treated as a "trust" for federal income tax purposes.[15] A trust with multiple classes of ownership interests that otherwise meets the description of an investment trust also will be classified as a "trust" for federal income tax purposes if the existence of multiple classes of ownership interests is incidental to the purpose of facilitating the direct investment in the trust's assets.[16] As discussed in greater detail below, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c).

1. No power exists under the Trust Agreement for the Delaware Trustee, Signatory Trustee or Manager to vary the investments of the Trust.

The courts and the IRS have considered the extent to which the powers granted under a trust arrangement exceed those required simply to protect and conserve property for the benefit of the beneficiaries. Two opinions issued by the Second Circuit on the same day generally are viewed as the leading judicial guidance on the distinction between a trust arrangement that meets the description of an investment trust and a trust arrangement granting the power to vary the investments held therein. Additionally, the IRS has issued several revenue rulings, the most relevant being Revenue Ruling 2004-86, that distinguish the limited arrangements that would constitute an investment trust from a broader grant of powers that prohibits classification as a "trust." In all material respects, we believe that the powers granted to the Delaware Trustee, Signatory Trustee and Manager in the Trust Agreement are consistent with the limited scope of powers applicable to an investment trust described in Treasury Regulations Section 301.7701-4(c).

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14 Treas. Reg. § 301.7701-4(a).
15 Treas. Reg. § 301.7701-4(c)(1).
16 *Id*.

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a. Authorities.

(i) Case Law.

In *Commissioner v. Chase National Bank*,[17] the court addressed whether a state-law trust arrangement should be classified as a "trust" for federal income tax purposes. In that case, the depositor purchased shares of the common stock of several corporations and made up "units" consisting of a number of shares of the common stock of each corporation. The "units" were deposited in a trust, and then certificates in the trust were sold to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The Second Circuit found that the trust instrument "prevented the trusts from being, or becoming, more than what are sometimes called strict investment trusts." The court concluded that the trust required "that the trust property was to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose. This distinction is what makes the difference tax-wise."[18]

In another opinion released on the same day as *Chase National Bank*, the Second Circuit reached a different result. In *Commissioner v. North American Bond Trust*,[19] the court recognized that, although the trust arrangement in the instant case was similar to the trust in *Chase National Bank*, the trust instrument in the instant case was slightly different because it provided the depositor with the power "in effect to change the investment of certificate holders at his discretion."[20] In making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Additionally, the bonds of all units constituted a single pool in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors could be used to purchase new bond issues that would in turn reduce the existing certificate holders' interests in the old bond issues. The depositor thus could take advantage of market variations in a manner that could improve the investment of the original investors through dilution of the original investment. Based on these facts, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will" and, accordingly, that the trust was treated as taxable as an association rather than as a fixed investment trust.[21]

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17 122 F.2d 540 (2d Cir. 1941).
18 *Id.* at 543.
19 122 F.2d 545 (2d Cir. 1941), *cert. denied*, 314 U.S. 701 (1942).
20 *Id*.
21 *Id*.

(ii) Revenue Ruling 2004-86.

The analyses and conclusions of the IRS in Revenue Ruling 2004-86 are consistent with the Second Circuit's holdings in the cases discussed above. Revenue Ruling 2004-86 considered the situation in which an individual (John) borrowed money from an unrelated lender (Bank) and signed a 10-year, interest-bearing non-recourse note. John then used the proceeds of the loan to purchase rental real property, Blackacre, which was the sole collateral for the loan from the Bank. Immediately thereafter, John "net" leased the property to Mary for a term of 10 years.[22] Under the terms of the lease, Mary was required to pay all taxes, assessments, fees or other charges imposed on Blackacre by federal, state or local authorities. In addition, Mary was required to pay all insurance, maintenance, ordinary repairs and utilities relating to Blackacre. Mary was free to sublease Blackacre to anyone she chose.

The rent paid by Mary to John was a fixed amount that could be adjusted by a formula described in the lease agreement that was based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustment to the rate or index was not within the control of any of the parties to the lease. The rent paid by Mary was not contingent upon Mary's ability to lease the property or on her gross sales or net profits derived from Blackacre.[23]

On the same date that John acquired Blackacre and leased it to Mary, John also formed a trust under Delaware law to which he contributed fee title to Blackacre after entering into the loan with the Bank and the lease with Mary. Upon contribution, the trust assumed John's rights and obligations under the loan from the Bank as well as under the lease with Mary. In accordance with the non-recourse nature of the note, neither the trust nor any of its beneficial owners were personally liable to the Bank for the loan, which continued to be secured by Blackacre. The trust agreement provided that interests in the trust were freely transferable; however, interests in the trust were not publicly traded on an established securities market. The trust would terminate on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but would not terminate on the bankruptcy, death or incapacity of any owner, or the transfer of any right, title or interest of the beneficial owners, of the trust.

The trust agreement authorized the trustee to engage in only those activities central to the collection, investment, and distribution of income arising from Blackacre. The trust agreement authorized the trustee to use trust funds to establish a reasonable reserve to pay expenses incurred in connection with holding Blackacre. The trustee was required to distribute on a quarterly basis all available cash less such reserves to each beneficial owner in proportion to their respective interests in the trust. The trustee was required to invest

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22 The ruling does not indicate whether John is related to Mary, but given that the ruling states that Mary is not related to persons described in the ruling other than John, it can be assumed that she is related to him.

23 Although the lease from John to Mary is described in Revenue Ruling 2004-86 as a "net" lease, it is not clear whether the lessor or the lessee would be required to make capital improvements or major repairs to the property. Thus, the lease might be "double net," in which the lessor remains liable for certain capital improvements and repairs (such as repairs to the roof) instead of a "triple net" lease in which the lessee is responsible for the property in all events.

cash received from Blackacre between each quarterly distribution and all cash reserves in short-term obligations, *i.e.*, maturing prior to the next quarterly distribution date, of (or guaranteed by) the United States or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was required to hold such obligations until maturity. In addition to the right to a quarterly distribution of cash, each beneficial owner had the right to an in-kind distribution of its proportionate share of the property of the trust.

The trust agreement prohibited the trustee from engaging in activities beyond the scope of the collection, investment and distribution of income arising from Blackacre. The trustee could not exchange Blackacre for other property, purchase assets other than the short-term investments described above or accept additional contributions of assets (including money) for the trust from the beneficiaries. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of Mary's bankruptcy or insolvency.[24] In addition, the trustee could make only minor non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provided that the trustee could engage in ministerial activities to the extent required to maintain and operate the trust under local law. In addition, the trustee could not enter into a written agreement with John or indicate to third parties that the trustee (or the trust) is his agent.

Immediately after John contributed his interest in Blackacre to the trust, he conveyed his entire interest in the trust to Dan and Michelle in exchange for interests in Whiteacre and Greenacre, respectively. Dan and Michelle were not related to the Bank or Mary (the lessee of Blackacre), and neither the trustee nor the trust was an agent of Dan or Michelle. Dan and Michelle desired to treat their acquired interests in the trust as replacement property pursuant to a Section 1031 like-kind exchange for their relinquished properties, Whiteacre and Greenacre, respectively.

Neither the trust, nor the trustee entered into a written agreement with John, Dan or Michelle creating an agency relationship and in dealings with third parties, neither the trust nor the trustee represented itself as an agent of John, Dan or Michelle.

To determine whether the trust arrangement qualified as an investment trust classified as a "trust" for federal income tax purposes, the IRS examined whether the trust agreement granted the power to vary the investment of the trust's beneficial interest holders. Because the duration of the trust was the same as the duration of the loan and the lease that were assumed by the trust at the time of its formation, the financing and leasing arrangements of the trust and its assets (Blackacre) were fixed for the entire life of the trust. Furthermore, the trustee was permitted to invest only in short-term obligations that mature prior to the next quarterly distribution date and was required to hold these obligations until maturity.

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[24] Revenue Ruling 2004-86, in its statement of facts, expressly provides that "[t]he trustee may not renegotiate the terms of the debt used to acquire [the property] and may not renegotiate the lease with the [tenant] or enter into leases with tenants other than [the tenant], except in the case of the [tenant's] bankruptcy or insolvency." We believe the correct interpretation of this provision is that the exception applies to renegotiating the financing as well as new leases.

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Because the trust agreement required that (i) any cash from Blackacre, and any cash earned on short-term obligations held by the trust between distribution dates, be distributed quarterly, (ii) no cash could be contributed to the trust by the beneficiaries, (iii) the trust could not borrow any additional money and (iv) the disposition of Blackacre would result in the termination of the trust, the IRS concluded that there was no possibility of the reinvestment of money under the trust agreement.

In the Revenue Ruling's analysis, the IRS emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short-term investments, or accept any additional contributions of assets (including money) for the trust. The trustee could not renegotiate the terms of the debt used to acquire Blackacre and could not renegotiate the lease with Mary or enter into leases with tenants other than Mary, except in the case of her bankruptcy or insolvency. In addition, the trustee could make only minor non-structural modifications to its property except to the extent required by law. The IRS observed that the trustee had none of the powers that would indicate intent to carry on a profit-making business. Accordingly, the IRS concluded that the trustee had no power to vary the investment of the beneficiaries of the trust, which is consistent with the description of an investment trust classified as a "trust" for federal income tax purposes.

The IRS expressly warned in Revenue Ruling 2004-86 that the trust arrangement would not have qualified as an investment trust, and therefore would not have been classified as a "trust," if the trustee had been given the power to do one or more of the following:

- Dispose of Blackacre and acquire new property;
- Renegotiate the lease with Mary (except in the case of Mary's bankruptcy or insolvency);
- Enter into leases with a tenant other than Mary (except in the case of Mary's bankruptcy or insolvency);
- Renegotiate the obligation used to purchase Blackacre (except in the case of Mary's bankruptcy or insolvency);
- Receive capital contributions from the investors;
- Invest cash received to profit from market fluctuations; or
- Make more than minor non-structural modifications to Blackacre that were not required by law.

Thus, it is not sufficient that the trustee never takes any of the actions described above—the trustee must lack the power to undertake those actions. This aspect of Revenue Ruling 2004-86 is consistent with the case law in which a trust is classified in accordance with the powers that the trustee has under the trust agreement without regard to what actions, if any, the trustee has performed other than to conserve and protect the property of the trust.

(iii) Other Revenue Rulings.

The IRS also addressed the classification of trust arrangements in several other revenue rulings. Revenue Ruling 75-192[25] involved a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates only in specified short-term obligations maturing prior to the next distribution date and required to hold such obligations until maturity. The IRS concluded that, because the restrictions on the types of permitted investments limited the trustee to a fixed return similar to that earned on a bank account and eliminated any opportunity to profit from market fluctuations, the power to invest in such assets was not a power to vary the trust's investments.

Similarly, the IRS classified the trust arrangement described in Revenue Ruling 79-77,[26] which was formed to hold real property, as a "trust" for federal income tax purposes. The beneficiaries were required to approve all agreements entered into by the trustee and they were personally liable for the debts of the trust. The beneficiaries directed the trustee to enter into a 20-year lease that required the tenant to pay all taxes, assessments, fees or other charges imposed on the property by federal, state or local authorities. In addition, the tenant paid all insurance, maintenance, repairs and utilities relating to the property. The trustee could determine whether to allow the tenant to make minor non-structural alterations to the real estate, but only if the alterations would protect and conserve the property or were required by law. The trustee was empowered to institute legal or equitable actions to enforce any provisions of the lease.

The trust would terminate on the sale of substantially all of its assets or upon unanimous agreement of the beneficiaries. Based upon the above, the IRS classified the trust arrangement described in Revenue Ruling 79-77 as a "trust" for federal income tax purposes.

In contrast, the IRS concluded that the trust arrangement described in Revenue Ruling 78-371[27] was classified as a business entity rather than a "trust." Unlike the trust arrangement described in Revenue Ruling 79-77 that restricted the trustee to dealing with a single piece of property subject to a net lease, the trust arrangement in Revenue Ruling 78-371 expressly authorized the trustees to purchase and sell contiguous or adjacent real estate, to accept or reject certain contributions of contiguous or adjacent real estate, and to raze or erect any building or other structure or make any improvements to the land contributed to the trust. The trustees were also empowered to borrow money and to mortgage and lease the trust property. The IRS concluded in Revenue Ruling 78-371 that the trustee's power to engage in extensive real estate operations and to reinvest the sales proceeds in financial products indicated that the trust arrangement was not formed merely to protect and conserve the trust's property and, thus, ruled that the trust was taxable as a business entity treated as a corporation.

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25 1975-1 C.B. 384.
26 1979-1 C.B. 448.
27 1978-2 C.B. 344.

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The existence of a power to sell trust assets does not always give rise to a power to vary the trust's investments.[28] The courts and the IRS have concluded that even though a trustee may possess the power to sell trust assets under certain limited circumstances, such a trust arrangement can still qualify as an investment trust classified for federal income tax purposes as a "trust."[29] These authorities have clarified that, instead of the mere power to sell trust assets, it is the ability of the trustee to substitute new investments in order to take advantage of variations in the market that prohibit a trust arrangement from being treated as an investment trust classified as a "trust" for federal income tax purposes.

b. The Trust Agreement.

The powers and authority granted to the Delaware Trustee, Signatory Trustee, Manager, Beneficial Owners and the Trust in the Trust Agreement fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." From and after the effective date of the Conversion Notice (as defined in the Trust Agreement), the Trust Agreement authorizes the Manager to (a) acquire the Property and enter into the Lease and the Loan, (b) comply with the terms of the Financing Documents (as defined in the Trust Agreement), (c) collect rent and make distributions thereof, (d) enter into any agreements for purposes of completing tax-free exchanges of real property with a "qualified intermediary" as defined in Treasury Regulations Section 1.1031(k)-1, (e) notify the relevant parties of any defaults under the Transaction Documents (as defined in the Trust Agreement), (f) make or cause to be made any repairs necessary to maintain the Property, (g) take any action which in the reasoned opinion of tax counsel to the Trust, should not have an adverse effect on either the treatment of the Trust as an "investment trust" within the meaning of Treasury Regulations Section 301.7701-4(c) or each Beneficial Owner as a "grantor" within the meaning of Code Section 671, and (h) solely to the extent necessitated by the bankruptcy or insolvency of a tenant, enter into a new lease with respect to the Property, or renegotiate or refinance any debt (including, without limitation, the Loan) secured by the Property.[30]

Additionally, the Trust Agreement expressly denies the Manager any power or authority, from and after the effective date of the Conversion Notice, to take an action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c).[31] Moreover, the Trust Agreement expressly denies the Delaware Trustee, the Manager, the Beneficial Owners and/or the Trust any power and authority to take any other action which would cause the Trust to be treated as a business entity for federal income tax purposes if the effect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under Treasury Regulations Section 301.7701-4(c)(1) and Revenue Ruling 2004-86. [32] Furthermore, the Trust Agreement provides that none of the Delaware Trustee, the

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28 *Id.*

29 *See Comm'r v. N. Am. Bond Trust*, 122 F.2d 545 (2d Cir. 1941), *cert. denied,* 314 U.S. 701 (1942); *Pennsylvania Co. for Insurances on Lives and Granting Annuities v. United States*, 146 F.2d 392 (3d Cir. 1944); *see also* Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 73-460, 1973-2 C.B. 425.

30 *See* the Trust Agreement at § 5.3(b).

31 *See id.* at § 5.3.

32 *See id.* at § 3.3.

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Manager, the Beneficial Owners and the Trust shall have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within the meaning of Treasury Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Treasury Regulations Section 301.7701-3.[33] Finally, as noted above, the Beneficial Owners generally have no right or power to make decisions for or to operate or manage the Trust in any manner.[34]

We believe that the material provisions of the Trust Agreement that are not included in the trust arrangement described in Revenue Ruling 2004-86 are consistent with treating the Trust as an investment trust. These provisions include, but are not limited to: (i) the power to sell the Trust's corpus; (ii) the potential termination of the Trust through any event that would cause a Transfer Distribution; and (iii) the potential transfer of the Property to the Operating Partnership pursuant to the FMV Option provided in the Trust Agreement.

The power granted under the Trust Agreement to sell the Property should not be viewed as a power to vary the Trust's investments. Immediately after a sale of the Property, the sales proceeds must be distributed to the Beneficial Owners and the Trust will terminate.[35] None of the Delaware Trustee, Signatory Trustee or the Manager has the power to purchase replacement investments with the proceeds from the sale of the Property.[36] Additionally, the power of the Manager to cause a sale of the Property is not unfettered, but instead can be exercised only after the Beneficial Owners have owned their interests for at least two years.[37]

The sale of the Property under these circumstances is consistent with the objective of achieving an investment return on the assets comprising the initial trust estate when the Beneficial Owners acquired their interests therein. Because the sales proceeds cannot be reinvested by the Delaware Trustee, Signatory Trustee or the Manager, the Trust Agreement does not confer the power to "better" the investments in the Trust by taking advantage of market variations. The assets that can be held by the Trust are restricted to the Property and the cash reserves that accumulate between monthly distributions.[38] All cash reserves will be invested only in the types of debt instruments expressly permitted under Revenue Ruling 2004-86.[39] Accordingly, providing the Manager with the discretion concerning the timing and amount of the sale of the Property should not prevent the Trust from being treated as an investment trust that is classified as a "trust" for federal income tax purposes.

Although no direct authority exists regarding the use of a Transfer Distribution in connection with a fixed investment trust, we believe the Transfer Distribution as used in the Trust Agreement is consistent with treating the Trust as a fixed investment trust for federal income tax purposes. We believe that the events that would cause a Transfer

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33 *See id.*
34 *See id.* at § 6.12.
35 *See id.* at §§ 9.1 & 9.3.
36 *See id.* at § 3.3(c)(ii).
37 *See id.* at § 9.3.
38 *See id.* at §§ 3.3 & 7.2.
39 *See id.* at § 7.2.

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Distribution are not in any way expected or viewed as likely to occur, which supports the passive and fixed nature of the Trust. Moreover, the Trust has represented that no Transfer Distribution is currently intended or anticipated and that to the knowledge of the Company, Depositor, Trust and Manager an event which would cause a Transfer Distribution with respect to any of the assets of the Trust is not expected and that it is the belief of the Company, Depositor, Trust and Manager that the occurrence of such an event would be unanticipated.

In addition, the FMV Option provided in the Trust Agreement also should not be viewed as a power to vary the Trust's investments. In the case of the FMV Option, such a transfer is only exercisable for a purchase price equal to the then fair market value of a Purchaser's Interest at such time in exchange for OP Units (or cash, as the case may be).[40] The option price is tied directly to the fair market value as of the option exercise date as determined by an appraisal to be obtained at such time and is not nominal in relation to such value or discounted in any way.[41] The FMV Option is discussed in further detail in Part VI.E below.

Although distinctions exist between the Trust Agreement and the trust arrangement described in Revenue Ruling 2004-86, we believe these distinctions are not material. These distinctions include, but are not limited to: (i) the ongoing role of the Company or its affiliate as the Manager; (ii) the Trust's potential acceptance of multiple contributions over time, rather than through a single contribution; (iii) the conversion of the Trust for tax purposes from a disregarded entity into an investment trust prior to the admission of purchasers; and (iv) the certain limited guaranty the Operating Partnership has executed with respect to the Loan. We believe that, like the material provisions discussed above, these provisions are consistent with, rather than contrary to, the analysis in Revenue Ruling 2004-86 for the reasons set forth below.

First, the Company's (or its affiliate's) ongoing role as the Manager should not be viewed as inconsistent with the analysis in Revenue Ruling 2004-86 or the case law because the Manager's powers are limited to those permitted to be exercised by a trustee of a fixed investment trust.

Second, the Trust's acceptance of multiple contributions over time should not be viewed as raising additional capital (which is prohibited under Revenue Ruling 2004-86) because the capital of the Trust is not increasing. Both the terms and the amount of the Offering were established at the time the Trust Agreement was made. Additionally, the proceeds of the additional closings must be distributed to the Company (or its affiliate). Further, the fact that 100% of the Interests may be sold in multiple closings rather than in a single closing is driven by practical considerations and does not provide a basis for distinguishing a trust from a partnership. In addition, because the terms of the Offering are fixed, the additional contributions do not enable the Trust to benefit from market fluctuations over time.

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40 *See id.* at §§ 10.1 & 10.4.

41 *See id.* at § 10.4.

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Third, prior to conversion, the Trust is not recognized as an entity separate from the Company (or its affiliate) for federal income tax purposes.[42] Accordingly, the conversion feature of the Trust from a disregarded entity to a fixed investment trust should be viewed on its own as a mere formation of the Trust as a fixed investment trust in a manner that is not inconsistent with the analysis under Revenue Ruling 2004-86.

Fourth, we have considered the fact that the Operating Partnership has executed a certain limited guaranty with respect to the Loan. Under the limited guaranty, the Operating Partnership will be responsible for amounts, obligations, and liabilities incurred by the Lender as a result of certain customary non-recourse carveout events and springing recourse liabilities with respect to the Loan.[43] The occurrence or non-occurrence of these events will largely be solely within the control of the Operating Partnership (or its affiliates). Since this limited guaranty otherwise generally imposes liability only for actions which are within the control of the Operating Partnership or its affiliates, they should not constitute impermissible guarantees of the Loan for these purposes. Nor should the guarantees be viewed as obligations of the Operating Partnership to contribute additional capital to the Trust. Accordingly, we do not view the existence of the limited guaranty as inconsistent with Revenue Ruling 2004-86.

Because none of these provisions permit the Delaware Trustee, Signatory Trustee or Manager to vary the investments of the Trust in a manner that results in the Beneficial Owners improving their investment results based on variations in the market, we believe they are consistent with treating the Trust as a fixed investment trust.

c. The Lease.

Under the terms of the Lease, the Master Tenant has the right, at the Master Tenant's cost and expense, to make structural and non-structural alterations to the Property, provided that any such alteration or addition when completed is of a character that does not impair the usefulness, materially reduce the market value of such Property, or violate the terms of any sublease.[44] However, unlike the Master Tenant, at any time that the Trust is a DST the Trust shall not have the right, power or ability to make more than minor non-structural modifications to the Property.[45] Under Revenue Ruling 2004-86, the trustee is prohibited from making more than minor non-structural modifications to the property. We believe, however, that the alteration rights provided to the Master Tenant under the Lease should not be attributed to the Delaware Trustee, Signatory Trustee or Manager and, therefore, are

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42 *See id.* at § 3.3(a); *see also* Treas. Reg. § 301.7701-3(b)(1).

43 For example, the Loan Documents provide that if an Event of Default occurs, the Lender will be entitled to exercise all rights and remedies under that certain Loan Agreement between the Trust and the Lender, dated March 23, 2026 ("**Loan Agreement**") and certain other Loan Documents. *See* the Loan Agreement at § 10.2(c). An "Event of Default" is defined in the Loan Documents to include, for example, any failure to make any scheduled payment of interest and/or any principal payment due under the Loan, and if any representation or warranty was false or misleading in any material respect as of the time it was made, renewed (subject to Permitted Changes in Facts and Circumstances (as defined in the Loan Agreement)) or furnished in any Loan Document or any certificate, other instrument or written statement. *See* the Loan Agreement at § 10.1.

44 *See* the Lease at § 11.1.

45 *See* the Trust Agreement at § 3.3(c)(vi).

not inconsistent with treating the Trust as an investment trust for federal income tax purposes. The terms of the Lease do not provide the Delaware Trustee, Signatory Trustee or Manager with the unfettered power to make structural modifications to the Property; such alteration rights are held solely by the Master Tenant. Moreover, the cost of any such alterations or additions will be born solely by the Master Tenant, not the Trust. Although not free from doubt, we believe that the alteration rights provided to the Master Tenant under the Lease should not violate the intent and purpose of Revenue Ruling 2004-86 or the underlying cases and rulings governing whether the Delaware Trustee, Signatory Trustee or Manager possesses an impermissible right to vary the investments of the Trust.

2. Although the Trust has more than one class of ownership interests, the Trust nonetheless should be described as an investment trust classified as a "trust" because the Trust was formed to facilitate direct investment in the Property and the repurchase of the Class 2 Beneficial Interests is incidental to that purpose.

The often-cited principle that the economic substance of a transaction, and not its mere form, governs the tax treatment of a given transaction is a well-established doctrine of federal tax law.[46] The Treasury Regulations describing an investment trust apply this principle by providing that a trust arrangement that otherwise would be treated as an investment trust absent multiple classes of ownership interests nonetheless will be so treated if the multiple classes of ownership interests are incidental to the investment purpose of the trust.[47] The Treasury Regulations illustrate by example the types of different ownership rights that would be merely incidental to a trust's investment purpose.

The first example illustrates a circumstance whereby the existence of two classes of ownership interests in a trust is incidental to the trust's purpose of facilitating direct investment in a portfolio of residential mortgages.[48] The originator of the mortgage portfolio transferred the mortgages to a bank under a trust agreement, retained the class D beneficial ownership interest in the trust and sold to investors the class C beneficial ownership interests in the trust. The two classes are identical except that, in the event of a default on the underlying mortgages, the payment rights of the class D interests are subordinate to the rights of the class C certificate holders. The example observes that the interests of the beneficial holders in the aggregate, however, is substantially equivalent to an undivided ownership interest in the mortgage pool, coupled with a limited recourse guarantee running from the originator to the class C beneficial holders. Thus, the difference

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46 *See*, *e.g.*, *Gregory v. Helvering*, 293 U.S. 465, 467, 470 (1935) (holding that "the reorganization attempted was without substance and must be disregarded"); *Comm'r v. Court Holding Co*., 324 U.S. 331, 334 (1945) (stating that "the incidence of taxation depends on the substance of a transaction. The tax consequences which arise from gains from a sale of property are not finally to be determined solely by the means employed to transfer legal title"); *Weiss v. Stearn*, 265 U.S. 242, 254 (1924) (stating that the court "must regard matters of substance and not mere form"); *Higgins v. Smith*, 308 U.S. 473, 477 (1940) (holding that the government may look at "actualities" and disregard the form of a transaction if it is "unreal" or a "sham").

47 Treas. Reg. § 301.7701-4(c).

48 *See* Treas. Reg. § 301.7701-4(c)(2), Example 2.

in rights between the class D and class C beneficial ownership interests is present simply to facilitate the investment by the class C beneficial owners in the trust's assets.

Likewise, the second example illustrates a circumstance where multiple classes of ownership interests in a trust merely facilitate direct investment in the assets held by the trust.[49] Purchasers purchased trust certificates evidencing the right to receive a particular payment with respect to a specific bond that is included in a bond portfolio held by the trust. Because the purchase of stripped interests in bonds and coupons are treated as separate bonds for federal income tax purposes, the example states that the multiple classes simply provide each certificate holder with a direct interest in what would be treated as a separate bond. Because the certificate holders acquired an interest in the trust's assets that was similar to what the certificate holder could acquire by direct investment, the multiple classes of ownership interest will not prevent the trust arrangement from being treated as a trust rather than a business entity for federal income tax purposes.

It is possible that the IRS may assert that the redemption of the Class 2 Beneficial Interests upon the issuance of Class 1 Beneficial Interests gives rise to multiple classes of ownership interests,[50] even though the rights of a Class 2 Beneficial Owner otherwise will be identical to the rights of a Class 1 Beneficial Owner immediately upon a Purchaser investing in the Trust.[51] Consistent with the facts in the examples discussed above, however, we believe that the redemption right of the Company (or its affiliate) also should be treated as existing simply to facilitate the Purchasers' investment in the Class 1 Beneficial Interests in the Trust. The redemption simply replaces the Company's (or its affiliate's) *pro rata* ownership interest in the Trust and its underlying assets with that of the Purchasers. This same result could be accomplished by either the Depositor selling directly to the Purchasers its Class 2 Beneficial Interests or the Company (or its affiliate) selling the Purchasers a direct interest in the Property followed by the Purchasers' contribution of same to the Trust. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, we believe that the formal mechanism by which the Company's (or its affiliate's) interest in the Property is transferred to the Class 1 Beneficial Owners should not affect the tax consequences of the underlying transaction.

This analysis is consistent with the IRS statement in Revenue Ruling 2004-86 that its conclusions would have been the same regardless of whether the trust property (Blackacre) had been sold directly to Dan and Michelle and then contributed to the trust or, as in the facts in the ruling, contributed to the trust followed by a sale of an interest in the trust to Dan and Michelle. The rights of the Company (or its affiliate) with respect to the underlying assets in the Trust, *i.e.*, the Property, are no different vis-à-vis a Class 1 Beneficial Owner for as long as the Company (or its affiliate) retains any Class 2 Beneficial Interests. The result is the economic equivalent of the Purchasers purchasing a direct interest in the Property from the Company and then contributing the purchased interests in

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49 *See* Treas. Reg. § 301.7701-4(c)(2), Example 4.
50 *See* the Trust Agreement at § 6.13.
51 *See id.* at §§ 6.12 & 6.13.

the Property to the Trust. Under these circumstances no multiple classes of ownership interests in the Trust should exist.

Based on the foregoing discussion, the Trust: (i) should be recognized as an entity separate from the Beneficial Owners for federal income tax purposes, and (ii) should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c). As a result, the Trust should be classified as a "trust" under Treasury Regulations Section 301.7701-4(a).

II. The Beneficial Owners should be treated as "grantors" of the Trust.

A "grantor" of a trust includes any person that either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[52] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[53] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust described in Treasury Regulations Section 301.7701-4(c).[54]

The Beneficial Owners will transfer cash (and, with respect to the Class 2 Beneficial Owner, has effectuated the formation of the Trust and the acquisition of the Property) 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, each Beneficial Owner should be treated as making a gratuitous transfer to the Trust. Thus, the Beneficial Owners should be treated as "grantors" of the Trust.

III. As "grantors" of the Trust, the Beneficial Owners should be treated as owning an undivided fractional interest in the Property for federal income tax purposes.

A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code also is treated as owning an undivided fractional interest of such assets for all federal income tax purposes.[55] Sections 673 through 677 set forth rules for determining when the grantor or another person is treated as the owner of any portion of a trust.[56] Under Section 673, a grantor is treated as owning any portion of a trust in which the grantor has a reversionary interest in either the trust assets or the income therefrom if, as of the inception of that portion of the trust, the value of such interest exceeds 5% of the value of such portion. Under Section 677, a grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party

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52 Treas. Reg. § 1.671-2(e)(1).
53 Treas. Reg. § 1.671-2(e)(2).
54 Treas. Reg. § 1.671-2(e)(3).
55 *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.
56 Treas. Reg. § 1.671-2(a).

or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.[57]

Revenue Ruling 2004-86 also considered whether the purchase of interests in the trust arrangement by Dan and Michelle would be treated as an acquisition of interests in the real property (Blackacre) owned by the trust (in exchange for their interests in Whiteacre and Greenacre that were conveyed to John). The IRS concluded that Dan and Michelle should be treated as grantors of the trust when they acquire their interests in the trust from John, who had formed the trust. The IRS also concluded that, because Dan and Michelle have the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion are includible by Dan and Michelle in computing their taxable income. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated Dan and Michelle as each owning an undivided fractional interest in Blackacre for federal income tax purposes.

The IRS's treatment of Dan and Michelle as the owners of the trust's property for purposes of Section 1031 is consistent with the treatment by the IRS of grantors of a trust for Section 1033 purposes. Section 1033 is similar to Section 1031 in that it confers non-recognition treatment on the involuntary conversion of property into similar or related-use property.[58] In several rulings, the IRS concluded that, because the owner of a grantor trust is treated as the owner of the trust's property for federal income tax purposes, whether replacement property was purchased by a grantor or the grantor's trust is of no consequence for Section 1033 purposes.[59]

Several of the rights accorded, directly and indirectly, under the Trust Agreement to the Beneficial Owners as "grantors" should result in the Beneficial Owners being treated as owning direct interests in the Property for federal income tax purposes. Generally, the Beneficial Owners have the right to the distribution of all available cash received by the Trust without the approval, consent or exercise of discretion by any person.[60] Additionally, the Beneficial Owners have a total reversionary interest in the assets of the Trust. These rights of the Beneficial Owners as grantors should result in the Beneficial Owners being treated as owning direct interests in the Trust's assets (*i.e.*, the Property) under Sections 673 and 677 and therefore also for all federal income tax purposes, including Section 1031.

IV. The Interests should not be treated as securities for purposes of Section 1031.

If the Interests were determined to be securities for purposes of Section 1031, an investor would recognize gain, if any, on the exchange of property for an Interest to the extent the fair market value of the Interest received in the exchange exceeded the adjusted tax basis

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57 Section 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).

58 *See* Section 1033(a).

59 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164.

60 *See* the Trust Agreement at § 7.2.

of the relinquished property.[61] For the reasons discussed below, the Interests should not constitute securities for purposes of Section 1031.[62]

A. Legislative History of Section 1031.

The exclusion of securities from Section 1031 was added to the predecessor to Section 1031 in 1923.[63] The legislation amended the predecessor to Section 1031 to include the following italicized language:

> When any such property held for *investment or for* productive use in trade or business (not including stock-in-trade or other property held primarily for sale, *and in the case of property held for investment not including stock, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest)*, is exchanged for property of a like kind or use.

The reason for the addition of the language above was to prevent taxpayers from using the predecessor to Section 1031 to exchange investment securities, such as stocks and bonds, on a tax free basis. A letter from the Secretary of the Treasury dated January 13, 1923, provided as follows:

> The revenue act of 1921 provides, in section 202, for the exchange of property held for investment for other property held for investment for other property of a like kind without the realization of taxable income. Under this section, a taxpayer who purchases a bond of $1,000 which appreciates in value may exchange that bond for another bond of the value of $1,000, together with $100 in cash (the $100 in cash representing the increase in the value of the bond while held by the taxpayer), without the realization of taxable income. This provision of the act is being widely abused. Many brokers, investment houses and bond houses have established exchange departments and are advertising that they will exchange securities for their customers in such a manner as to result in no taxable gain. Under this section, therefore, taxpayers owning securities which have appreciated in value are exchanging them for other securities and at the same time receiving a cash consideration without the realization of taxable income, but if the securities have fallen in value since acquisition will sell them and in computing net income deduct the amount of the loss on sale. This result is manifestly unfair and destructive of the revenues. The Treasury accordingly urges that the law be amended so as to limit the cases in which securities may be exchanged for other securities

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61 Section 1001.

62 Although the Interests may be "securities" for purposes of the Securities Act of 1933 or the Securities Exchange Act of 1934, it should be noted that this is not the relevant test for determining whether the Interests are securities for federal income tax purposes but, rather, only the starting point for the analysis.

63 *See*, *e.g.*, H.R. 13774, Public No. 545, 67th Cong., 4th Sess., ch. 294.

> without the realization of taxable income to those cases where the exchange is in connection with the reorganization, consolidation or merger of one or more corporations.[64]

In response to the concern expressed in the letter above, Congress amended the predecessor to Section 1031 to exclude securities.[65]

B. Use of the term "securities" in the Code.

The term "securities" is not defined in either Section 1031 or the Treasury Regulations promulgated thereunder. The term "securities" is narrowly defined in other Sections of the Code, including the following:

- Section 165(g) (defining the term "security" as "(A) a share of stock in a corporation; (B) a right to subscribe for, or to receive, a share of stock in a corporation; or (C) a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form . . . .");
- Section 402(e)(4)(E)(i) (providing that "[t]he term 'securities' means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form");
- Former Section 1083(f) (stating that "the term 'stock or securities' means shares of stock in any corporation, certificates of stock or interest in any corporation, notes, bonds, debentures and evidences of indebtedness (including any evidence of an interest in or right to subscribe to or purchase any of the foregoing)");[66] and
- Section 1236(c) (providing that "the term 'security' means any share of stock in any corporation, certificate of stock or interest in any corporation, note, bond, debenture, or evidence of indebtedness, or any evidence of an interest in or right to subscribe to or purchase any of the foregoing").

The Interests clearly should not be considered "securities" under any of the above definitions. Although the foregoing Sections are not expressly applicable for purposes of Section 1031, the IRS has indicated that the scope of "securities" (as used in such other Sections) can be relevant by analogy for purposes of Section 1031.[67]

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64 *Id.*

65 *Id.*

66 Section 1083 was repealed by the Gulf Opportunity Zone Act of 2005. *See* Pub. L. No. 109-135, § 402(a)(1), 119 Stat. 2610 (2005).

67 *See, e.g.,* I.R.S. Gen. Couns. Mem. 35242 (Feb. 16, 1973).

In addition, there are instances in the Code where a term is defined by specific reference to federal securities law, such as the following examples:

- Section 67(c)(2)(B)(i)(I) (". . . continuously offered pursuant to a public offering (within the meaning of section 4 of the Securities Act of 1933, as amended) . . . .");
- Section 83(c)(3) ("So long as the sale of property at a profit could subject a person to suit under section 16(b) of the Securities Exchange Act of 1934 . . . .");
- Section 162(m)(2) (". . . the term 'publicly held corporation' means any corporation which is an issuer . . . the securities of which are required to be registered under section 12 of [the Securities Exchange Act of 1934] . . . .");
- Section 277(b)(3) (". . . which for each day of any taxable year is a national securities exchange subject to regulation under the Securities Exchange Act of 1934 or a contract market subject to regulation under the Commodity Exchange Act . . . ."); and
- Section 409(e)(4)(A) (". . . a class of securities required to be registered under section 12 of the Securities Exchange Act of 1934 . . . .").

In *Plow Realty Co. of Texas v. Commissioner*,[68] the Tax Court addressed whether two mineral deeds, each conveying an undivided one-eighth interest in oil, gas, sulphur and other minerals, were "securities" for purposes of determining whether the gains from such conveyances constituted "personal holding company income" under Section 502(b) of the Internal Revenue Code of 1939. If such gains were "securities," and hence, "personal holding company income" as defined under the Internal Revenue Code of 1939, the gains would be subject to a 25% surtax.

The taxpayer contended that the mineral deeds were conveyances of an interest in real estate and not a sale of "securities." The Tax Court agreed:

> Under securities and exchange acts mineral deeds and assignments of mineral rights have been held to be "securities." But here we have a revenue statute and not a question of the exercise of police power by a state or the National Government for the protection of the public. The respondent's regulations define "stock or securities" in broad and comprehensive language, but even so, we do not think the instruments herein can be classified as securities under the revenue act. What we have here is two deeds of conveyance evidencing two private sales of undivided interests in realty, under which title passed to and became vested in the grantees. Such sales do not, in our opinion, under the

[68] 4 T.C. 600 (1945).

> circumstances here constitute a sale of securities under respondent's regulations.[69]

Based on this reasoning, the Tax Court held that the gains realized by the taxpayer upon the conveyance of the mineral deeds were not "personal holding company income" because the mineral deeds did not convey "securities."

In General Counsel Memorandum 35242,[70] the IRS stated that "[a]lthough [the definitions under Sections 165(g), 402(a)(3), 1083(f), and 1236(c)] do not control for purposes of Code §1031, we believe it persuasive that Congress has consistently defined the term 'securities' in a limited sense." Accordingly, the IRS determined that an exchange of whisky receipts for other whisky receipts qualified for non-recognition treatment under Section 1031(a).

Equally important, General Counsel Memorandum 35242 determined that the whisky receipts were not "securities" for purposes of Section 1031 even though the Securities and Exchange Commission believed such receipts constituted securities under the Securities Act of 1933 and the Securities Exchange Act of 1934. This conclusion is consistent with the Tax Court's position that property which constitutes a security under applicable securities laws is not necessarily a "security" for purposes of a specific provision of the Code.[71] The IRS further noted, in the proposed revenue ruling attached to the general counsel memorandum, that the "securities" exception to non-recognition treatment was added to "preclude brokers, investment houses, and bond houses from arranging the tax free exchanges of appreciated securities for their clients."[72]

Based on the narrow scope of the definition of "securities" for various Code provisions, the IRS endorsement of this narrow definition in the Section 1031 context, and the Tax Court's conclusion that the definition of a "security" under applicable securities laws is irrelevant, we believe that the Interests should not be treated as securities for purposes of Section 1031.

V. The Interests should not be treated as certificates of trust or beneficial interests for purposes of Section 1031.

The non-recognition rules of Section 1031 do not apply to an exchange of certificates of trust or beneficial interests.[73] However, as concluded above, the Trust should be treated as a fixed investment trust within the meaning of Treasury Regulations Section 301.7701-4(c).

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69 *Id.* at 608 (internal citation omitted).

70 I.R.S. Gen. Couns. Mem. 35242 (Feb. 16, 1973).

71 *Plow Realty Co.*, 4 T.C. 600 (1945) (concluding that mineral deeds were not securities for purposes of the predecessor to Section 543 (personal holding company income) despite the fact that they were securities under securities and exchange acts).

72 I.R.S. Gen. Couns. Mem. 35242 (Feb. 16, 1973) (*citing* S. Rept. 1113, 67th Cong. (1927), 1939-1 (Part 2) C.B. 845-46).

73 Treas. Reg. § 1.1031(a)-1(a)(1)(v); former Section 1031(a)(2)(E) (1984). As noted above, although the specific language providing for non-qualification (for Section 1031 purposes) of interests in a partnership, securities, certificates of trust, and beneficial interests has been eliminated from the statute, an analysis of these terms remains relevant to the analysis and conclusion set forth herein that the Beneficial Owners should be treated as owning real property for federal income tax purposes.

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Therefore, the Trust is considered to be a disregarded entity and the Beneficial Owners should be viewed as owning an underlying fractional interest in the Property (as opposed to an interest in the Trust itself for federal income tax purposes) because, for federal income tax purposes, the Trust is disregarded and viewed as if it does not exist. Thus, the Interests should not be viewed as prohibited certificates of trust or beneficial interests for purposes of Section 1031.

VI. The Lease should be treated as a true lease and not a financing for federal income tax purposes.

A. Generally.

We believe that the Lease has the hallmarks of a bona fide, true lease and, therefore, should be treated as such for federal income tax purposes. The economic substance of a leasing transaction is analyzed in light of all of the facts and circumstances.[74] Transactions structured as leases may be recharacterized for federal income tax purposes to reflect their economic substance.[75] For example, in appropriate circumstances a purported lease may be recharacterized as a conditional sales contract. Recharacterization of the Lease as a financing or other arrangement for federal income tax purposes would have significant adverse tax consequences. For example, if the Lease were recharacterized as a financing, then for federal income tax purposes, the Beneficial Owners would be treated as having immediately sold the acquired Interests in the Property to the Master Tenant and the Master Tenant would be treated as the owner of the Property for federal income tax purposes. As a result, a Purchaser attempting to participate in a Section 1031 Exchange would not be treated as having received qualified replacement property when the Purchaser acquired his, her or its Interest because the Purchaser would be treated as having made a loan to the Master Tenant. As the owner of the Property for federal income tax purposes, the Master Tenant, rather than the Purchasers, would be entitled to claim any depreciation deductions. To the extent that payments of "rent" were recharacterized as payments of interest and principal, the payment of principal would not be treated as the receipt of taxable income by the Purchasers and would not be deductible by the Master Tenant. All of these, and other, consequences could have a significant impact on the federal income tax consequences of an investment in the Property.

B. Revenue Procedure 2001-28.

It is possible that the Lease could be treated as a financing rather than a true lease for federal income tax purposes. There is, however, no bright-line test for making this determination. This issue will be analyzed in the context of Revenue Procedure 2001-28,[76] which sets forth guidelines for obtaining an advance ruling that a lease constitutes a true lease (and not a

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74 Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as Amended, in Combination with the "Patient Protection and Affordable Care Act," 153 & n. 350 (2010).

75 *See*, *e.g.*, *Frank Lyon Co. v. United States*, 435 U.S. 561 (1978), *rev'g* 536 F.2d 746 (8th Cir. 1976); *Rice's Toyota World*, 752 F.2d 89 (4th Cir. 1985); *Helvering v. F. & R. Lazarus & Co.*, 308 U.S. 252 (1939); *Emershaw v. Comm'r*, T.C. Memo 1990-246.

76 2001-1 C.B. 1156.

financing) for federal income tax purposes, as well as the federal income tax case law governing this area.

In recent cases, courts have conducted a two-part analysis to determine whether the purported lease should be respected for federal income tax purposes, including an analysis of whether (i) the purported lease should be disregarded as a "sham" transaction and, if not, (ii) whether the lessor retained a sufficient amount of the traditional benefits and burdens of ownership of the property. A leasing transaction will be deemed a sham, and thus disregarded, if it was entered into for the sole purpose of obtaining tax benefits and the transaction is devoid of any reasonable opportunity for economic profit (exclusive of tax benefits). A transaction is not a sham if there is either a business purpose or economic substance to the transaction.[77] The business purpose test has been described as a subjective analysis examining the motivations for entering into a transaction,[78] while the economic substance analysis is described as an objective analysis focusing on whether the transaction has a reasonable opportunity of producing a profit (exclusive of tax benefits).[79] If a transaction is shown not to be a sham, the lessor must additionally retain sufficient benefits and burdens of ownership to be regarded as the owner for federal income tax purposes.[80] The essence of the courts' benefits and burdens analysis is an examination of whether the purported lessor is subject to the risks of ownership (*i.e.*, downside) and will enjoy the profits of the property (*i.e.*, upside).

Revenue Procedure 2001-28[81] sets forth advance ruling guidelines for "true lease" status. The Trust has not sought, and does not expect to request, a ruling from the IRS under Revenue Procedure 2001-28. These ruling guidelines provide certain criteria that the IRS will require to be satisfied in order to issue a private letter ruling that a lease is a true lease for federal income tax purposes. In the event of an examination by the IRS, the IRS and, ultimately, the courts of applicable jurisdiction, would consider these ruling guidelines, together with existing cases and other rulings, in determining whether the Lease qualifies as a true lease for federal income tax purposes. However, we do not believe that strict compliance with Revenue Procedure 2001-28 is required to conclude that the Lease should be characterized as a true lease for federal income tax purposes. Rather, we believe that satisfying most of the material ruling guidelines should be sufficient for this purpose.

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77 *See Rice's Toyota World*, 752 F.2d 89; *Van Roekel v. Comm'r*, T.C. Memo 1989-74, *app. dism'd*, 905 F.2d 80 (5th Cir. 1990); *Offermann v. Comm'r*, T.C. Memo 1988-236; *L. W. Hardy Co., Inc. v. Comm'r*, T.C. Memo 1987-63; *Greenbaum v. Comm'r*, T.C. Memo 1987-222; *Torres v. Comm'r*, 88 T.C. 702 (1987); *Mukerji v. Comm'r*, 87 T.C. 926 (1986).

78 *Levy v. Comm'r*, 91 T.C. 838, 854 (1988).

79 *Id.* at 838; *Rubin v. Comm'r*, T.C. Memo 1989-484; *Moser v. Comm'r*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel v. Comm'r*, T.C. Memo 1989-74; *Offermann v. Comm'r*, T.C. Memo 1988-236; *Larsen v. Comm'r*, 89 T.C. 1229 (1987), *aff'd & rev'd sub nom Casebeer v. Comm'r.*, 909 F.2d 1360 (9th Cir. 1990).

80 *See Emershaw v. Comm'r*, T.C. Memo 1990-246, *aff'd* 949 F.2d 841 (6th Cir. 1991); *Rubin v. Comm'r*, T.C. Memo 1989-484; *Pearlstein v. Comm'r*, T.C. Memo 1989-621; *Moser v. Comm'r*, T.C. Memo 1989-142, *aff'd* 914 F.2d 1040 (8th Cir. 1990); *Van Roekel v. Comm'r*, T.C. Memo 1989-74; *Levy*, 91 T.C. 838.

81 2001-1 C.B. 1156. The guidelines were designed with equipment, rather than real estate, leveraged leases as a primary concern.

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Accordingly, the following discussion reviews the factors considered relevant by the IRS under Revenue Procedure 2001-28 guidelines, as well as the relevant case law.[82]

C. Minimum Unconditional At-Risk Investment.

Under the Revenue Procedure, the lessor must make a minimum unconditional "at risk" investment in the property (the "**Minimum Investment**") when the lease begins, must maintain such Minimum Investment throughout the entire lease term, and such Minimum Investment must remain at the end of the lease term. The Minimum Investment must be an equity investment (the "**Equity Investment**") that includes only consideration paid, and personal liability incurred, by the lessor to purchase the property. The net worth of the lessor must be sufficient to satisfy any such personal liability.[83] We believe that satisfying the required Minimum Investment pursuant to the guidelines is also indicative of a lessor's retention of downside risk as required under the framework established by the case law.[84]

1. Initial Minimum Investment.

When the property is first placed in service or use by the lessee, the Minimum Investment must be equal to at least 20% of the cost of the property. The Minimum Investment must be unconditional: that is, the lessor must not be entitled to a return of any portion of the Minimum Investment through any arrangement, directly or indirectly, with the lessee, a shareholder of the lessee, or any party related to the lessee (within the meaning of Section 318 of the Code) (the "**Lessee Group**").[85] Each of the Purchasers will acquire his, her or its Interest in the Property (through the Trust) for an unconditional equity investment equal to approximately 48.80% of the cost of his, her or its Interest in the Property. None of the Purchasers will be entitled to demand the return of his, her or its Equity Investment from the Trust, or any tenant or any party related to such parties, either through a put option, a guaranty of residual value or other arrangement with such persons.

2. Maintenance of Minimum Investment.

The Minimum Investment must remain equal to at least 20% of the cost of the property at all times throughout the entire lease term. That is, the excess of the cumulative payments required to have been paid by the lessee to or for the lessor over the cumulative disbursements required to have been paid by or for the lessor in connection with the ownership of the property must never exceed the sum of (i) any excess of the lessor's initial Equity Investment over 20% of the cost of the property plus (ii) the cumulative *pro rata*

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82 The factors enumerated in the case law are relevant to the guidelines as set forth in Revenue Procedure 2001-28; thus, for purposes of this analysis we refer to the case law factors within the framework of the guidelines.

83 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.01.

84 For example, courts have treated a lessor as the owner of property when the lessor has made cash investments substantially smaller than the 20% required by the Revenue Procedure 2001-28 guidelines. *See*, *e.g.*, *Emershaw v. Comm'r*, T.C. Memo 1990-246 (6% investment); *Greenbaum v. Comm'r*, T.C. Memo 1987-222 (7% investment); *L. W. Hardy Co., Inc. v. Comm'r*, T.C. Memo 1987-63 (17% investment).

85 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.01(1).

portion of the projected profit from the transaction (exclusive of tax benefits).[86] The Trust and the Manager have represented to us that they anticipate that the equity invested in the Property by the Purchasers will equal at least 20% of the cost of the Property to the Trust at all times throughout the term of the Lease (disregarding fluctuations in value) and that, to their knowledge, no plans or intention exists to reduce such equity through distributions or refinancing of the Property or otherwise. It is impossible, however, to determine at this time whether the economic performance of the Property will comply with the above stated requirement of Revenue Procedure 2001-28. Accordingly, this estimation alone neither weighs in support nor against characterization of the Lease as a true lease for federal income tax purposes.

3. Residual Investment.

Under Revenue Procedure 2001-28, the fair market value of the property at the end of the lease term must be estimated to be an amount equal to at least 20% of the original cost of the property. For this purpose, fair market value must be determined (i) without including in such value any increase or decrease for inflation or deflation during the lease term and (ii) after subtracting from such value any cost to the lessor for removal and delivery of possession of the property to the lessor at the end of the lease term. In addition, under Revenue Procedure 2001-28, a reasonable estimate of the remaining useful life of the property at the end of the lease term must equal the longer of one year or 20% of the originally estimated useful life of the property.[87] The Trust and the Manager have represented that the Property is expected to have a value at the end of the Lease term or the anticipated time of sale that is at least 20% of the original cost of the Property and that the financial projections of the value of the Property at the end of the Lease term or the anticipated time of sale are not based on increases or decreases in inflation or deflation during the Lease term and reflect the anticipated costs of sale. In addition, the Trust and the Manager have represented that a reasonable estimate of the remaining useful life of the Property at the end of its initial Lease term should equal the longer of one year or 20% of the originally estimated useful life of the Property.

D. Lease Term and Renewal Options.

For purposes of determining whether the various requirements imposed by Revenue Procedure 2001-28 are satisfied, the lease term must include all renewal or extension periods except renewals or extensions at the option of the lessee at fair rental value at the time of such renewal or extension.[88] Because both the Equity Investment of the Purchasers and the Lease will terminate at the time of the anticipated sale, the anticipated time of sale might be used as the measuring period for purposes of determining the term of the Lease. One could also argue that the entire term of the Lease should be used as the applicable measuring period in determining whether the various requirements of Revenue Procedure 2001-28 have been met. We have considered each of these alternatives in reaching our conclusions herein concerning the application of Revenue Procedure 2001-28. There are

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86 *Id*. at § 4.01(2).
87 *Id*. at § 4.01(3).
88 *Id*. at § 4.02.

no renewal options or extension periods as such terms are used in Revenue Procedure 2001-28.

E. Purchase and Sale Rights.

Under Revenue Procedure 2001-28, no member of the Lessee Group may have a contractual right to purchase the property from the lessor at a price less than its fair market value at the time the right is exercised.[89] When the property is first placed in service or use by the lessee, the lessor may not have a contractual right to cause any party to purchase the property.[90] The lessor must also not have any present intention to acquire such a contractual right. A provision that permits the lessor to abandon the property to any party will be treated as a contractual right of the lessor to cause such party to purchase the property.[91] Despite this prohibition, both the IRS and the courts have recognized leases utilizing fixed-price purchase options as leases for federal income tax purposes. A number of courts have concluded that a true lease existed even when the lessee had the right to purchase the leased property at a fixed price so long as the purchase price represented an estimate of the fair market value of the leased property as of the option date, or was not nominal in relation to such value.[92] The Lease and other Transaction Documents do not provide the Trust with a put option or the right to abandon the Property to any party.

In the present case, the FMV Option provided to the Operating Partnership under the Trust Agreement is only exercisable for a purchase price equal to the then fair market value of an investor's Interest at such time in exchange for OP Units (or cash, as the case may be) and, therefore, should not cause the Lease to fail as a true lease for federal income tax purposes as the FMV Option represents an estimate of the fair market value as of the option date and is not nominal in relation to such value.[93] Although not free from doubt, in light of the case law and rulings discussed above, the FMV Option provided under the Trust Agreement should not cause the Lease to fail to be a true lease for federal income tax purposes.

F. Investment by Lessee.

No part of the cost of the property or the cost of improvements, modifications or additions to the property ("**Improvements**"), may be furnished by any member of the Lessee Group. If the lease requires the lessee to maintain and keep the property in good repair during the

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89 *Id*. at § 4.03.

90 *Id*. at § 4.03.

91 *Id*. at § 4.03.

92 *See L. W. Hardy Co., Inc. v. Comm'r*, T.C. Memo 1987-63; *Transamerica Corp. v. United States*, 15 Cl. Ct. 420 (1988), *aff'd* 902 F.2d 1540 (Fed. Cir. 1990); *Cooper v. Comm'r,* 88 T.C. 84 (1987); *Belz Inv. Co. v. Comm'r*, 72 T.C. 1209 (1979), *aff'd* 661 F.2d 76 (6th Cir. 1981), *acq.* 1980-2 C.B. 1; *Northwest Acceptance Corp. v. Comm'r*, 58 T.C. 836 (1972), *aff'd* 500 F.2d 1222 (9th Cir. 1974); *Lockhart Leasing Co. v. Comm'r*, 54 T.C. 301 (1970), *aff'd* 446 F.2d 269 (10th Cir. 1971); *see also* Staff of the Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1984 (1984) ("Where [a] purchase option was more than nominal but relatively small in comparison with fair market value, the lessor was viewed as having transferred full ownership because of the likelihood that the lessee would exercise the option.").

93 *See* the Trust Agreement at §§ 10.1 & 10.4.

term of the lease, ordinary maintenance and repairs performed by a member of the Lessee Group will not constitute an Improvement.[94]

While the Master Tenant may incur some obligations to construct improvements under one or more subleases, this should not affect the characterization of the Lease for federal income tax purposes. Under the Lease, the Master Tenant may be required to pay for certain tenant improvements associated with the Property. For example, the Master Tenant must throughout the term of the Lease take good care of the Property, put, keep and maintain the Property and every part thereof in a condition substantially the same as the condition of the Property as of the commencement of the Lease, and make all necessary repairs of whatsoever kind or nature.[95] We believe that any such improvements required to be constructed by the Master Tenant under the Lease are in the nature of maintenance and repairs consistent with ordinary commercial practice and, therefore, should not prevent the Lease from qualifying as a true lease for federal income tax purposes.[96]

G. No Lessee Loans or Guarantees.

No member of the Lessee Group may lend to the lessor any of the funds necessary to acquire the property or guarantee any indebtedness created in connection with the acquisition of the property by the lessor.[97] A guarantee by any member of the Lessee Group of the lessee's obligation to pay rent, properly maintain the property, or pay insurance premiums or other similar conventional obligations of a net lease does not constitute a guarantee of the indebtedness of the lessor.[98] There are no guarantees under the Lease or other Transaction Documents that violate this requirement.[99]

H. Profit Requirement.

The lessor must expect to receive a profit from the transaction apart from the value of or benefits obtained from the tax deductions, allowances, credits and other tax attributes arising from such transaction. Under the Revenue Procedure 2001-28 guidelines, this requirement is met if: (a) the aggregate amount required to be paid by the lessee to or for the lessor over the lease term plus the value of the residual investment exceed an amount

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94 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.04.

95 *See* the Lease at § 6.1.

96 In addition, in its private ruling practice under Revenue Procedure 75-21 (the predecessor to Revenue Procedure 2001-28, which included a similar requirement), the IRS has generally concluded that the making of an improvement by a tenant not permitted under this guideline will not affect the true lease analysis. *See* I.R.S. Priv. Ltr. Rul. 8712025 (Dec. 18, 1986); *see also* I.R.S. Gen. Couns. Mem. 36727 (May 13, 1976) ("We too have found no statutory or judicial law reclassifying a lease transaction as a purchase because of lessee improvements").

97 Rev. Proc. 2001-28, 2001-1 C.B. 1156 § 4.05.

98 *Id*. at § 4.05.

99 As discussed in Part I.B.1.b above, the Operating Partnership has provided the Lender with a limited, non-recourse carveout guaranty which guarantees the payment and performance of certain obligations caused by the Trust's action or inaction in connection with the Manager's management of the Property. This guaranty should not be viewed as an amount of capital at risk in connection with ownership of the Property because the potential liability only arises due to events within the control of the Trust. Because the liability triggers are within the control of the Trust, the limited guaranty is distinguishable from a full guaranty of the Trust's entire indebtedness.

equal to the sum of the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property and the lessor's Equity Investment in the property, including any direct costs to finance the Equity Investment; and (b) the aggregate amount required to be paid to or for the lessor over the lease term exceeds by a reasonable amount the aggregate disbursements required to be paid by or for the lessor in connection with the ownership of the property.[100] Similarly, the return of a profit to the lessor is arguably indicative of a true upside, sufficient to satisfy the sham transaction and benefits and burdens framework established by the case law.[101] The Trust and the Manager have represented to us that this requirement is expected to be satisfied.

I. Conclusion.

In light of the above factors, the Lease satisfies most of the pertinent material conditions set forth in Revenue Procedure 2001-28 that we believe are necessary for characterization as a true lease for federal income tax purposes. Likewise, under the framework established in the case law, the Lease bears the hallmarks of a bona fide lease. Accordingly, we believe that the Lease should be treated as a true lease rather than as a financing for federal income tax purposes.

VII. The Lease should be treated as a true lease and not a deemed partnership for federal income tax purposes.

It also is necessary to consider whether the Lease could be recharacterized as a partnership for federal income tax purposes because if the Trust or the Beneficial Owners are treated as partners with the Master Tenant with respect to the ownership of the Property, the Beneficial Owners would not be treated as directly holding interests in the Property for income tax purposes.[102] Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for federal income tax purposes.[103]

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100 Rev. Proc. 2001-28, 2001-1 C.B. 1156 at § 4.06.

101 While the "Uncontrollable Costs" feature of the Lease, if and when utilized, could potentially be viewed as giving rise to a relationship similar to a cash flow lease (*e.g.*, if the pool of items included in the formulation of Uncontrollable Costs was so expansive as to include the totality of operating expenses, or a significant portion thereof, thereby changing the nature of the Lease), we believe that the limited categories included therein (*i.e.*, real estate taxes and similar impositions, insurance and utilities, snow and ice removal and other unusual weather-related costs, the costs of complying with governmental requirements, and increased costs due to unionization) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Lease should still be properly viewed as a true lease and not an agency or financing arrangement. As such, the Uncontrollable Costs adjustment mechanism in the Lease should not be viewed as a sharing of profits or losses. In addition, if there is an increase in the amount of Uncontrollable Costs, such costs will only be offset to the extent of Additional Rent or Supplemental Rent; accordingly, if such rent amounts are unavailable, the burden for such costs remains with the Master Tenant.

102 Because the Property Managers will not be in privity of contract with the Trust, there should be little doubt that there is no partnership between or among the Property Managers and the Trust.

103 *See Haley v. Comm'r*, 203 F.2d 815 (5th Cir. 1953), *rev'g and rem'g* 16 T.C. 1509 (1951) (citing *Culbertson* and stating that a transaction will be treated as a partnership rather than a lease "if the agreements and the conduct of the parties . . . plainly show the existence of such [a partnership] relationship, and the intent to enter into it"); *Luna v. Comm'r*, 42 T.C. 1067 (1964) (outlining factors that

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A. Applicable Standards.

The courts have focused on the following factors when analyzing this issue:

1. Intent.

The test set forth in *Culbertson* is applicable in determining whether an agreement is treated as a partnership or as a lease.[104] The Lease specifically states that the parties do not intend to form a partnership or joint venture.[105] Likewise, the Lease recites that it is intended to be characterized as a true lease and that the parties shall reflect the Lease as such in all applicable books, records and reports, including income tax filings.[106]

2. Joint Contribution of Capital or Services.

Where persons combine their capital and services together in an enterprise such that they are required to deal with each other to realize the economic benefits from the property, the arrangement generally will be characterized as a partnership.[107] The Trust and the Master Tenant do not intend to pool either their capital or services. The Trust will make the

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will aid in the determination of whether a partnership exists for federal income tax purposes: "[T]he following factors, none of which are conclusive, bear on this issue: The agreement of the parties and their conduct in executing its terms; the contributions if any, which each party has made to the venture; the parties' control over income and capital and the right of each to make withdrawals; whether each party was a principal and coproprietor, sharing a mutual proprietary interest in the net profits and having an obligation to share losses, or whether one party was the employee of the other; whether business was conducted in the joint name of the parties; whether the parties filed Federal partnership returns or otherwise represented that they were joint venturers; whether separate books of account were maintained for the venture; and whether the parties exercised mutual control over and assumed mutual responsibilities for the enterprise.") (internal citations omitted); *Bussing v. Comm'r*, 88 T.C. 449 (1987) ("A partnership for federal income tax purposes is formed when the parties to a venture join together capital or services with the intent of conducting a business or enterprise and of sharing the profits and/or losses of the venture"); *Deitch v. Comm'r*, T.C. Memo 2022-86 (a partnership "for tax purposes is generally a more inclusive term than 'partnership' at common law, and for tax purposes it may include entities not traditionally considered partnerships . . . . To decide whether a partnership exists, a court must also analyze the relevant facts" under the *Luna* factors). In *Bussing*, the parties entered into a multiparty sale lease-back transaction intended to qualify under *Frank Lyon*. In a sale lease-back transaction, rent payments generally offset amounts due under the debt incurred to purchase the asset, giving the purchaser-lessor an interest in the rent. Because of a remarketing agreement that enabled the seller-lessee to share along with the purchaser-lessor in the net residual value of the leased property and that the purchaser-lessor took the property subject to already existing debt and therefore bore a risk of loss if the debt was not repaid, the court determined this evidenced a partnership. In *Deitch*, a lender and creditor entered into a financing arrangement whereby certain loan documents exhibited terms that weighed against the finding of a debtor-creditor relationship and, thus, weighed in favor of finding a partnership for tax purposes (*e.g.*, lender entitled to a portion of net cash flow of the underlying property and a portion of gross sale proceeds that attempted to capture appreciation of the property's value). However, the Tax Court affirmed the principle espoused in *Luna* that no single factor is conclusive and accordingly held that the transaction, when viewed as a whole, did not establish a partnership for tax purposes despite certain partnership-like characteristics.

104 *Comm'r v. Culbertson*, 337 U.S. 733 (1949).

105 *See* the Lease at § 23.15.

106 *See id.* at § 3.5.

107 *Bussing*, 88 T.C. 449; *Alhouse v. Comm'r*, T.C. Memo 1991-652.

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Property available to the Master Tenant and will not participate in, or provide services to, the Master Tenant's business (except to the extent necessary to protect its investment in the Property). Similarly, the Master Tenant will not provide capital to enable the Trust to acquire or improve the Property and will not provide services to the Trust (except to the extent necessary to comply with its obligations under the Lease).

3. Joint Capital and Ownership of Capital and Earnings.

Another factor is whether the participants will have joint control over the capital and earnings of the venture.[108] The Master Tenant will have control over cash from the Property. However, the Master Tenant should not be deemed to have an ownership interest in the funds to which the Trust is entitled and it does not have the power to spend such funds except pursuant to the specific terms provided under the Lease. The Trust and the Master Tenant will each earn a separate profit. The Master Tenant will recognize income or loss based on the difference between the rent it receives on its subleases and the expenses of leasing and operating the Property. The Trust will receive a fixed base rent payment payable monthly from the Master Tenant.[109] The Lease does not provide for any rental payments based on net operating income or net cash flow from the operation of the Property. Thus, none of these parties will jointly share in profits or losses; rather, each will bear its own separate risk that a profit will be realized.

4. Sharing of Profits as Co-proprietors.

Partners generally share profits as co-proprietors. A sharing of profits, however, is not alone sufficient to make partners or joint venturers out of participants in a business enterprise if the requisite element of co-ownership is not established.[110] A profit share in

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108 *Luna v. Comm'r*, 42 T.C. 1067 (1964).

109 *See* the Lease at § 4.1.

110 *See* Treas. Reg. § 301.7701-1(a)(2) (if an individual owner of farm property leases it to a farmer for a cash rental or a share of the crops, they do not necessarily create a separate entity for federal tax purposes); *Grandview Mines v. Comm'r*, 282 F.2d 700 (9th Cir. 1960), *aff'g* 32 T.C. 759 (1959) (46.5% of lessee's net profits from leased property; not recharacterized as partnership); *Freesen v. Comm'r*, 84 T.C. 920 (1985) ("The fact that the consideration paid for the use of property is a function of net profits, does not require a finding that a joint venture exists"); *see also United States v. Myra Foundation*, 382 F.2d 107 (8th Cir. 1967) (sharecropping arrangement not partnership even though landowner furnished seed, paid half of certain expenses, and participated in farming operations through a farm manager); *White's Iowa Manual Labor Inst. v. Comm'r*, T.C. Memo 1993-364 (same result); *Harlan E. Moore Charitable Trust v. United States*, 9 F.3d 623 (7th Cir. 1993) (same result); *Oblinger Trust v. Comm'r*, 100 T.C. 114 (1993); *cf. Bank of El Paso v. United States*, 509 F.2d 832 (5th Cir. 1975) (holding characterization as lease or partnership was a question for the jury and distinguishing *Myra Foundation*); Rev. Rul. 57-7, 1957-1 C.B. 435 (arrangements in which coin-operated entertainments were placed on premises and under which the owner of the premises received a percentage of the gross receipts were leases); *Manchester Music Co., Inc. v. United States*, 733 F. Supp. 473 (D.N.H. 1990) (reaching opposite conclusion from Rev. Rul. 57-7); *In re Acme Music Co., Inc.*, 196 B.R. 925 (W.D. Pa. 1996) (no partnership between owner of premises of operator of coin-operated entertainments where owner and operator shared only gross profits, not net profits); Rev. Rul. 92-49, 1992-1 C.B. 433 (allowing taxpayers to elect how to report arrangements described in Rev. Rul. 57-7); *see also Duley v. Comm'r*, T.C. Memo 1981-246 (no partnership even though profit sharing because no intent to form partnership, no sharing of losses and no material interest in capital); *Koss v. Comm'r*, T.C. Memo 1989-330 (no partnership when joint sharing of profits because no obligation to contribute capital or share losses and no proprietary interest in profits);

a lease can be received by a lessor as rent without the lessor becoming a partner in the enterprise. A share of net receipts, as opposed to gross receipts, is stronger evidence that a partnership relationship exists, but without more, should not cause a lease to be recharacterized as a partnership. Under the Lease, the Master Tenant receives rent from the subleases of the Property whereas the Trust receives rent from the Master Tenant. Under the Treasury Regulations, the sharing of gross rents, without more, is very unlikely to create a partnership arrangement.[111] As noted above, the Master Lease does not provide for any rental payments based on net operating income or net cash flow from the operation of the Properties or any other similar sharing relationships or arrangements beyond the sharing of gross rents from the Properties.[112] Thus, the Trust and the Master Tenant should not be viewed as sharing in the net profits from the Property.

5. Sharing of Losses.

Although the sharing of losses is not required to obtain partner status, this has often been a significant factor in cases distinguishing leases from partnerships. A mere profit-sharing agreement would not be taxed as a partnership absent an intent to form a partnership, especially when there was no agreement to share losses.[113] In this case, the Master Tenant will not share in losses generated from an ownership interest in the Property. Further, in the case of the Lease, the Trust will lease the Property to the Master Tenant, and will not share in losses, if any, sustained by the Master Tenant with respect to operating and subletting of the Property.

6. Control Over the Business.

An arrangement whereby two or more persons share the profits of a common undertaking does not constitute a joint venture in the absence of the power to control.[114] Typically, a lessor does not jointly manage the leased property with the lessee. The right of a lessor to participate in the management of the property, therefore, is an important factor

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Deitch, T.C. Memo 2022-86 (50% of debtor's net cash flow from encumbered property nominally classified as interest; not recharacterized as a partnership); I.R.S. Priv. Ltr. Rul. 8003027 (Oct. 23, 1979); I.R.S. Gen. Couns. Mem. 36113 (Dec. 19, 1974); Rev. Rul. 75-43, 1975-1 C.B. 383.

111 Treas. Reg. § 1.761-1(a); Treas. Reg. § 301.7701-1(a)(2) (when an owner of farm land leases property to a farmer for a cash rental or a share of the crops, the lease does not necessarily result in a separate entity for federal income tax purposes).

112 *See* the Lease at § 4.1. As noted above, we believe that the limited categories of expenses that could potentially be included in Uncontrollable Costs (*i.e.*, real estate taxes, insurance costs, and the net cost of utility service provided to the Property) are sufficiently tied to historic and anticipated costs and discrete in nature such that the Lease should still be properly viewed as a true lease and not a deemed partnership. As such, the Uncontrollable Costs adjustment mechanism in the Lease should not be viewed as a sharing of profits or losses and, therefore, is not indicative of a deemed partnership.

113 *See Deitch*, T.C. Memo 2022-86 (the lender's entitlement to 50% of net cash flow meant that the parties "did not have equivalent interests in the [property's] income stream" and that the lender "was always guaranteed to receive what amounted to more than half of the income from the property, provided that the property was profitable"; although the court ultimately found that the arrangement gave parties control over the income and capital of the purported venture, the court's language implies that that the mere sharing of profit, but not loss, was not the critical factor in such determination).

114 *Joe Balestrieri and Co. v. Comm'r*, 177 F.2d 867 (9th Cir. 1949); *O'Connor v. Comm'r*, T.C. Memo 1960-70 (broker split profits but compensated for losses).

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distinguishing leases from partnerships.[115] Under the terms of the Lease, the Trust will have limited rights to participate in the management of the Property. The Master Tenant will have the right to manage the day-to-day operation of the Property. Any sublease by the Master Tenant does not require the consent of the Trust, so long as the term of such sublease terminates prior to the term of the Lease or meets certain conditions.[116] While any decision to sell or refinance the Property will be made by the Manager on behalf of the Trust, this right is typical for a lessor to possess as the owner of the Property and, therefore, does not support partnership characterization.

7. Parties' Agreement and Conduct in Executing its Terms.

As stated above, the Lease specifically states that the parties do not intend to create a partnership or joint venture.[117] Additionally, we believe the terms of the Lease are not indicative of a financing arrangement, joint venture or management arrangement. Accordingly, the parties' agreement and, to our knowledge, their conduct in executing its terms should not be indicative of a partnership for federal income tax purposes.[118]

8. Maintenance of Separate Books.

The Master Tenant is not obligated to keep books or records on behalf of the Trust,[119] and instead such tasks will be performed by the Manager or a third-party recordkeeping services provider on behalf of the Trust.[120]

9. Filing of Tax Returns or Other Partnership Action.

Pursuant to the Lease, no partnership returns will be filed and the parties are prohibited from otherwise acting or holding themselves out as partners in a partnership.[121] Each party is specifically required to reflect the transactions represented by the Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner

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115 *See*, *e.g.*, *Grandview Mines*, 282 F.2d 700; *Haley*, 203 F.2d 815.

116 *See* the Lease at § 19.4.

117 *See* the Lease at § 23.15.

118 *Sun Capital Partners III, LP v. New England Teamsters & Trucking Industry Pension Fund,* No. 16-1376 (1st Cir. 2019) (in deciding whether two private equity funds (the "**Funds**") had created a deemed partnership: "The fact that the Funds expressly disclaimed any sort of partnership between the Funds counts against a partnership finding as to several of the *Luna* factors."); *Deitch*, T.C. Memo 2022-86 (". . . loan documents executed by [the parties] could hardly have been more explicit in naming their relationship. Affirmatively, the documents stated that [the parties] were borrower and lender. Negatively, the documents expressly stated that [the parties] did not form a joint venture [and the parties] conducted themselves in accordance with the terms of the loan documents . . . .").

119 Under the Lease, the Master Tenant is obligated to provide the Trust certain documentation or information related to the Property and the Lease. *See* the Lease at §§ 5.6, 18.4 & 27.1.1. However, no provision of the Lease obligates the Master Tenant to keep books or records on behalf of the Trust.

120 *See* the Trust Agreement at § 5.3(c).

121 *See* the Lease at § 3.5; *Sun Capital,* No. 16-1376 (1st Cir. 2019) (in applying the *Luna* factors, recognized that "The Funds also filed separate tax returns . . . a fact which tends to rebut partnership formation."); *Deitch*, T.C. Memo 2022-86.

consistent with true lease treatment (*i.e.*, in a manner reflecting a relationship between a landlord and tenant).[122]

10. Lessee Shares in Residual Proceeds.

Although a number of cases have upheld transactions as leases even though the lessee was engaged to provide the lessor with remarketing services in exchange for a share of the sales proceeds,[123] this factor is not present here. In addition, any compensation of the Manager, if any, upon a sale of the Property is a matter of contract between the Trust and the Manager and should not give rise to a partnership between the Master Tenant and the Trust for federal income tax purposes.

B. Conclusion.

Based on these factors, the arrangement between and among the Trust and the Master Tenant should not give rise to a deemed partnership for federal income tax purposes.

VIII. The discussions of the federal income tax consequences contained in the Memorandum are correct in all material respects.

We have reviewed the discussion of federal income tax consequences contained in the Memorandum, and we believe that it is correct in all material respects. Our opinion, however, does not address whether the exchange entered into by a Purchaser satisfies all of the requirements of Section 1031.

IX. Certain judicially created doctrines should not apply to change the foregoing conclusions.

There are a number of judicially created doctrines that may conceivably apply to the Trust's contractual arrangements, including the economic substance, the sham transaction, substance over form, and step transaction doctrines. For reasons discussed more fully below, none of the foregoing doctrines should apply to recharacterize the contractual arrangements or transactions in the instant case.

A. Economic Substance and Business Purpose.

1. Applicable Rules.

Taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[124] While a transaction with no purpose other than to reduce taxes will not be recognized for federal income tax purposes, a transaction

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122 *See* the Lease at § 3.5.

123 *See, e.g.*, *Levy*, 91 T.C. 838; *Casebeer*, 909 F.2d 1360.

124 *See Gregory*, 293 U.S. 465; *Rice's Toyota World v. Comm'r*, 81 T.C. 184, 196 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

that has a meaningful business purpose and economic substance should be respected, regardless of whether the taxpayer also intended to reduce taxes.[125]

In *Frank Lyon Co. v. United States*,[126] the Supreme Court stated:

> Where . . . there is a genuine multiple-party transaction with economic substance which is compelled or encouraged by business or regulatory realities, is imbued with tax independent considerations, and is not shaped solely by tax-avoidance features that have meaningless labels attached, the Government should honor the allocation of rights and duties effectuated by the parties.[127]

As a result of *Frank Lyon*, a two-pronged test was developed to determine whether the form of a transaction should be respected or disregarded as a sham. In *Rice's Toyota World, Inc.*,[128] the Fourth Circuit articulated this test by stating that "[t]o treat a transaction as a sham, the court must find that the taxpayer was motivated by no business purposes other than obtaining tax benefits in entering the transaction, and that the transaction has no economic substance because no reasonable possibility of a profit exists."[129] This test therefore analyzes both the objective and subjective aspects of a transaction, *i.e.*, the economic substance and the subjective business motivation behind the transaction, respectively.[130] These objective and subjective aspects are not "discrete prongs of a 'rigid

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125 *Gregory*, 293 U.S. at 469; *see also Superior Oil Co. v. Mississippi*, 280 U.S. 390, 395-96 (1930) ("The only purpose of the [taxpayer] was to escape taxation . . . [t]he fact that it desired to evade the law, as it is called, is immaterial, because the very meaning of a line in the law is that you intentionally may go as close to it as you can if you do not pass it."); *Knetsch v. United States*, 364 U.S. 361, 365 (1960) (citing *Gregory* regarding the legal right of a taxpayer to decrease or altogether avoid taxes); *ACM Partnership*, 157 F.3d at 248 n.31 ("[I]t is also well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, it will not be disregarded merely because it was motivated by tax considerations. In analyzing both the objective and subjective aspects of [the] transaction in this case where the objective attributes of an economically substantive transaction were lacking, we do not intend to suggest that a transaction which has actual, objective effects on a taxpayer's non-tax affairs must be disregarded merely because it was motivated by tax considerations."); *Yosha v. Comm'r*, 861 F.2d 494, 499 (7th Cir. 1988) (a transaction has economic substance when " . . . it is the kind of transaction that some people enter into without a tax motive, even though the people fighting to defend the tax advantages of the transaction might not or would not have undertaken it but for the prospect of such advantages — may indeed have had no other interest in the transaction.").

126 435 U.S. 561 (1978).

127 *Id.* at 583-84; *see also Cottage Savings Ass'n v. Comm'r*, 499 U.S. 554 (1991) (a savings and loan association that swapped mortgage portfolios in order to recognize a tax loss was allowed such loss; the Supreme Court focused not on the tax-motivated purpose, but on whether the portfolios were materially different by tax as opposed to economic standards).

128 81 T.C. 184 (1983), *aff'd in part, rev'd in part and rem'd*, 752 F.2d 89 (4th Cir. 1985).

129 *Rice's Toyota World*, 752 F.2d at 91; *see also Horn v. Comm'r*, 968 F.2d 1229, 1237 (D.C. Cir. 1992) (before declaring a transaction an economic sham, the court should consider whether the transaction presented a reasonable prospect for economic gain).

130 *Casebeer*, 909 F.2d at 1363; *accord Lerman v. Comm'r*, 939 F.2d 44, 53-54 (3d Cir. 1991) (noting that a sham transaction is defined as a transaction that "has no business purpose or economic effect other than the creation of tax deductions" and holding that the taxpayer was not entitled "to claim 'losses' when none in fact were sustained").

two-step analysis,'" but rather are related factors in the analysis of whether a transaction has sufficient substance, apart from its tax consequences, to be respected.[131]

With respect to determining profit potential, the courts have not traditionally established a threshold amount of profit to determine whether a transaction should be respected for federal income tax purposes. The Tax Court has in some cases required more than a de minimis amount of profit, especially where transactions involving financial instruments are concerned.[132] Other courts, however, have been reluctant to propose a threshold amount.[133]

In *United Parcel Service of America, Inc. v. Commissioner*,[134] the Eleventh Circuit reversed the Tax Court[135] on the issue of economic substance in finding that the restructuring by United Parcel Service ("**UPS**") of its excess-value business had both real economic effects and a business purpose. The Court reasoned that setting up a transaction (that otherwise has economic substance) with tax planning in mind is permissible as long as it figures in a bona fide, profit-seeking business purpose. In its finding that UPS's transaction had a valid business purpose, the Court noted that "a 'business purpose' does not mean a reason for a transaction that is free of tax considerations. Rather, a transaction has a 'business purpose' . . . as long as it figures in a bona fide, profit-seeking business."[136]

The economic substance doctrine was developed under an extensive body of case law prior to being codified as Section 7701(o) as part of the Reconciliation Act of 2010.[137] Before the economic substance doctrine under Section 7701(o) can be applied to a transaction, it is important to ask whether the economic substance doctrine is relevant to such transaction. Section 7701(o)(5)(C) provides that "[t]he determination of whether the economic substance doctrine is relevant to a transaction shall be made in the same manner as if this

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131 *Id.* at 1363; *see also Jacobson v. Comm'r*, 915 F.2d 832, 837 (2d Cir. 1990) (the determination of economic substance looks to whether the transaction has any "practical economic effects other than the creation of income tax losses"); *Weller v. Comm'r*, 270 F.2d 294, 297 (3d Cir. 1959) (transactions that do not change the flow of economic benefits are disregarded if they do not change the taxpayer's financial position); *Northern Ind. Pub. Serv. Co. v. Comm'r*, 115 F.3d 506 (7th Cir. 1997), *aff'g*, 105 T.C. 341 (1995) (the IRS could not set aside transactions which resulted "in actual, non-tax related changes in economic position"); *Larsen*, 89 T.C. 1229; *cf. Kirchman v. Comm'r*, 862 F.2d. 1486 (11th Cir. 1989) (existence of a nontax business purpose does not mandate the recognition of a transaction that otherwise lacks economic substance); *Goldstein v. Comm'r*, 364 F.2d 734 (2d Cir. 1966) (the court denied the taxpayer a prepaid interest deduction on debt incurred by the taxpayer solely to generate a deduction because the taxpayer could not reasonably have had any purpose in entering the transactions other than to reduce taxes).

132 *See Hilton v. Comm'r*, 74 T.C. 305, 353 (1980), *aff'd per curiam* 671 F.2d 316 (9th Cir. 1982) (a 6% rate of return was required for purposes of the economic substance determination); *Krumhorn v. Comm'r*, 103 T.C. 29 (1994).

133 *See Estate of Thomas v. Comm'r*, 84 T.C. 412, 440 n. 52 (1985) (the court abstained, absent legislative guidance, from proposing a particular return for purposes of the determination of profit potential).

134 254 F.3d 1014 (11th Cir. 2001), *rev'g* T.C. Memo 1999-268.

135 T.C. Memo 1999-268.

136 *United Parcel Service of America, Inc*., 254 F.3d at 1019.

137 As codified, the economic substance doctrine is the "common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose." Section 7701(o)(5)(A).

subsection has never been enacted."[138] For example, the Joint Committee Report specifically provides that "[l]easing transactions, like all other types of transactions, will continue to be analyzed in light of all the facts and circumstances."[139] This suggests that the economic substance doctrine as codified will be applied as it historically has been applied under the case law. However, taxpayers should anticipate that the courts and the IRS could apply the specific language of the statute.

The Joint Committee Report provides for two types of transactions that are not considered relevant for purposes of the economic substance doctrine: (i) transactions giving rise to the realization of tax benefits consistent with the intent of Congress; and (ii) certain basic business transactions that are respected "under longstanding judicial and administrative practice."[140] Regarding the first category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that "[if] the realization of the tax benefits of a transaction is consistent with the Congressional purpose or plan that the tax benefits were designed by Congress to effectuate, it is not intended that such tax benefits be disallowed."[141] Regarding the second category of transactions to which the economic substance doctrine is not relevant, the Joint Committee Report states that Section 7701(o) "is not intended to alter the tax treatment of certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[142] The Joint Committee Report further provides that the economic substance doctrine does not apply to the following four basic business transactions: (i) the choice between capitalizing a business enterprise with debt or equity; (ii) a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment; (iii) the choice to enter a transaction or series of transactions that constitute a corporate organization or reorganization under subchapter C of the Code; and (iv) the choice to use a related-party entity in a transaction, provided that the arm's length standard of Section 482 and other applicable concepts are satisfied.[143]

The legislative history to Section 7701(o) provides limited guidance as to whether the economic substance doctrine applies in the first instance. Specifically, in House Report 111-443 (the "**House Report**"), the House Budget Committee explained that it does not intend for the provision to alter the tax treatment of "certain basic business transactions that, under longstanding judicial and administrative practice are respected, merely because the choice between meaningful economic alternatives is largely or entirely based on comparative tax advantages."[144] The House Report goes on to note that, "as under present

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138 *See also* Joint Committee on Taxation, Technical Explanation of the Revenue Provisions of the "Reconciliation Act of 2010," as amended, in combination with the "Patient Protection and Affordable Care Act" (JCX-18-10) (Mar. 21, 2010) [hereinafter "**Joint Committee Report**"], at 152 ("[T]he provision does not change present law standards in determining when to utilize the economic substance analysis.").

139 *Id.*

140 *Id.* at 152-53.

141 *Id.* at 152 n. 344.

142 *Id.* at 152.

143 *Id.* at 152-53.

144 H.R. Rep. 111-443 at 296.

law, whether a particular transaction meets the requirements for specific treatment under any of these provisions is a question of facts and circumstances."[145]

In addition, the Large Business and International Division of the IRS issued guidance to assist examiners and their managers with determining whether it is appropriate to raise the economic substance doctrine with respect to a transaction under review (the "**LB&I Directive**").[146] The LB&I Directive lists factors tending to show that it likely would be inappropriate to apply the economic substance doctrine, such as if (i) the transaction was not highly structured, (ii) the transaction was based on arms' length terms negotiated by unrelated third parties, (iii) the transaction did not involve unnecessary steps, (iv) the transaction was not promoted by a tax department or outside counsel, or (v) the transaction generates targeted tax incentives that are, in form and substance, consistent with Congressional intent in providing the incentives.[147]

If a transaction is relevant and thus subject to the economic substance doctrine, Section 7701(o) codifies the position, already taken by many courts, that the economic substance doctrine entails application of a conjunctive test.[148] Specifically, Section 7701(o)(1) provides that a transaction (or series of transactions) to which the economic substance doctrine applies is treated as having economic substance only if: (1) it changes in a meaningful way (apart from any federal income tax effects) the taxpayer's economic position; and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into such transaction. Before enacting Section 7701(o), some circuit courts of appeal would only require a change in economic circumstances or a business purpose. By enacting Section 7701(o), Congress eliminated any distinction between the different federal circuit courts of appeal as to whether the foregoing test should be applied conjunctively or disjunctively.

2. Analysis.

The Trust's contractual arrangements should be recognized for federal income tax purposes according to their form. As discussed above, the economic substance doctrine does not apply to certain basic business transactions, including a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make a foreign investment. Although the use of DSTs to invest in real properties is not a transaction that is specifically included in the list of basic business transactions in the Joint Committee Report that are not subject to the economic substance doctrine, the transaction pertaining to "a U.S. person's choice between utilizing a foreign corporation or a domestic corporation to make

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145 *Id*.

146 LB&I Directive, Guidance for Examiners and Managers on the Codified Economic Substance Doctrine and Related Penalties, Control No: LB&I-4-0711-015 (July 15, 2011). Comments from members of the IRS suggest that the IRS does not consider the LB&I Directive to represent substantive guidance for taxpayers. *See* Lee A. Sheppard & Jeremiah Coder, *What Does the Economic Substance Directive Mean?*, 2011 TAX NOTES TODAY 205-5 (Oct. 24, 2011). Even so, the LB&I Directive provided insight into the IRS's understanding of Section 7701(o).

147 LB&I Directive.

148 *See*, *e.g.*, *Klamath Strategic Investment Fund v. United States*, 568 F.3d 537 (5th Cir. 2009); *Coltec v. United States*, 454 F.3d 1340 (Fed. Cir. 2006); *United Parcel Service of America, Inc.*, 254 F.3d at 1014.

a foreign investment" speaks to the general issue of how a taxpayer structures investments, such that the type of entity used by a taxpayer to structure an investment (*i.e.*, a corporation, partnership, or trust) should arguably be considered a basic business transaction that is not relevant and to which the economic substance doctrine is not applicable. Accordingly, the holding by the Beneficial Owners of the Property through the Trust should be treated as a transaction that is not relevant for purposes of Section 7701(o), such that the economic substance doctrine should not apply.

Even if for the sake of argument, however, the holding by the Beneficial Owners of the Property through the Trust were treated as a transaction that is relevant for purposes of Section 7701(o), such transaction should be respected because (i) the Beneficial Owners' economic positions are meaningfully changed as a result of entering into the transactions herein; and (ii) there is a substantial purpose (apart from federal income tax effects) for the Beneficial Owners for entering into the transactions. Such substantial purpose is to enable each Beneficial Owner to be treated as a direct owner of a portion of the Property for federal income tax purposes. Furthermore, each Beneficial Owner's economic position changes in a meaningful way as it will be given an opportunity to own an interest in the Property in a manner that it might not otherwise be able to do on its own accord due to its respective individual financial limitations. In addition, each Beneficial Owner will have a right to its *pro rata* share of all income and loss generated by the bona fide, profit-seeking business of operating the Property, and the allocation of all economic benefits and burdens associated with the Property will correspond to the respective Interest owned by each Beneficial Owner. For the foregoing reasons, the transactions and contractual arrangements herein should be respected under the economic substance doctrine.

B. Sham Transaction Doctrine.

1. Applicable Rules.

Under the sham transaction doctrine, a transaction may be disregarded if it constitutes a factual sham or an economic sham. A factual sham is a purported transaction that is not executed as a factual matter.[149] In contrast, an economic sham is a transaction that has occurred, but is devoid of economic substance.[150] In general, the economic sham doctrine will not be applied if the taxpayer can prove that there is either a business purpose for, or economic substance to, the given transaction.[151]

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149 *Brown v. Comm'r*, 85 T.C. 968, 1000 (1985), *aff'd sub nom*, *Sochin v. Comm'r*, 843 F.2d 351 (9th Cir. 1988); Brion D. Graber, *Can the Battle be Won? Compaq, the Sham Transaction Doctrine, and a Critique of Proposals to Combat the Corporate Tax Shelter Dragon*, 149 U. PA. L. REV. 355, 362-63 (Nov. 2000).

150 *Gregory*, 293 U.S. 465; *Knetsch*, 364 U.S. at 366 ("There may well be single-premium annuity payments with non-tax substance which create an 'indebtedness' for the purposes of Section 23(b) of the 1939 Code and Section 163(a) of the 1954 Code. But this one is a sham."); *Goldstein*, 364 F.2d at 742 ("[T]ransactions that lack all substance, utility, purpose, and which can only be explained on the ground the taxpayer sought an interest deduction in order to reduce his taxes, will also be so transparently arranged that they can candidly be labeled 'shams.'"), *cert. denied*, 385 U.S. 1005 (1967); *Alessandra v. Comm'r*, T.C. Memo 1995-238.

151 *Rice's Toyota World*, 81 T.C. at 203 ("Our analysis does not end here. Mr. Rice's failure to focus on the business or non-tax aspects of the transaction is not necessarily fatal to petitioner's claim. If an objective

The application of the sham transaction doctrine is extremely fact specific, and has led courts to render somewhat inconsistent rulings in this area. For example, the Third Circuit in *ACM Partnership v. Commissioner* disregarded the capital loss that arose from a complex, multi-step partnership transaction.[152] The court ultimately concluded that the steps involved in the transaction lacked a non-tax economic effect and did not possess a significant non-tax business purpose.[153] The Third Circuit nevertheless recognized that "it is well established that where a transaction objectively affects the taxpayer's net economic position, legal relations, or non-tax business interests, [a transaction] would not be disregarded merely because it was motivated by tax considerations."[154] The transaction at issue in *Boca Investerings Partnership v. United States*[155] was similar to the *ACM* transaction, but the District Court for the District of Columbia respected the partnership transactions at issue in that case. The *Boca* court concluded that the partnership had been formed as a valid investment partnership. It had the potential to make a profit or loss from its activities, and the partners were not sheltered from economic risk or guaranteed a specific return on their respective partnership investments.

The Fifth and Eighth Circuits have held that certain foreign tax credit planning strategies implemented to achieve tax benefits must be recognized under the sham transaction doctrine because the transactions were sufficiently imbued with both economic substance and business purpose. The Fifth Circuit in *Compaq Computer Corporation v. Commissioner*[156] reversed a decision of the Tax Court, and held that a purchase and immediate resale of American depository receipts ("**ADRs**") of a foreign publicly traded corporation possessed economic substance. Specifically, the court concluded that the transaction had objective economic substance because tax was Compaq's principal, but not sole, purpose in entering into the transaction.[157] As a result, Compaq could credit the foreign taxes associated with the dividend.[158] The Eighth Circuit came to a similar conclusion in *IES Industries, Inc. v. United States*,[159] which reversed a district court decision that a purchase and sale of ADRs were sham transactions.

There are a number of cases in this area that are difficult to reconcile. Nevertheless, the main point that appears to underlie all of the cases is the principle enunciated by Judge

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analysis of the investment indicates a realistic opportunity for economic profit which would justify the form of the transaction, it will not be classified as a sham."); *see also Frank Lyon Co.*, 435 U.S. 561.

152 157 F.3d 231, 263 (3d Cir. 1998).

153 *Id.* at 247.

154 *Id.* at 248, fn. 31.

155 167 F. Supp. 2d 298 (D.D.C. 2001).

156 277 F.3d 778 (5th Cir. 2001), *rev'g* 113 T.C. 214 (1999).

157 *Id*. at 786-87.

158 *Id*. at 788.

159 253 F.3d 350 (8th Cir. 2001), *rehearing denied sub nom.*, *Alliant Energy Corp. v. United States*, 2001 U.S. App. LEXIS 24929 (8th Cir. 2001) (the facts of *Compaq Computer* and of *IES Industries* are in large part identical because the strategy upon which the transactions were based was developed and marketed by the same securities broker).

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Learned Hand in *Gregory v. Helvering*—*i.e.*, that tax motivated transactions are not *per se* invalid, provided there is some non-tax business purpose for the transaction.[160]

2. Analysis.

The sham transaction doctrine should also not apply to recharacterize the Trust's contractual arrangements because all of the component steps necessary to implement the proposed contractual arrangements will actually occur. Moreover, the economic sham concept should not apply to the instant case because the parties have a substantial business purpose in undertaking the investment in the Interests, and, as discussed above, the transactions will have economic substance. Thus, the sham transaction doctrine should not be applied to recharacterize the contractual arrangements and transactions at issue.

C. The Substance Over Form and Step Transaction Doctrines.

1. Applicable Rules.

It is an oft-cited principle that taxpayers generally are free to structure their business transactions as they please, even if motivated by tax avoidance considerations.[161] However, as a general rule, the incidence of taxation depends on the substance rather than the form of a transaction. Under the substance over form doctrine, a court should respect the form of a transaction where it accurately reflects the underlying substance. "If, however, the substance and form of a transaction do not comport, then the substance of the transaction controls for purposes of U.S. federal tax law."[162]

In determining whether the form of a transaction reflects the substance of the transaction, a taxpayer's motivations are "largely irrelevant – what instead is important is, in the words of *Gregory*, 'what was done.'"[163] "To determine the substance of the transactions, we consider all of their aspects that shed any light upon their true character."[164]

Courts may recharacterize transactions using the substance over form doctrine in cases where mere formalities were designed to make a transaction appear to be other than what it was.[165] For example, in *Court Holding*, a corporation entered into an oral agreement to sell its sole asset; however, before the sale was consummated, the corporation's tax attorney advised that the sale would result in the imposition of a large income tax on the corporation. To avoid this tax liability, and upon advice of its tax attorney, the corporation changed the transaction by having the corporation declare a liquidating dividend to its shareholders, and having the shareholders enter into a written agreement with the same purchaser on substantially the same terms and conditions previously agreed upon by the

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160 69 F.2d 809, 810 (2d Cir. 1934) ("Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes.") *aff'd* 293 U.S. 465 (1935).

161 *See Gregory*, 293 U.S. 465 (1935); *Rice's Toyota World*, 81 T.C. at 196.

162 *AWG Leasing Trust v. United States*, 592 F. Supp. 2d 953 (N.D. Ohio 2008).

163 *Principal Life Ins. Co. & Subs. v. United States*, 70 Fed. Cl. 144 (2006).

164 *Communications Satellite Corp. v. United States*, 625 F.2d 997, 1000 (1980).

165 *Court Holding Co.*, 324 U.S. 331.

corporation. The Supreme Court affirmed the Tax Court's holding that the sale by the shareholders was in substance a sale by the corporation.

The application of any substance over form doctrine is extremely fact specific, which has led courts to render somewhat inconsistent rulings in this area.[166] There are a number of cases in this area that are difficult to reconcile. Nevertheless, as enunciated by Judge Learned Hand in *Gregory v. Helvering*: "Any one may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes."[167]

A subset or derivation of the substance over form doctrine is the step transaction doctrine. Courts have applied three separate versions of the so-called "step transaction doctrine" to determine whether purportedly separate steps should be combined as components of a single transaction: (i) the "end result" test, (ii) the "mutual interdependence" test and (iii) the "binding commitment" test.[168] Nevertheless, the IRS cannot use the step transaction doctrine to invent steps that did not occur or recast a transaction into another transaction with the same number of steps.[169]

The Tax Court applied both the end result and mutual interdependence tests in *Andantech, LLC v. Commissioner*.[170] In *Andantech*, a U.S. partnership was formed with two non-U.S. partners to cause the foreign partners to recognize a significant portion of the income attributable to a sale-leaseback transaction that the partnership entered into with Comdisco. Almost all of the partnership interests were then contributed to a U.S. indirect subsidiary of a U.S. bank, so that the bank could enjoy the benefits of the losses (attributable to interest and depreciation) generated by the partnership's lease arrangement with Comdisco.[171] The Tax Court, applying both the end result and mutual interdependence tests, concluded that a more direct characterization of the transaction was a direct sale-leaseback arrangement between Comdisco and bank's subsidiary.[172] The court analyzed a number of facts in reaching this conclusion, but the salient fact was that all of the parties intended the ultimate result (*i.e.*, that bank's subsidiary would participate in the lease) and the intermediate steps were meaningless apart from tax considerations.

The Second Circuit rejected a somewhat similar argument by the IRS in *Grove v. Commissioner*.[173] The IRS in *Grove* attempted to reorder a donation of stock followed by a redemption as a redemption of the stock followed by a gift of cash.[174] The Tax Court

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166 *See*, *e.g.*, *ACM Partnership*, 157 F.3d at 263 (3d Cir. 1998); *Boca Investerings Partnership,* 167 F. Supp. 2d 298.

167 69 F.2d 809, 810 (2d Cir. 1934) *aff'd* 293 U.S. 465 (1935).

168 Stephen S. Bowen, *The End Result Test*, 72 TAXES 722 (December 1994).

169 *Esmark, Inc. v. Comm'r*, 90 T.C. 171, 196 (1988) ("Respondent proposes to recharacterize the tender offer/redemption as a sale of the Vickers shares followed by a self-tender. This characterization does not simply combine steps; it invents new ones. Courts have refused to apply step-transaction in this manner"), *aff'd without published opinion*, 886 F.2d 1318 (7th Cir. 1989).

170 T.C. Memo 2002-97.

171 *Id*.

172 *Id*.

173 490 F.2d 241, 247 (2d Cir. 1973).

174 *Id*. at 245.

refused to permit the IRS to recast the transaction, reasoning that there was no reason to recast the form of the transaction chosen by the taxpayer, even though the form was tax-motivated.[175] The only effect of the IRS's recast would be to create a tax liability in a transaction form that was no more direct than the form chosen by the taxpayer. Thus, the mere fact that a taxpayer considers the federal income tax effects of a transaction in its planning should not transform a non-taxable event into a taxable event.

2. Analysis.

The contractual arrangements and the transactions at issue should be respected according to their form because their form is consistent with their underlying substance, the acquisition by the Beneficial Owners of an undivided fractional interest in the Property, and there is a substantial business purpose for such form. Moreover, the allocation of all economic benefits and burdens associated with the Property corresponds to the respective Interest in the Trust owned by each Beneficial Owner such that the substance of the economic arrangement among the parties is consistent with the form.

The step transaction doctrine should not be applicable to the Trust's contractual arrangements. In this case, the Purchasers constitute a separate, diverse and unrelated group desiring to acquire a portion of the Property as offered by the Trust under a private placement of the Interests. Thus, the ultimate result of the contractual arrangements (*i.e.*, collective ownership of the Property by an unrelated group of Purchasers) can only be achieved if the intermediate steps of (i) the Trust acquiring the Property and (ii) offering the Interests for sale to the Purchasers are each first undertaken. Thus, the step transaction doctrine should not be applied to recharacterize the transaction steps utilized to implement the proposed contractual arrangement. Moreover, even if the IRS were to collapse the transaction steps together, the resulting transaction (a direct purchase of the Property by the Purchasers) should not significantly change the resulting federal income tax effect of the Trust's contractual arrangements.

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A number of issues discussed in this opinion have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Each prospective Purchaser must consult his, her or its own tax counsel about the tax consequences of an investment in an Interest, including the tax consequences applicable to such prospective Purchaser under the TCJA.

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[175] *Id.* at 247 ("We are not so naive as to believe that tax considerations played no role in Grove's planning. But foresight and planning do not transform a non-taxable event into one that is taxable. Were we to adopt the Commissioner's view, we would be required to recast two actual transactions — a gift by Grove to RPI and a redemption from RPI by the Corporation — into two completely fictional transactions — a redemption from Grove by the Corporation and a gift by Grove to RPI. Based upon the facts as found by the Tax Court we can discover no basis for elevating the Commissioner's 'form' over that employed by the taxpayer in good faith.").

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This opinion is solely for your information and assistance with respect to the sale of Interests in the Property. Each prospective Purchaser is encouraged to consult with his, her or its tax advisor in determining whether to purchase an Interest. Other than as set forth herein, this opinion may not be relied upon, circulated, quoted or otherwise referred to by any other person or for any other purpose, including in connection with any other transaction or arrangement nor may copies of this opinion be delivered to any other person without our prior written consent. This opinion does not address any tax consequences of the acquisition of an Interest other than those specifically addressed herein. This opinion is not applicable as to any individual tax consequences of a Purchaser or the individual application of the Section 1031 rules to such Purchaser. Our willingness to render the opinion set forth herein neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Property.

In rendering our opinion, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings and revenue procedures issued by the IRS and such other authorities as we have considered relevant as of the date of this opinion. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. This opinion is not binding upon the IRS or courts of applicable jurisdiction, which may disagree with all or any portion of the opinion expressed herein. We undertake no obligation to update the opinions expressed herein after the date of this letter. Furthermore, our opinion is conditioned upon the accuracy and completeness of the representations set forth in the Representation Letter. This opinion does not address any other tax consequences of the acquisition of an Interest. In addition, the opinions and conclusions contained herein are based upon Baker & McKenzie LLP's review of the Transaction Documents, the Representation Letter, and the documents obtained and reviewed while conducting due diligence in the course of preparing the Offering. As a result, the opinions and conclusions contained herein cannot and do not speak to any facts or analysis relating to documents, arrangements, or other items not obtained prior to the date of this opinion or the Offering.

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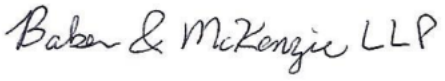
This opinion is written to support the promotion and marketing of the proposed transaction, and each prospective Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

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We are furnishing this opinion solely in connection with the sale of the Interests described herein. Accordingly, the Trust may only circulate this opinion in connection with the sale of the Interests to potential Purchasers. This opinion may be relied upon by Purchasers in connection with their purchase of Interests, but may not be relied upon, circulated, quoted or otherwise referred to by any other person or for any other purpose, including in connection with any other transaction or arrangement nor may copies of this opinion be delivered to any other person without our prior written consent.

Baker McKenzie.

Very truly yours,



Baker & McKenzie LLP

EXHIBIT C

FINANCIAL FORECAST

The following Financial Forecast is intended to supplement the disclosures contained in this Property Supplement. The Financial Forecast was prepared based upon the Sponsor's assumptions, including current estimates of income and expenses relating to the operation of the Property. We believe these assumptions to be reasonable as of the date of this Property Supplement and are not aware of any material factors other than as set forth in the Property Supplement of which this Exhibit C forms a part that would be likely to cause the financial information contained in the Financial Forecast to fail to be indicative of future operating results. However, if the assumptions with respect to the Property do not prove to be correct, the Property may have difficulty in achieving these projected results. Some of the other underlying assumptions forming the basis of the Financial Forecast may prove inaccurate, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the period covered are likely to vary from the Financial Forecast, and the variation may be material. As a result, a Beneficial Owner's rate of return may be higher or lower than that set forth herein. A Beneficial Owner's return on its investment in the Interests will depend upon economic factors and conditions beyond the Sponsor's control.

BREX Net Lease Industrial I DST
Projected DST Cashflow

		Year 1[1]	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
DST Base Rent[2]		$ 9,425,465	$ 9,661,102	$ 9,902,629	$ 10,150,195	$ 10,403,950	$ 10,664,049	$ 10,930,650
Ongoing Trust Fees and Expenses								
Debt Service Payments[3]		(4,119,512)	(4,130,798)	(4,119,512)	(4,119,512)	(4,119,512)	(4,130,798)	(4,119,512)
Lender Required Reserves		-	-	-	-	-	-	-
Supplemental Trust Reserve		-	-	-	-	-	-	-
Investor Servicing Fee[4]	0.25%	(200,138)	(200,138)	(200,138)	(200,138)	(200,138)	(200,138)	(200,138)
Administration Fee[4]	0.15%	(120,083)	(120,083)	(120,083)	(120,083)	(120,083)	(120,083)	(120,083)
Other Trust G&A		(100,000)	(102,850)	(105,786)	(108,809)	(111,923)	(115,131)	(118,435)
Total Trust Fees and Expenses		$ (4,539,733)	$ (4,553,869)	$ (4,545,519)	$ (4,548,542)	$ (4,551,656)	$ (4,566,150)	$ (4,558,168)
Projected Distributions		**$ 4,885,732**	**$ 5,107,232**	**$ 5,357,111**	**$ 5,601,653**	**$ 5,852,293**	**$ 6,097,898**	**$ 6,372,482**
Annual Growth -DST Base Rent			*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Cash-on-Cash Return		*6.10%*	*6.38%*	*6.69%*	*7.00%*	*7.31%*	*7.62%*	*7.96%*

(1) Year 1 begins on the inception of the Master Lease, with Year 2 beginning on the first day following the first anniversary of the Master Lease.

(2) The difference, if any, between the Base Rent and the Gross Market Rent will, after taking into account any expenses that are the responsibility of the Master Tenant, inure to the benefit of the Master Tenant and, therefore, the Operating Partnership as the owner of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Beneficial Owners.

(3) The Master Lease expires on March 23, 2046. Please see the “Summary of the Offering” and “Additional Disclosure Regarding Certain Agreements” sections of the Property Supplement that disclose Base Rent payable to the Trust for Years 8-20. Rent for Years 8-20 is based on the assumption that the Loan will be repaid upon maturity with additional capital raised from the Beneficial Owners.

(4) The amounts shown assume a fully subscribed offering at launch; actual amounts will differ due to timing of subscriptions.

BREX Net Lease Industrial I DST
Projected Property Cashflow

Property Operations	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
Gross Market Rent	$ 9,637,203	$ 9,878,133	$ 10,125,086	$ 10,378,213	$ 10,637,669	$ 10,903,610	$ 11,176,201
Absorption / Turnover	0	0	0	0	0	0	0
Free Rent	0	0	0	0	0	0	0
Vacancy Allowance	0	0	0	0	0	0	0
Credit Loss / Non Rev	0	0	0	0	0	0	0
Net Rental Income	**9,637,203**	**9,878,133**	**10,125,086**	**10,378,213**	**10,637,669**	**10,903,610**	**11,176,201**
Other Income	0	0	0	0	0	0	0
Expense Recoveries	2,239,713	2,321,697	2,390,361	2,461,059	2,533,853	2,608,805	2,685,978
Total Gross Revenue	**11,876,915**	**12,199,830**	**12,515,447**	**12,839,272**	**13,171,521**	**13,512,415**	**13,862,179**
EXPENSES:							
Real Estate Taxes	1,812,573	1,866,950	1,922,959	1,980,648	2,040,067	2,101,269	2,164,307
Insurance	66,721	68,723	70,784	72,908	75,095	77,348	79,668
CAM	146,539	150,935	155,463	160,127	164,931	169,879	174,975
Property Mgmt. Fee	233,261	239,295	245,486	251,838	258,355	265,042	271,903
Total Expenses	**2,259,094**	**2,325,903**	**2,394,692**	**2,465,521**	**2,538,448**	**2,613,538**	**2,690,854**
Net Operating Income	**$ 9,617,821**	**$ 9,873,927**	**$ 10,120,754**	**$ 10,373,752**	**$ 10,633,073**	**$ 10,898,877**	**$ 11,171,325**