

Offeree Name: _____

Memorandum Number: _____

CONFIDENTIAL
DELAWARE STATUTORY TRUST PROGRAM MEMORANDUM

Invesco Real Estate Exchange LLC, a Delaware limited liability company (“**IREX**” or the “**Sponsor**”), is an indirect subsidiary of Invesco Real Estate Income Trust Inc., a Maryland corporation (“**INREIT**”). INREIT has elected to be treated as a “real estate investment trust” (“**REIT**”) for U.S. federal income tax purposes. INREIT invests primarily in stabilized, income-oriented commercial real estate in the United States and, to a lesser extent, originates, acquires, and manages private real estate debt and invests in real estate-related securities. INREIT owns, and expects to continue to own, all or substantially all of its assets through Invesco REIT Operating Partnership LP, a Delaware limited partnership (the “**Operating Partnership**” or “**OP**”). INREIT is the sole general partner of the Operating Partnership. In this Memorandum, unless the context otherwise requires, all references to “**IREX**,” the “**Sponsor**,” “**we**,” “**us**” or “**our**” or similar expressions refer to Sponsor and our subsidiaries and/or affiliates.

INREIT is externally managed by Invesco Advisers, Inc., a Delaware corporation (the “**Adviser**”). The Adviser is an indirect, wholly owned subsidiary of Invesco Ltd. (“**Invesco**”), a global investment manager, and the registered investment adviser for Invesco Real Estate, the real estate investment center of Invesco (“**Invesco Real Estate**” or “**IRE**”). The Adviser utilizes the personnel and global resources of Invesco Real Estate to provide investment management services to the Sponsor, INREIT, and the Operating Partnership.

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**”) that owns a single Property (as defined below), or in one or more Trusts that directly or indirectly own multiple Properties (each, a “**Portfolio Offering**”). Each Trust will be formed pursuant to Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. §3801, *et seq.* (the “**Statutory Trust Act**”). The private placements will be conducted through Invesco Distributors, Inc., a Delaware corporation, a registered broker-dealer and affiliate of the Adviser (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 Trusts. Some Portfolio Offerings may be structured so that a parent Trust is formed which owns interests in sub-trusts that own the Properties. Interests will only be sold pursuant to subscription documents that include a “Purchase Agreement” and “Investor Questionnaire” (the “**Subscription Documents**”). 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 one or more multifamily, industrial, office, retail, medical, storage, or other real properties that are professionally managed and provide current income (each, a “**Property**” and collectively, the “**Properties**”). Each Property will be 100% master leased to a special purpose entity, wholly owned by the Operating Partnership (the “**Master Tenant**”), pursuant to a net master lease agreement (the “**Master Lease**”) with the Master Tenant. The Master Tenant will be the sub-lessor of the Property to the end tenant(s) occupying the space.

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 offer 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 Trusts and Properties, as applicable), which will be provided to you in conjunction with or subsequent to your receipt of this Memorandum.

Each Property Supplement will set forth the minimum equity purchase of Interests in the corresponding Offering. Each Purchaser must pay cash for his, her or its 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 amended and restated trust agreement (the “**Trust Agreement**”). **You should read this Memorandum in its entirety, together with such other information provided by or on behalf of the Sponsor with respect to the Offering, before making an investment decision with respect to any Offering.**

Portfolio Offerings may be structured by offering interests in one or more Trusts simultaneously, through (i) the offering of interests in a parent Trust that is the sole beneficial owner of sub-trusts that own the Properties, (ii) a single Trust that owns multiple Properties, or (iii) such 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 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. 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 and risks 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 (the “**FMV Option**”). If the FMV Option is exercised, Beneficial Owners will receive units of a class currently issued (or that may be issued in the future) in the Operating Partnership (“**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 and expenses. The purchase price of such Interests will be based on the fair market value of the Property, taking into account that the Property is subject to the Master Lease. 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. See “*Summary of the Trust Agreement – FMV Option*” for more details regarding the FMV Option.

INREIT currently has eight classes of common stock (the “**Common Stock**”), which may be modified from time to time. The Operating Partnership currently has fourteen classes of OP Units, which may be modified from time to time — Class T units, Class T-1 units, Class S units, Class S-1 units, Class S-2 units, Class D units, Class D-1 units, Class I units, Class E units, Class N units, Class K-PR units, Class S-PR units, Class S-PR1 units, and Class S-PR2 units, which correspond to one of the eight classes of Common Stock of INREIT. In particular, Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, Class S-PR1 and Class S-PR2 units, generally correspond to Class T REIT shares, Class S REIT shares, Class D REIT shares, and Class S-PR REIT shares, respectively, with (i) Class S-1 units and Class S-2 units having the same class designation as Class S REIT shares, and (ii) Class S-PR1 units and Class S-PR2 units having the same class designation as Class S-PR REIT shares. Class T units, Class S units, Class S-PR units, Class D units, Class E units and Class N units will not be available for Purchasers of Interests pursuant to the Program. Each OP Unit is intended to be the substantial economic equivalent of one share of the corresponding class of Common Stock. However, OP Units are a different investment from Common Stock in many respects, including tax treatment, voting rights, and redemption rights. INREIT and the Operating Partnership may create additional classes of common stock and OP Units.

If the FMV Option is exercised by the Operating Partnership, you may receive OP Units. Additional information regarding the Operating Partnership and INREIT is contained in the annual reports on Form 10-K and quarterly reports on Form 10-Q and current reports on Form 8-K filed by INREIT with the SEC (collectively, “**INREIT Materials**”). All INREIT Materials are publicly available over the internet at the SEC’s website at <https://www.sec.gov/search-filings> (CIK 0001756761). All information included in the INREIT Materials that we file and do not furnish with the SEC is deemed automatically incorporated by reference into, and a part of, the Memorandum. Investors and their financial advisers should review the INREIT Materials before making an investment decision.

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 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 INREIT Materials 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 the INREIT Materials 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 an 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 INREIT Materials 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 such laws pursuant to registration or exemption therefrom.

An investment in Interests is designed primarily for investors seeking an opportunity to invest in multifamily, industrial, office, retail, medical, storage, or other real properties that are professionally managed and provide 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 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 qualify under Code Section 1033. See “*U.S. Federal Income Tax Consequences - Qualification under Code Section 1033.*” **Each prospective Purchaser’s specific circumstances may differ. 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 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 INREIT, and does not purport to contain all the information you may desire. 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, Common Stock, INREIT, and the information set forth in the Offering Materials.

You should not construe the contents of the Offering Materials 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 Internal Revenue Service (“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 this matter, (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, Common Stock, the Operating Partnership, or INREIT which you may have received from us or our agents or representatives (together with this Memorandum, the INREIT Materials, 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.

Invesco DST Manager LLC, a Delaware limited liability company (the “**Manager**”), which is indirectly owned by the Adviser and is an affiliate of the Sponsor, will manage each Trust. The Manager will be managed by personnel associated with Invesco Real Estate. The Manager reserves the right to enter into Subscription Documents 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 definitive agreements with purchasers of 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 prior 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 the Subscription Documents 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 (“**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 “*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 INREIT Materials 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, 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.

FORWARD-LOOKING STATEMENTS

Certain statements in this Memorandum, in the Property Supplement, and in the INREIT Materials constitute “**forward-looking statements**” as that term is defined under Section 21E of the Securities Exchange Act of 1934 (the “**Exchange Act**”), as amended, 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 future 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 matters discussed in the INREIT Materials.

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 INREIT Materials 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 expectations 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 make the minimum purchase of equity for an Interest in the amount specified in the Property Supplement relating to such 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 and “Additional Risk Factors” section of the applicable Property Supplement;
- (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.

- (i) You are an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act; and

For purposes of the foregoing, an “accredited investor” means:

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, an organization described in Code Section 501(c)(3), a Massachusetts or similar business trust, a partnership, or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of \$5,000,000;
- 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-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 requirements of clauses (i) or (ii) of the first sentence of this paragraph (i). However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

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

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

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

For purposes of determining “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 U.S. 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 Subscription Documents. We will rely on the accuracy of each Purchaser’s representations set forth in the Subscription Documents 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 requested information.

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 TO 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 (“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, as appropriate, may 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

After carefully reviewing the Offering Materials, provided that you are also an accredited investor, you must follow the procedures described below and in the Subscription Documents if you are interested in purchasing an Interest in this Offering.

To offer to buy an Interest, you must follow the instructions and complete certain documentation contained in the Subscription Documents. Relevant portions of the Subscription Documents must be completed consistent with the instructions provided by the Sponsor and may include certain portions that must be completed in electronic and/or paper form. If you wish not to receive or complete any portion of the Subscription Documents in electronic form, you may so elect by notifying the Trust in writing.

After your review of the Offering Materials, you must submit to the Trust through your financial professional the completed Subscription Documents, and payment via wire funds or equivalent from the qualified escrow account to the Trust in payment of the subscription amount. Reservations are made on a “first come, first served” basis. Upon review and approval of the Subscription Documents and the Trust’s receipt of 100% of your amount required to close, you will be contacted to schedule your closing date (the “**Closing Date**”). Once your acquisition of an Interest in the Trust has closed on your scheduled Closing Date, you will be provided a confirmation and a fully executed document package.

Prospective Purchasers should understand that the Trust, in its sole discretion, reserves the right to accept or reject any offer to purchase the Interests in whole or in part for any reason or no reason whatsoever. If the Trust does not accept a prospective Purchaser’s Subscription Documents within 30 days of its submission, then they shall be deemed rejected.

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. For a more complete understanding of the Program and any Offering, you must read the Offering Materials, which includes a Property Supplement for the applicable Trust, in their entirety.

Our sale of Interests is intended to provide Purchasers with professionally managed investments in multifamily, industrial, office, retail, medical, storage, or other real properties that provide 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 real property (a “**relinquished property**”) by acquiring an Interest as replacement property pursuant to a Section 1031 Exchange. See “*U.S. Federal Income Tax Consequences.*”

The Offerings:

Generally, in an Offering we will offer, to up to 1,999 accredited investors, Interests in a specific Delaware statutory trust; in some Offerings we may reduce the number of accredited investors eligible to participate. Each Offering will be open for 12 months after the initial sale of an Interest in such Offering (the “**Offering Period**”); however, we may extend each Offering Period for an additional one 12-month period in the Sponsor’s sole discretion.

The Interests:

Generally, the Interests will be class 1 beneficial interests in the Trust which owns a Property or Properties. In some instances, the Offering may be structured with multiple Trusts that each own a Property or Properties. 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 forms two or more sub-trusts. A 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 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 periodic cash distributions and (iii) allow for the potential 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 and “*Additional Risk Factors*” in the appropriate Property Supplement.

Property Characteristics:

Each Property in an Offering will be acquired from a third-party seller (and in certain instances briefly warehoused by INREIT and/or the Sponsor or its affiliates) or will be selected from certain Properties owned by the Operating Partnership.

The Properties will be multifamily, industrial, office, retail, medical, storage, or other real properties that are generally master leased to a subsidiary of 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 predict or 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 historical performance of the Operating Partnership, INREIT, or their investments is no guaranty 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 is a wholly owned subsidiary of the Operating Partnership, pursuant to the 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 will generally continue for a base term that is at least coterminous with the term of the loan secured by the Property (if any), unless sooner terminated pursuant to the

terms of the Master Lease.

The Master Lease is a “net lease”, allocating to the Master Tenant all expenses obligations associated with the operation of the Property. Rent (as defined below) paid by the Master Tenant is intended to be sufficient for the Trust to pay debt service on any loan obtained by the Trust. Under the Master Leases, unless otherwise specified in the applicable Property Supplement, 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.

The Master Tenant has the right to collect and 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.

Pursuant to the Master Lease, the Master Tenant pays to the Trust a fixed rental amount (“**Rent**”) on a periodic basis (either monthly or quarterly), which is intended to be sufficient to provide: (1) an amount equal to certain debt service payments including principal and interest payments and necessary deposits into all lender-required reserve funds; and (2) an additional amount for a return to be paid on the Purchasers’ Interests, including after the relevant expenses at the level of the Trusts (including ongoing fees and expenses). See “*Summary of the Master Lease.*”

The Operating Partnership, as guarantor (in such capacity, the “**Guarantor**”), will enter into a guaranty agreement whereby the Guarantor will guaranty (the “**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 by the Master Tenant; and
- (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.

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.

The Sponsor; the Operating Partnership:

Invesco Real Estate Exchange LLC is the Sponsor of the Offering. The address of the Sponsor is 2300 N Field Street, Suite 1200, Dallas, Texas 75201. The Sponsor is an indirect subsidiary of INREIT. The Operating Partnership is a Delaware limited partnership that was formed on October 5, 2018. The Operating Partnership is the entity through which INREIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships or joint ventures) substantially all of its assets. INREIT invests primarily in stabilized, income-oriented commercial real estate in the United States and, to a lesser extent, originates and acquires private real estate debt and invests in real estate-related securities. INREIT is organized and believes it conducts its operations in a manner so as to qualify as a REIT for U.S. federal income tax purposes.

The Operating Partnership has fourteen separate classes of ownership units that correspond to INREIT's Class T, Class S, Class D, Class I, Class E, Class N, Class K-PR, and Class S-PR shares of Common Stock.

The INREIT Materials contain information regarding the assets and financial information regarding INREIT and the Operating Partnership.

The Trusts:

Each Purchaser will acquire Interests subject to the Trust Agreement of the corresponding Trust. Each Trust Agreement will govern the rights and obligations of the Beneficial Owners with respect to the Trust. IREX Depositor LLC, a Delaware limited liability company and a wholly owned subsidiary of the Sponsor, will serve as the "**Depositor**" under the Trust Agreement and will facilitate the acquisition of Property to the Trust, including through assignment to the Trust of the purchase contract to acquire the Property. 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 Trust's obligations pursuant to Section 3807(a) of the Statutory Trust Act, including, but not limited to, executing any documentation on behalf of the Trust (the "**Signatory Trustee**"; 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 ordinarily would not 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. 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; provided, however, that it is the intent of the parties to the Trust Agreement that the Property will be held by the Trust for at least two years or as set forth in the Property Supplement. 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; 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” as described in Treasury Regulation Section 301.7701-4(c).

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 Manager will collect rents from the Master Tenant and make distributions of remaining available cash to the Beneficial Owners pursuant to the Trust Agreement. The Manager may cause the Trust to sell 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 sell the Property.

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

FMV Option:

The FMV Option will give the Operating Partnership a right, but not the obligation, to acquire some or all of the Interests from the Beneficial Owners in exchange for the OP Units or cash, at the Operating Partnership’s discretion. The purchase price of such Interests will be based on the fair market value of the relevant Trust Estate. The fair market value of the Trust Estate will be determined through an appraisal process utilizing one or more independent firm or firms selected by the Manager in its sole discretion, and adjusted for applicable liabilities, certain adjustments, and customary prorations. Any such value will be determined without any discounts but taking into account that the Properties are subject to the Master Lease. 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 Subscription Documents 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 “**FMV Option Exercise Period**”). The Operating Partnership may, in its sole discretion, extend the FMV Option Exercise Period for an additional one year. The Operating Partnership, in its sole and absolute discretion, may assign its rights in the FMV Option to a subsidiary, an affiliate, a successor entity to the Operating Partnership or the acquiror of a majority of the Operating Partnership’s assets. The Operating Partnership may exercise its FMV Option at the level of any Trust, including at a sub-Trust level. See “*Summary of the Trust Agreement*” and “*Risk Factors*.” The Operating Partnership may exercise its FMV Option at the level of one or more Trusts in any Offering. 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.

Distributions:

The Manager will distribute all available cash from the applicable Trust to the Beneficial Owners on a periodic basis no less frequently than quarterly, after paying or reimbursing the Manager for any reasonable fees or expenses paid by the Manager on behalf of the Trust and reserving and retaining such additional amounts as the Manager determines are necessary to pay anticipated ordinary current and future Trust expenses.

Minimum Investment:

To determine the minimum purchase requirement for a particular Offering, please see the Property Supplement for that Offering. We reserve the right to increase or reduce this requirement in our sole discretion with respect to any Purchaser.

Mortgage Financing:

We anticipate that certain Properties may be financed with a loan 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. See “*Risk Factors—Risks Associated with Debt Financing*” and “*U.S. Federal Income Tax Consequences*.”

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 accredited investors who meet certain minimum requirements as described in this Memorandum may acquire Interests in this Offering. See “*How to Subscribe*.” Interests are not suitable investments for qualified plans, individual retirement accounts, tax-exempt entities, or Non-U.S. Persons.

Prospective Purchasers who are partnerships for U.S. federal income tax purposes, or who invest in the Interests through a partnership for U.S. federal income tax purposes, should consult with their tax advisors regarding

the tax consequences to them.

Transfer Limitations:

The Beneficial Owners' rights to transfer or assign their Interests will be subject to the Trust Agreement which provides that, among other things: (i) the prior written consent of the Manager, which may be withheld in its sole and absolute discretion, is required in connection with the assignment or transfer of all or any portion of the Interest of any Beneficial Owner, except in certain cases related to transfers at death by operation of law or for purposes of estate planning; (ii) the transferee must be an "accredited investor"; and (iii) the transferee agrees to be bound by the terms of the Trust Agreement by executing an "Agreement of Assignee or Transferee Beneficial Owner" attached as an exhibit to the Trust Agreement. 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 of any single Trust 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:

There is no public market for the Interests, and we do not expect a public market for Interests to develop in the future. An investment in Interests will not be suitable for Purchasers desiring or requiring liquidity in the near future.

Liquidity of the OP Units is similarly limited. Each Purchaser must be able to bear the economic risks of owning an Interest or the OP Units for an 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 require the Operating Partnership to redeem some or all of your OP Units. In INREIT's sole discretion as the general partner, the Operating Partnership may redeem your OP Units for cash or for shares of Common Stock of INREIT with an aggregate net asset value ("NAV") equal to the aggregate NAV of the redeemed OP Units. A redemption generally will be a fully taxable transaction to you. The Common Stock has limited liquidity. See the INREIT Materials for a summary of the Common Stock.

Under INREIT's share repurchase plan (the "**Share**

Repurchase Plan”), as described in more complete detail in the INREIT Materials, owners of Common Stock who have converted from OP Units may request that INREIT repurchase all or any portion of their shares. However, INREIT is not obligated to repurchase any shares of Common Stock and may choose to only repurchase some, or even none, of the shares requested to be repurchased.

The Share Repurchase Plan is limited to no more than 2% of INREIT’s aggregate NAV per month (measured using the aggregate NAV as of the end of the immediately preceding month) and no more than 5% of INREIT’s aggregate NAV per calendar quarter (measured using the average aggregate NAV as of the end of the immediately preceding three months). In the event that INREIT determines to repurchase some but not all of the shares submitted for repurchase during any month, shares repurchased at the end of the month will be repurchased on a pro rata basis. All unsatisfied repurchase requests must be resubmitted after the start of the next month or quarter, or upon the recommencement of the Share Repurchase Plan, as applicable. More details regarding the Share Repurchase Plan are available in the INREIT Materials.

Investment Procedures:

To offer to buy an Interest, you must follow the instructions and complete certain documentation contained in the Subscription Documents. Relevant portions of the Subscription Documents must be completed consistent with the instructions provided by the Sponsor and may include certain portions that must be completed in electronic and/or paper form. If you wish not to receive or complete any portion of the Subscription Documents in electronic form, you may so elect by notifying the Trust in writing.

After your review of the Offering Materials, you must submit to the Trust through your financial professional the completed Subscription Documents, and payment via wire funds or equivalent from the qualified escrow account to the Trust in payment of the subscription amount. Reservations are made on a “first come, first served” basis. Upon review and approval of the Subscription Documents and the Trust’s receipt of 100% of your amount required to close, you will be contacted to schedule your Closing Date. Once your acquisition of an Interest in the Trust has closed on your scheduled Closing Date, you will be provided a confirmation and a fully executed document package.

The Trust may accept or reject a prospective Purchaser’s

Subscription Documents in its sole discretion. If the Trust does not accept Subscription Documents within 30 days of their submission, then they shall be deemed rejected. In the event your Subscription Documents are rejected, the full amount of any check or wired funds you have sent will be returned to you.

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

The Manager, Sponsor, and its affiliates will receive substantial compensation, fees, and reimbursements related to the sourcing, due diligence, and completion of the acquisition of the Properties, and in connection with the Offering and sale of Interests and the management, leasing, operation, and disposition of the Properties, which may include but are not limited to rents from the Properties in excess of the amounts the Master Tenant is required to pay to the Trusts under the Master Lease, the Management Fee, the Investor Servicing Fee, and the Disposition Fee (each, as defined below):

- The Manager will receive a management fee (the “**Management Fee**”) of up to 0.15% per annum of the equity purchase price of the Interests sold in an Offering (“**Total Sales**”), net of Sales Commissions, Dealer Manager Fees, Placement Fees, Organization and Offering Expenses, Loan Fees and Costs, and Other Closing Costs (collectively, “**Sales Commissions and Expenses**”);
- The Dealer Manager will receive a fee of up to 0.25% per annum of the Total Sales, net of Sales Commissions and Expenses, in an Offering (the “**Investor Servicing Fee**”) for ongoing investor services provided to the Beneficial Owners;
- The Trusts will be responsible for paying directly or reimbursing the Manager or its affiliates for the operating costs including but not limited to trustee fees and banking fees;
- The Manager will receive a disposition fee of up to 1% of the gross proceeds of the sale, exchange, or other disposition of a Property to a third-party (but not in the event the FMV Option is exercised) (the “**Disposition Fee**”);
- With respect to some Properties, the Master Tenant may be entitled to receive from its subtenants, certain fees, including property management fees, in addition to rents from such

Properties; and

- Holders of OP Units (“**OP Unitholders**”) are also subject to fees as disclosed in the INREIT Materials. Ongoing servicing fees will be paid with respect to certain classes of OP Units issued in exchange for Interests, as determined by the applicable financial professional’s selling agreement with the Dealer Manager. See INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

Purchasers Responsible for Own Fees and Expenses:

Purchasers will be responsible for their own costs related to the purchase of Interests, including costs for their own legal and tax advice, fees paid to their qualified intermediary, and any other fees and expenses, as applicable.

Fees and Expenses Paid by Purchaser Through an Increase in the Purchase Price of the Properties:

The purchase price of the Interests sold in the Offering will be equal to (i) the estimated fair market value of the Properties in the relevant Offering, subject to the Master Lease, as determined by an appraisal and (ii) a mark-up equal to the Sales Commission, the Dealer Manager Fee, the Placement Fee, Organization and Offering Expenses, Other Closing Costs, and Loan Fees and Costs (each as defined below), assuming a maximum Offering amount:

- Sales Commission of up to 5% of the Total Sales payable to the Dealer Manager (the “**Sales Commissions**”), all or a portion of which may be re-allowed to broker-dealers participating in an Offering (“**Participating Dealers**”); Dealer Manager may reduce or waive the Sales Commissions in the Dealer Manager’s sole discretion;
- a Dealer Manager Fee of up to 1% of Total Sales payable to the Dealer Manager (a portion of which may be re-allowed in whole or in part to Participating Dealers (the “**Dealer Manager Fee**”)); Dealer Manager may reduce or waive the Dealer Manager Fee in the Dealer Manager’s sole discretion;
- a Placement Fee of up to 1% of Total Sales payable to the Dealer Manager for placement services relating to the Offering (the “**Placement Fee**”);
- a non-accountable organizational and offering expense reimbursement of up to 0.5% of Total

Sales (“**Organization and Offering Expenses**”) payable to the Sponsor, Invesco, or its affiliate;

- a non-accountable closing cost reimbursement of up to 0.5% of Total Sales (“**Other Closing Costs**”) payable to the Sponsor, Invesco, or its affiliate; and
- an amount up to 1.0% of the principal balance of any mortgage indebtedness on a Property payable to the Sponsor, Invesco, or its affiliate as a fee, and any costs and fees, including recording fees, taxes, legal fees, title fees, and other expenses associated with the closing of such indebtedness (“**Loan Fees and Costs**”).

The Manager on behalf of a Trust may, in its discretion, accept purchases of Interests net of all or a portion of the Sales Commissions, Dealer Manager Fee, and Placement Fee otherwise payable from Purchasers purchasing through a Registered Investment Advisor (“**RIA**”) with whom the Purchaser has agreed to pay a fee for investment advisory services in lieu of commissions. Affiliates and employees of Invesco and its affiliates may purchase the Interests net of Sales Commissions, Dealer Manager Fee, and Placement Fee to the extent waived.

The actual sales 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.

Subscription Documents:

Pursuant to the Subscription Documents, the Trust will provide limited representations or warranties, including with respect to the ownership and condition of the relevant Property.

Pursuant to the terms of the Subscription Documents, the Trust will agree to cooperate with the Purchaser in a manner necessary to complete the Section 1031 Exchange of such Purchaser (if one is a part of the purchase of Interest), subject to customary conditions.

In addition, pursuant to the Subscription Documents, the Trust will make limited and customary representations and warranties, covenants and indemnities regarding such Interest and the transaction contemplated by the Subscription Documents.

U.S. Federal Income Tax Consequences:

In connection with an Offering, we will obtain from Tax Counsel the Tax Opinion stating that: (i) the relevant Trusts should be treated as investment trusts described in Treasury Regulation Section 301.7701-4(c) that are classified as “trusts” 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 INREIT Materials, Tax Counsel will not express any opinion with respect to the accuracy or completeness of the discussion of tax issues in the INREIT Materials, including those contained in this Memorandum by reference.

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 on its own U.S. federal income tax return. For a more complete discussion of the tax consequences of ownership of Interests, see “*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 Section 1031.

There are risks associated with the U.S. federal income 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 “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 INREIT Materials for a discussion of certain factors that prospective Purchasers should consider before they subscribe to purchase Interests at: <https://www.sec.gov/search-filings> (CIK 0001756761).

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 INREIT Materials 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 an interest in a Delaware statutory trust, or “**DST**”, 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. The DST structure can provide advantages over certain other Section 1031 syndication structures, including: (1) no personal liability for beneficiaries under the financing of the property, if applicable; (2) lower transaction costs, including lower administrative costs; and (3) where applicable, more favorable financing terms. The primary disadvantage of the DST structure is that the manager of the trust is limited in the actions it may take to address issues that may arise in connection with the ownership of the property.

Q: Who is the Sponsor?

A: The Sponsor is IREX (Invesco Real Estate Exchange LLC), an affiliate of INREIT. INREIT invests primarily in stabilized, income-oriented commercial real estate in the United States. To a lesser extent, INREIT also originates, acquires, and manages private real estate debt and invests in real estate-related securities. INREIT owns, and expects to continue to own, all or substantially all of its assets through the Operating Partnership. INREIT is the sole general partner of the Operating Partnership, and has elected to be and is taxed as a REIT for U.S. federal income tax purposes.

Q: Who is the Master Tenant?

A: The Master Tenant in each Offering will be a newly formed Delaware limited liability company and a wholly owned subsidiary of the Operating Partnership. The responsibilities and obligations of the Master Tenant under the Master Lease are guaranteed by the Operating Partnership pursuant to the Guaranty.

Q: What are the principal benefits of the Program?

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

- (i) The potential for consistent current income from Interests through a Master Lease with the Master Tenant;
- (ii) Potential for the Property or Properties to appreciate in value;
- (iii) Professional management of the Properties through the Master Tenant and the Manager;
- (iv) The ability for Interests to qualify as like-kind replacement property pursuant to a Section 1031 Exchange; and
- (v) 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 an Offering under the Program?

A: We have summarized certain risks under the captions “Risk Factors” and “Conflicts of Interest” herein, under the caption “Additional Risk Factors” in the applicable Property Supplement, and the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761), which you should review carefully. These risks include, among others, investment risks, U.S. federal income tax risks, real estate risks, structural risks, and, where applicable, financing risks.

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 of the Code, and may cause the Purchaser to recognize gain to the extent of such fees and expenses. See “Risk Factors” and “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 out of the proceeds of this Offering?

A: The following fees and expenses will be paid out of the proceeds of the sale of the Interests:

- (i) Sales Commissions of up to 5.0% of Total Sales will be payable to the Dealer Manager, which it may re-allow in whole or in part to Participating Dealers; provided, however, in the event a commission rate lower than 5.0% is negotiated with a Participating Dealer, the commission rate will be the lower agreed upon rate for Interests sold by such Participating Dealer;
- (ii) a Dealer Manager Fee of up to 1.0% of Total Sales will be payable to the Dealer Manager (all or a portion of which may be re-allowed to Participating Dealers);
- (iii) a Placement Fee of up to 1.0% of Total Sales will be payable to the Dealer Manager for placement services relating to the Offering;
- (iv) Organization and Offering Expenses of up to 0.5% of Total Sales will be payable to the Sponsor, Invesco, or its affiliate; and
- (v) Other Closing Costs of 0.5% of Total Sales will be payable to the Sponsor, Invesco, or its affiliate.

For additional detail regarding such fees, expenses, and reimbursements see “*Compensation and Fees*.”

Q: Is there a minimum investment required?

A: Yes. Generally, you must invest at least the minimum amount specified in the Property Supplement. However, we retain the right, in our sole discretion, to increase or reduce this minimum investment requirement with respect to any Purchaser. To determine the minimum investment amount 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 qualification outlined previously, please return the Offering Materials you have received to us. 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 offering Trust and be subject to the terms of that Trust as described in the applicable 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 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 certain fees, expenses, debt service (if applicable), and reserves, including the Management Fee paid to the Manager, Investor Servicing Fees, certain transfer agent fees, 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: The Manager will furnish periodic reports to each of the Beneficial Owners as to the amount of distributions paid to such Beneficial Owner from the relevant Trust less applicable fees and expenses. The Manager will maintain appropriate books and records in order to provide annual statements of income and expenses to each Beneficial Owner as necessary for such Beneficial Owner to prepare his, her, or its income tax returns regarding the Properties.

Q: Are there situations where I may be required to incur indebtedness personally 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 liability 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. 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. Any financing will be more specifically detailed in the applicable Property Supplement.

Q: What if I want to sell my Interest before the Properties are sold?

A: There is no public market for the Interests, and we do not expect a public market in the future. The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state securities laws. Accordingly, the Interests are subject to restrictions on transfer (and the Trust Agreement contains additional transfer restrictions). A **"Permitted Transfer"** means the transfer of an Interest (i) by devise, descent, or by operation of law upon the death of a Beneficial Owner or the member, partner, or stockholder of a Beneficial Owner or (ii) by an individual to a trust or other entity created for estate planning purposes primarily for the benefit of such individual. If you are able to transfer your Interest, you or the transferee(s) will bear the costs, if any, of the transfer. Any transfers of an Interest, other than a Permitted Transfer, require the prior written consent of the Manager, which may be withheld in its sole and absolute discretion.

Q: What is the Springing LLC?

A: A Transfer Distribution occurs in the event that (i) the Trust Estate is in jeopardy of being lost, or (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. In such case, the Manager will transfer title to the Property to the Springing LLC, a newly-formed Delaware limited liability company. 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: Some states have income thresholds that must be exceeded to be subject to income tax, but 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 IRS 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 option of the Operating Partnership, for OP Units pursuant to the FMV Option. You will have no control over whether the Operating Partnership exercises the FMV Option, or with respect to which Property or Properties the FMV Option will be exercised. Further, the Operating Partnership will be acting in its own best interest when making any decision to exercise the FMV Option.

Q: What is the Operating Partnership?

A: The Operating Partnership is the entity through which INREIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships, or joint ventures) substantially all of its assets.

Q: What is a REIT?

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

- (i) pays dividends to investors of at least 90% of its taxable income for each year;
- (ii) is not subject to the U.S. federal “double taxation” treatment of income that results from investments in a corporation because a REIT is not generally subject to U.S. federal corporate income taxes on its net income that it distributes to its shareholders, provided certain requirements are satisfied;
- (iii) combines the capital of many investors to acquire or provide financing for real estate properties; and
- (iv) offers the benefit of a diversified real estate portfolio under professional management.

See the INREIT Materials 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 at <https://www.sec.gov/search-filings> (CIK 0001756761).

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. INREIT operates as an UPREIT, as do many large REITs. INREIT uses this structure because a sale or contribution of property directly to INREIT is generally a taxable transaction to the selling property owner. Because INREIT uses the UPREIT structure, a seller of a property who desires to defer the recognition of taxable gain on the sale of its property may transfer the property to INREIT’s Operating Partnership in exchange for OP Units and defer the taxation of the gain generally until the seller later redeems its OP Units for cash or, at the discretion of INREIT, as the general partner of the Operating Partnership, exchanges its OP Units for REIT shares. Using an UPREIT structure gives INREIT an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

Q: What are OP Units?

A: The Operating Partnership currently has fourteen classes of OP Units, which may be modified from time to time — Class T units, Class T-1 units, Class S units, Class S-1 units, Class S-2 units, Class D units, Class D-1 units, Class I units, Class E units, Class N units, Class K-PR units, Class S-PR units, Class S-PR1 units, and Class S-PR2 units, which correspond to one of the eight classes of Common Stock of INREIT. In particular, Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, Class S-PR1 and Class S-PR2 units, generally correspond to Class T REIT shares, Class S REIT shares, Class D REIT shares, and Class S-PR REIT shares, respectively, with (i) Class S-1 units and Class S-2 units having the same class designation as Class S REIT shares, and (ii) Class S-PR1 units and Class S-PR2 units having the same class designation as Class S-PR REIT shares. Class T units, Class S units, Class S-PR units, Class D units, Class E units and Class N units will not be available for Purchasers from this Offering. Each OP Unit is intended to be the substantial economic equivalent of one share of the corresponding class of Common Stock. However, OP Units are a different investment from Common Stock in many respects, including tax treatment, voting rights, and redemption rights.

An OP Unitholder may require the Operating Partnership to redeem any or all of the OP Units which it has held for a period of at least one year. For Beneficial Owners who receive OP Units in exchange for their Interests upon the Operating Partnership’s exercise of its FMV Option, such OP Units will be redeemed, in INREIT’s sole discretion as the general partner, for either cash or shares of Common Stock of INREIT with an aggregate NAV equal to the aggregate NAV of the redeemed OP Units. 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 Operating Partnership’s

Amended and Restated Limited Partnership Agreement, dated October 6, 2025 (the “**OP Partnership Agreement**”), a copy of which is included in the Offering Materials. See the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761) for additional information regarding the OP Units and the Operating Partnership.

OP Unitholders may choose to participate in INREIT’s distribution reinvestment plan (“**DRIP**”), whereby holders of OP Units can elect to have the cash distributions otherwise payable to them by the Operating Partnership (net of applicable withholdings) automatically reinvested in shares of INREIT’s Common Stock having the corresponding class designation as the applicable class of OP Units. Such issuance of shares will occur on the same business day such distributions would have been paid to OP Unitholders. No upfront selling commissions or dealer manager fees will be payable with respect to any shares acquired pursuant to the DRIP. The per share purchase price for shares purchased pursuant to the DRIP will be equal to the most recent transaction price per share of the applicable share class at the time the distribution is payable.

If and after the FMV Option is exercised for OP Units, you will not be able to engage in a subsequent, individual Section 1031 Exchange. Furthermore, your ability to sell your OP Units or shares in INREIT may be impacted due to the lack of market for OP Units or shares in INREIT. See the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

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 income-producing real properties consisting of multifamily, industrial, office, retail, storage, medical, or other real properties and real estate securities, including securities issued by other real estate companies, mortgage loans secured by income-producing real estate and other securities managed by an experienced team of real estate professionals (your investment profile and concentration will change if you acquire the OP Units because, as an investor in the Operating Partnership, you will be economically participating in all of the investments of the Operating Partnership);
- (ii) diversification benefits and returns with respect to OP Units;
- (iii) the ability to redeem OP Units in their entirety or in stages, subject to existing limitations on the redemption windows (as OP Units generally are not required to be redeemed all at once), allowing an OP Unitholder to better manage liquidity needs and taxable gain recognition;
- (iv) a share repurchase program with respect to Common Stock (which OP Unitholders may receive in exchange, at INREIT’s option, for their OP Units tendered to the Operating Partnership) that may provide investors with more liquidity than other forms of real property ownership;
- (v) the potential for an OP Unitholder’s heirs to receive a step-up in the tax basis of OP Units to fair market value, effectively eliminating the U.S. federal income tax on any capital gain inherent in the OP Unitholder’s OP Units at the time of their transfer to his or her heirs;
- (vi) 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
- (vii) informational transparency with respect to the Operating Partnership and INREIT.

See the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

Q: What is Section 721(a) of the Code?

A: Section 721(a) of the Code 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 should qualify as “property” for purposes of Section 721(a) of the Code. See “*U.S. Federal Income Tax Consequences*” 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 if the Operating Partnership exercises its FMV Option. See “*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 guaranty 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.

Q: What happens if the Operating Partnership exercises its FMV Option?

A: If the Operating Partnership exercises the FMV Option under the Trust Agreement, you will be required to either (i) exchange your Interests for OP Units in the Operating Partnership or (ii) accept a cash amount equal to the then fair market value of your Interests, in the Operating Partnership’s discretion. The fair market value of your Interests will be determined by multiplying: (i) your percentage of Interests in the Trust by (ii) the fair market value of the relevant Trust Estate subject to the Master Lease, as determined by an appraisal process utilizing one or more independent appraisal firm or firms selected by the Manager in its sole discretion (such value determined without any discounts but taking into account that the relevant portion of the Trust Estate is subject to a Master lease), and adjusted for any applicable indebtedness, certain adjustments, and customary prorations. If the Operating Partnership exercises its FMV Option with respect to one or more of the Trusts, the fair market value of a Purchaser’s Interests will be determined by the sum of the fair market value of the relevant Trusts. The Operating Partnership cannot exercise its FMV Option until each Beneficial Owner has held their Interests for at least two years (taking into account the time when the assignor or predecessor in interest has held the Interests, as relevant). The FMV Option is exercisable only during the FMV Option Exercise Period. The Operating Partnership may, in its sole discretion, extend the FMV Option Exercise Period for an additional one year. See “*Summary of the Trust Agreement.*”

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 Dealer, RIA, or other applicable selling channel. The Subscription Documents 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 Unitholder (i.e., those Beneficial Owners who exchange their Interests for OP Units) will receive OP Units and would then be OP Unitholders in the Operating Partnership, with the same rights and obligations as the other OP Unitholders under the OP Partnership Agreement. The OP Units generally correspond economically

to shares of INREIT's Common Stock of the same class. If the Operating Partnership exercises its FMV Option with respect to a given Trust and, as a result, a Beneficial Owner becomes an OP Unitholder, such Beneficial Owner will be subject to the fees and expenses borne by such OP Unitholders. If an OP Unitholder who receives OP Units in exchange for Interests is redeemed for shares of INREIT in accordance with the terms of the OP Partnership Agreement, such OP Unitholder will receive shares of Common Stock of INREIT of the class identified in the distribution agreement between the Dealer Manager and your financial professional or, if no class is so identified, Class I REIT shares for OP Unitholders holding Class T-1 units, Class S-1 units, Class S-2 Units, Class D-1 units or Class E units, and Class K-PR REIT shares for OP Unitholders holding Class S-PR1 units, or Class S-PR2 units. See the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

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. In the event that a successor Beneficial Owner received its Interest because of death of the predecessor Beneficial Owner, the Operating Partnership may, in its sole discretion, consider a written request from the successor Beneficial Owner to receive cash in exchange for such Interest in the event the FMV option is exercised. Any such request may ultimately not be granted in the sole discretion of the Operating Partnership.

Q: If I receive OP Units, will I receive current distributions on such units?

A: Distributions to OP Unitholders as of the applicable record date are generally made on a monthly basis, or at the sole and absolute discretion of INREIT as the general partner, more or less frequently, and in amounts determined by INREIT. Specifically with respect to investors that own OP Units, distributions with respect to such OP Units are expected to be made in the same aggregate amounts per OP Unit that match the amounts per share of the applicable class of INREIT common stock, which distributions are expected to be paid on a monthly basis, so that a holder of one OP Unit will receive substantially the same amount of annual cash distributions as the amount of annual distributions paid to the holder of one share of the applicable class of INREIT common stock (before taking into account certain tax withholdings certain states may require with respect to OP Units). The timing and amounts of these distributions, if any, may change, as determined by the INREIT board of directors. However, in order to qualify as a REIT, INREIT must make distributions of at least 90% of its REIT taxable income, computed without regard to the dividends-paid deduction and its net capital gain, for each year. See the INREIT Materials for a discussion of the benefits and requirements of qualifying as a REIT that prospective Purchasers should consider before they participate in this Offering at <https://www.sec.gov/search-filings> (CIK 0001756761).

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 ("**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 a Schedule K-1 for certain states in which the Operating Partnership holds property and will generally 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. The Operating Partnership may decide, in its sole discretion, to file composite tax returns in applicable jurisdictions 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 generally 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 Beneficial Owners to provide certain information including, but not limited to, whether or not such 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) three REIT quarterly financial reports;
- (iii) a REIT annual report with audited financials;
- (iv) an annual IRS Schedule K-1; and
- (v) as applicable, annual Schedule K-1s for states in which the Operating Partnership holds property.

If you redeem your OP Units and receive shares of INREIT common stock in such redemption, you will subsequently receive a Form 1099 in place of a Schedule K-1, and you will continue to receive (or have made available to you) items (i) through (iii) listed immediately above.

Additionally, INREIT will provide, through its website www.inreit.com and other media sources, periodic SEC filings, press releases describing INREIT's significant developments (if any), current period performance, and current period earnings.

Q: Who can help answer my questions?

A: If you have more questions about the Program or a specific Offering, you should contact your financial professional.

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 INREIT Materials. You should read the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761) and the Additional Risks section of the 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 Subscription Documents 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 Trusts 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 Trusts. The Trustees and the Manager will not consult with the Beneficial Owners when making any decisions with respect to the Trusts and the Properties, including whether to sell the Properties or effectuate a Transfer Distribution. The Beneficial Owners waive any right to file a petition in bankruptcy on behalf of the Trusts or to consent to any filing of an involuntary bankruptcy proceeding involving the Trusts. 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 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 the Properties. The Delaware Trustee may remove the Manager only for cause (fraud or gross negligence causing material damage to, or diminution in value of, the Property). 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 the Property.

The Trustees and the Manager have limited duties to Beneficial Owners. The Trustees and the Manager will not owe any 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 acts or omissions constituting willful misconduct, bad faith, fraud or gross negligence. Similarly, the Manager will only be liable to the Beneficial Owners for its own fraud or gross negligence.

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 Delaware Trustee and the Manager from taking a number of actions, including the following: (a) selling, transferring or exchanging the Properties except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trusts, except to make permitted modifications or repairs to the Properties or in short-term liquid assets; (c) renegotiating the terms of a 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 Properties (other than minor non-structural modifications) unless required by law; (f) accepting any capital from a Beneficial Owner (other than capital from a Purchaser that will be used to fund a trust reserve or repurchase the Depositor's class 2 beneficial interests and thereby reduce the Depositor's ownership interest in the Trust); or (g) 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.

As a result, the Trust may be required to effectuate a Transfer Distribution in order to take the actions necessary to preserve and protect one or more Properties. See "*Summary of the Trust Agreement*." While the Property will remain subject to any outstanding loan 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 applicable Property.

Management and indemnification. The Manager will have administrative authority with respect to the Trust. The Trust Agreement provides for indemnification by the Beneficial Owners of the Delaware Trustee against liabilities not attributable to the Delaware Trustee's own willful misconduct, bad faith, fraud or gross negligence, and of the Manager against liabilities not attributable to the Manager's own fraud or gross negligence. Such indemnity and limitation of liability may limit rights that Beneficial Owners would otherwise have to seek redress against the Delaware Trustee and the Manager.

Reliance on management. Under the Trust Agreement, the Manager has the right to make administrative decisions on behalf of the Trust. Also, the Manager has the sole discretion to determine when to sell the Property and on what terms. 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, however, the Manager or its affiliates, as the manager of the Springing LLC, would be granted expanded powers and the right to receive additional compensation. Accordingly, no Purchaser should purchase Interests unless such Purchaser recognizes that the Trusts are limited in its ability to manage the Property and such Purchaser is willing to entrust such limited management of the Property and the power to sell the Property to the Delaware Trustee and the Manager, and after a Transfer Distribution the Purchaser is willing to entrust all aspects of the management of the Springing LLC to the Manager as its manager. 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 Property).

Sale. The Manager may cause the Trust to sell the Property upon the Manager's determination (in its sole discretion) that the sale of the Property is appropriate; provided, however, that, absent unusual circumstances, it is intended that the Trust will hold the Property for at least two years. This sale will occur without regard to the tax position, preferences or desires of any of the Beneficial Owners, and the Beneficial Owners will have no right to approve (or disapprove) of the sale of the 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. 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 (although no federal income would be recognized under current law).

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 Beneficial Owners. Thus, the 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 Beneficial Owners will not be able to engage in a Section 1031 Exchange with respect to their membership interests in the Springing LLC. See “*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 Statutory Trust 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 Statutory Trust 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, which satisfies the “**Net Worth Standard**” as set forth in the Guaranty, and in certain other instances, including 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 obligation 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. 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 Delaware Trustee may not be empowered to execute such replacement master lease.

Dependence on the Master Lease. To the extent the Master Lease is terminated or expires, the economic success of an investment in the Property 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 the end-user lease, 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 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'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. In certain instances, the Master Tenant may be entitled to receive from its subtenants, certain fees, including property management fees, in addition to rents from such Properties. For example, the Master Tenant may contract with a third party 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 landlord under all leases with tenants of space in the Property (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 contractor engaged by the Master Tenant will not reduce the rentals 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 third-party contractors. Moreover, such third-party 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 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, and in certain instances, the Master Tenant may be entitled to receive from its subtenants, certain fees, including property management fees, in addition to rents from such Properties. 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. 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 “*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. Changes in the industry in which certain end tenants do business or in the demand for the certain tenants’ product(s) 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, 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 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 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 may 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.

Damage or destruction at the Properties may allow the Master Tenant to terminate the Master Lease. The occurrence of a casualty resulting in damage to the Property could also decrease or interrupt the payment of tenant rentals, which could adversely affect the Master Tenant’s performance under the Master Lease and therefore the Trust’s ability to meet its obligations as they come due, including to make distributions to Beneficial Owners. Furthermore, each Property’s leases with its end tenants may also permit them to terminate their leases if the leased premises are partially or completely damaged or destroyed by fire or other casualty. Such leases will also permit the end tenants to partially or completely abate rental payments during the time needed to rebuild or restore such damaged premises, which may also adversely affect the Property’s financial performance. If all or a portion of a Property is damaged or destroyed and the cost of restoring such Property is 30% or more of the fair market value of the improvements on the Property immediately prior to such damage or destruction, then the Master Tenant has the right to terminate the Master Lease as to such Property only. Upon a total taking of a Property, the Master Lease and the term of the Master Lease will terminate and expire on the date of such taking, and Master Tenant’s Rent and other expenses shall be reduced and apportioned to the date of such taking. Upon a partial taking of a Property, the Master Tenant may terminate the Master Lease as to such Property if the taking includes more than 25% or more of the improvements or the parking areas within the Property, or if access to all of the parking areas upon the

Property is obstructed for at least six consecutive months as a result of such taking. If the Master Lease is not terminated as to such Property, the Rent will be reduced *pro rata* based on the portion of the Property condemned. If the Master Lease is terminated as a result of the foregoing conditions, the Trust may not be able to master lease the applicable Property on terms similar to the original Master Lease. If the Trust is unable to enter into a new master lease for the Property, the returns to Purchasers will likely be materially adversely affected.

RISKS RELATED TO THE 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 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 readily be able to 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 unless 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 (if any) from the Operating Partnership in exchange for the Interest. It is more likely that the FMV Option will be exercised if the Property held by the Trust is performing well. If the Property is not performing well or requires substantial infusions of additional capital, it is less likely that the FMV Option will be exercised.

No public market for Interests. The transfer of Interests will be subject to certain limitations. See "*Summary of the Trust Agreement – Limited 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 "*U.S. Federal Income Tax Consequences.*" Consequently, Purchasers of Interests may not be able to liquidate their investments in the event of an 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. The purchase price of the Interests is based on the value of the Property subject to the Master Lease, plus Sales Commissions, Dealer Manager Fee, Placement Fee, Organization and Offering Expenses, Other Closing Costs, and Loan Fees and Costs (as defined herein). If a Trust is unable to sell the Property

at a price which would net (after repayment of 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, including upfront 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.

Timing of sale of the Property. Beneficial Owners should not expect a sale within any specified period of time even though the Trust Agreement allows the Manager to sell the Property at any time that, in the Manager's discretion, a sale is appropriate. The decision to sell 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 the Property.

Operation as a limited liability company after a Transfer Distribution. If a Transfer Distribution occurs and the Property is transferred to the Springing LLC, the manager of the Springing LLC will have exclusive discretion in the management and control of the business and affairs of the Springing LLC. A copy of the limited liability 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 the Property at any time that, in the Manager's discretion, a sale is appropriate. Such sale could occur 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, as a holder of membership interests in the Springing LLC, if any, 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 of liability and to indemnity by the Springing LLC against liabilities not attributable to its fraud or gross negligence. 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 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.

No minimum offering contingency. There is no minimum amount of Offering proceeds that must be raised or minimum number of Purchasers required in connection with this Offering. Accordingly, if the Sponsor is unable to sell all of the Interests, the 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 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.

FMV Option. 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. 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 correspond economically to, and will receive the same ongoing gross distributions as, the corresponding shares of INREIT's Common Stock of the same class. 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 Subscription Documents 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 Dealer, RIA, or other applicable selling channel). See "*Summary of the Trust Agreement*."

However, if and after the FMV Option is exercised, an OP Unitholder will not be able to engage in a subsequent, individual Section 1031 Exchange for its OP Units. Furthermore, an OP Unitholder's ability to sell OP Units or shares of INREIT's Common Stock may be impacted due to the general volatility of the capital markets, the risks associated with the market, and the limited market for such OP Units. OP Unitholders who sell their OP Units for cash or exchange them for shares of INREIT's Common Stock 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. The Operating Partnership may choose not to exercise the FMV Option with respect to one or more Trusts. The Beneficial Owners have no control over this decision or the timing of the Operating Partnership's election to exercise 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 (if any) from the Operating Partnership in exchange for the Interest. It is more likely that the FMV Option will be exercised if the Property held by the Trust is performing well. If the Property is not performing well or requires substantial infusions of additional capital, it is less likely that the FMV Option will be exercised.

Value received upon exercise of the FMV Option may not reflect value of the Property. The Operating Partnership may exercise the FMV Option at the value determined based on an appraised value of a Property, subject to the Master Lease. 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 worth 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, an Investor receives in exchange for their Interests. The amount of OP Units, 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, which value 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 by 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 FMV Option will be based on the valuation of the Property without regard to the Master Lease if the Master Lease has been terminated with respect to a given Property.

The Purchasers have limited recourse under the Subscription Documents. Except to the extent otherwise expressly provided in the Subscription Documents, the Purchasers will acquire their Interests on the Closing Date in its “as is” and “where is” condition. Each Purchaser agrees that the Trust, as the seller under the Subscription Documents, 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 Subscription Documents is limited to the Trust assets. None of the Sponsor, Operating Partnership, INREIT, or their affiliates are a party to the Subscription Documents. As such, the sole recourse of a Purchaser for a breach of the Subscription Documents 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 the Subscription Documents 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 Subscription Documents. Any successful claim against the Trust 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.

Accuracy of anticipated results of operations. The anticipated results of operations set forth in the Memorandum are based upon current estimates of income and expenses relating to the operation of a Property. If the assumptions for a Property do not prove correct, the Beneficial Owners who own Interests in that Trust will 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 inevitably may not materialize 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 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.

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.”

Conflicts. The Manager, Operating Partnership, INREIT, 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 INREIT. 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 *“Conflicts of Interest.”*

Forum Selection and Governing Law. Any disputes arising from the Subscription Documents, Trust Agreement and Springing LLC Agreement (together the **“Offering Documents”**) must be brought in a court of competent jurisdiction in Dallas, Texas. 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 Dallas, Texas may be dismissed for improper venue. Any disputes arising under the Offering Documents will be adjudicated under Delaware law.

The Trust Reserve May Be Inadequate. In certain events, the Trust is obligated to pay for the Property costs and expenses as set forth in the Master Lease. If the amount of Trust’s obligations under the Master Lease are higher than the projected amounts assumed by the Manager and the trust reserves (if any) 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.

Risk that Purchaser Will Not Acquire Interest. After identifying a 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 potential replacement properties in connection with their Section 1031 Exchange.

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 historic 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 Property is located, the value of the Property 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 real estate investments 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 operating 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 markets exist, these conditions could adversely impact the Trust's ability to potentially sell the Property at a price and with terms acceptable.

Pandemics or other health crises may significantly affect the results of operations and value of a Property and returns to the Beneficial Owners. Pandemics and other health crises, such as the outbreak of an infectious disease such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, COVID-19, or any other serious public health concern, together with any resulting restrictions and quarantines, could have a negative impact on the economy, and business activity in any of the areas in which the one or more Properties may be located. Such disruption, or the fear of such disruption, could have a significant and adverse impact on the value of the Property, revenues, results from operations, financial condition, liquidity, overall business prospects and ultimately the Trust's, Operating Partnership's and INREIT's ability to make distributions to the Beneficial Owners.

Geopolitical and Armed Conflict Risks. Ongoing and future geopolitical events, including armed conflicts, military actions, terrorism, political instability and related international responses (including sanctions, trade restrictions and other governmental measures), may adversely affect global economic conditions and financial markets. Such events—including conflicts involving Russia and Ukraine and ongoing tensions in the Middle East—may contribute to increased market volatility, disruptions in capital markets, inflationary pressures, higher interest rates, supply-chain disruptions, energy price volatility and reduced access to financing.

While the Trusts' Properties are located in the United States, these geopolitical conditions may indirectly and adversely affect the Trusts, the Master Tenant and the tenants of the Properties by increasing operating costs (including utilities, insurance and maintenance), impairing tenant creditworthiness, limiting the availability or increasing the cost of financing, or negatively impacting broader economic conditions. The duration and ultimate impact of such events are uncertain, and any escalation or expansion of geopolitical conflicts could materially and adversely affect the Trusts' financial condition, cash flows, results of operations and ability to make distributions to 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 volatility, which caused constrained 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 experienced periods of significant inflation. Inflation may cause, among other things, increased costs of operation of the 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 the Trust. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Risks relating to cybersecurity. The Sponsor, the Manager, and their affiliates are highly dependent on information technology, and any and failures of or damage to, attack on or unauthorized access to their information technology systems or facilities, or those of third parties with which the Trusts do business or that facilitate the Trusts' business activities, including as a result of cyber-attacks, could result in significant limits on the ability of the Sponsor, the Manager, and/or their affiliates (including the Adviser) to conduct the operations and activities, resulting in costs and reputational damage.

The Sponsor, the Manager, and their affiliates are highly dependent on the use of various third-party information and security technology and other technology systems (and may rely on new systems and technology in the future) for various purposes, including financial matters and generating risk management and other reports that are critical to the business and operations of the Trusts and the oversight of its activities. The Sponsor, the Manager, and the Trusts are also dependent on the effectiveness of the Adviser's information and cyber security infrastructure, policies, procedures, and capabilities to protect their technology and digital systems and the data that reside on or are transmitted through them.

In recent years, several financial services firms suffered cyber-attacks launched both domestically and from abroad, resulting in the disruption of services to clients, loss or misappropriation of confidential data, litigation and regulatory enforcement actions, and reputational harm. Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level. The Adviser's status as a global financial institution and the nature of its client base may enhance the risk that it is targeted by such cyber threats, which could impact the Sponsor, the Manager, and/or the Trusts. Although the Adviser takes protective measures, including measures to effectively secure information through system security technology, has many controls, processes, digital backup and recovery processes in place, and seeks to continually monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption, the Adviser's technology systems may still be vulnerable to unauthorized access as a result of an external attack, actions by its employees or vendors with access to its systems, computer malware or other events that have a security impact and that result in the disclosure or release of confidential information inadvertently or through malfeasance, or result in the loss (temporarily or permanently) of data, applications or systems. The third parties with which the Sponsor, the Manager, the Trusts, Adviser, or their respective affiliates do business or which facilitate their business activities, including financial intermediaries and technology infrastructure, data storage and service providers, are also susceptible to the foregoing risks (including those related to the third parties with which they are similarly interconnected or on which they otherwise rely), and their business operations and activities may therefore be adversely affected, perhaps materially, by failures, terminations, errors or malfeasance by, or attacks or constraints on, one or more financial, technology or infrastructure institutions or intermediaries with they are interconnected or conduct business. The Sponsor and the Manager do not control the cyber security plans and systems put in place by the Adviser and third-party service providers, and such service providers may have limited indemnification obligations to the Sponsor, the Manager, the Trusts, and/or the Adviser.

A breach of the Adviser's technology systems could damage reputation of the Sponsor, the Manager, and/or the Trusts and cause: delays or other problems in investment activities and financial, accounting and other data processing activities; breach and termination of contracts; liability for stolen assets, information or identity; remediation costs to repair damage caused by the breach, including damage to systems and recovery of lost data; additional security costs to mitigate against future incidents; regulatory actions (including fines and penalties, which

could be material); and litigation costs resulting from the incident. These consequences could have a material adverse effect on the business and results of operations. In addition, any insurance maintained against the risk of this type of loss may not be sufficient to cover all actual losses or may not apply to circumstances relating to any particular breach or other cyber incident.

Finally, the Sponsor, the Manager, and the Trusts will depend on Invesco's headquarters in Atlanta, Georgia, and its offices in Dallas, Texas, where Invesco Real Estate's headquarters are located, and certain other offices located elsewhere, for the continued operation of the business of the Sponsor, the Manager, and the Trusts. A disaster or a disruption in the infrastructure that supports such businesses, including a disruption involving electronic communications or other services used by such persons or third parties with whom they conduct business, or directly affecting the Adviser's offices, could have a material adverse impact on the ability of the Sponsor or the Manager to continue to operate business of the Trusts without interruption. The Adviser's disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption.

Real estate market and capitalization rates. The value of real estate is generally based on capitalization rates. Capitalization rates generally trend with interest rates. Consequently, if interest rates increase, capitalization rates generally increase. If interest rates rise further in the future, it is likely that capitalization rates will also rise, and as a result, the value of real estate may 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

Accuracy of Anticipated Results of Operations. 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 Memorandum. 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 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 reliant 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 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.

Risks of real estate ownership. 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 operating 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.

The 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 the Property to increase and could adversely affect the Trust's ability to sell the Property under 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 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. 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 interested in leasing space in a particular retail Property. Therefore, we may have difficulty obtaining a new tenant for any vacant space we have in 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 in 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 office, retail, industrial, storage, and apartment properties, 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 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, historic 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 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 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 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. Many third party competitors 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. No assurance can be given that the Sponsor will be successful in identifying, underwriting and then acquiring investments which satisfy our return objectives or that such investments, once acquired, will perform as intended. 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. 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. It is expected that tenants will be required to maintain property insurance coverage for the Properties under net leases, and the Master Tenant will carry comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties not insured by tenants under a blanket policy. 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. We cannot assure you that it 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.

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. The value of the 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 the 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 the varying degrees of risk generally incident to the ownership and operation of the Properties. The ultimate value of the Properties depends upon the Manager's ability to operate the real 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 cyclical nature of real estate;
- changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics;
- 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. When a tenant at a Property does not renew its lease or otherwise vacates its space, it is likely that, in order to attract one or more new tenants, the Master Tenant will be required to expend substantial funds to construct new improvements in the vacated space. We do not anticipate that the Master Tenant will maintain permanent working capital reserves. 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 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 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.

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.

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, 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 primarily multifamily, industrial, office, retail, medical, storage, or other real properties that are generally leased to suitable creditworthy tenants. Where applicable, some tenants may be investment grade. The investment rating assigned to any particular tenant by Moody's or Standard & Poor's is subject to change at any time. Both ratings agencies monitor their ratings on an ongoing basis, including review of new financial or economic developments. Significant adverse changes in a tenant's financial prospects would in all probability lead to the downgrading of such tenant's debt or credit rating. The creditworthiness of a tenant can change at any time. A tenant's debt or credit rating may fall below investment grade or its creditworthiness may change during the term of the lease. That tenant would, however, continue to remain as the tenant of that Property. The applicable Property could thus be occupied by a non-investment grade tenant or a tenant that is no longer considered creditworthy for a significant period of time. A downgrading of a tenant's rating 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 the lease.

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, or the consequences of the military or other response by the United States and its allies, 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, and could thereafter materially impact the availability or cost of insurance to protect against such acts. A decrease in demand could make it difficult to renew or re-lease properties at lease rates equal to or above historical rates. To the extent that any future terrorist attacks otherwise disrupt tenants' businesses, it may impair tenants' ability to make timely payments under their existing leases with us, which would harm the Trusts' operating results. In addition, past events created significant uncertainty regarding the ability of real estate owners of high profile properties to obtain insurance coverage protecting against terrorist attacks at commercially reasonable rates, if at all. The absence of affordable insurance coverage may affect the general real estate lending market, lending volume and the market's overall loss of liquidity may reduce the number of suitable Properties available to us and the pace at which Properties are acquired. The Master Tenant may or more may carry terrorism insurance under its master insurance program on the Properties.

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 and zoning restrictions, tax laws, and laws or regulations that are intended to address housing affordability or that limit, restrict or condition ownership or operation of real property by certain persons or categories of owners (including restrictions or prohibitions on foreign ownership of real estate and limitations on institutional ownership of single-family or residential properties), affect the Property and the businesses of the end tenants, which may adversely affect the Trust's operations and Beneficial Owners' returns on investments. If the Property or the end tenants do not comply with applicable requirements, the Trust or certain end tenants may incur governmental fines, penalties, liabilities, enforcement actions, or private damage awards, which could be substantial. New laws or regulations, proposed legislations, or amendments to existing laws, rules, regulations, or ordinances (whether currently contemplated or adopted in the future) could require significant unanticipated expenditures, impose additional compliance obligations, restrict or condition ownership, leasing, redevelopment, refinancing, or sale of the Property, or otherwise limit the Trust's flexibility with respect to the Property. Such laws, rules, regulations or ordinances may materially and adversely affect the Trust's ability to own, operate, refinance, or sell the Property or may adversely affect the ability of end tenants to operate their businesses or to meet their financial obligations under their respective leases, including the timely payment of rent.

Corporate Transparency Act. As of the date of this Memorandum and pursuant to an interim final rule issued by the Financial Crimes Enforcement Network ("FinCEN"), the Trusts are currently exempt from the Beneficial Ownership Information ("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 subject to the reporting obligations, the Trusts 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 25%, 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. 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 Trusts remain compliant with any BOI reporting obligations it may have with respect to the CTA.

Energy Shortages and Allocations. 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 the 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 the Property to meet stated goals. If such shortages occurred or such costs increased, however, they could materially and adversely affect the income derived by the Trust from the Property, the value of the Property and the value of the Interests.

The Trust Reserve May Be Inadequate. The Trust will have certain expenses. If the amount of Trust's expenses are higher than payments received under the Master Lease, and the trust reserves (if any) are insufficient to cover the shortfall, 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.

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

RISKS ASSOCIATED WITH DEBT FINANCING

An offering may include mortgage indebtedness and other borrowings with respect to a Property, which may increase business risks, 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.

Uncertainty and volatility in the credit markets could affect the Sponsor's ability to obtain debt financing on reasonable terms, or at all, which could reduce the number of Properties we may be able to acquire, and the amount of cash distributions we can make to holders of the Interests. The U.S. and global credit markets have previously 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 to the reluctance of lenders to offer financing at high leverage ratios. Uncertainty in the credit markets may adversely impact the Sponsor's ability to access additional debt financing on reasonable terms or at all, which may adversely affect investment returns on future acquisitions or the Sponsor's 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 after a Transfer Distribution, our income could be reduced. To the extent we are unable to refinance debt on reasonable terms, or at appropriate times or at all, we may be required to sell properties on terms that are not advantageous to us, or could result in the foreclosure of such properties. If any of these events occur, the Trusts' cash flow would be reduced. This, in turn, would reduce cash available for distribution to the Beneficial Owners.

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, 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. Furthermore, 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.

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.

Failure to hedge effectively against interest rate changes may materially adversely affect investment objectives. We may seek to manage the Trusts' exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap or collar agreements and interest rate swap agreements. These agreements 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.

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 the 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 or sale could affect the rate of return to the Beneficial Owners of that Property and the projected time of disposition of our assets. In an environment of increasing mortgage rates, if we place mortgage debt on Properties, we run the risk of being unable to refinance such debt after a Transfer Distribution if mortgage rates are higher at the time a balloon payment is due.

No ability to refinance loan. The Trusts will not be permitted to refinance the loans. Thus, the Property will have to be sold or transferred (or the Trust converted) to the Springing LLC if alternative financing is necessary. 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.

Impact of Leverage on Section 1031 Exchange. Not all Properties will 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. 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. The FMV Option is exercisable at the fair market value of the equity in the Property or Properties (determined 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. In many instances, the future fair value may be less than the original purchase price as a result of the inclusion of upfront 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 acting in 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 may be lower than the price a Beneficial Owner paid for its Interest. See "*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. In the event that a successor Beneficial Owner received its Interest because of death of the predecessor Beneficial Owner, the Operating Partnership may, in its sole discretion, consider a written request from the successor Beneficial Owner to receive cash in exchange for such Interest in the event the FMV option is exercised. Any such request may ultimately not be granted in the sole discretion of the Operating Partnership.

Value received upon exercise of the FMV Option may not reflect value of the Property or Properties. The Operating Partnership may exercise the FMV Option at the fair market value of the Interests. This value will be determined based on the value of the Property subject to the Master Lease. If the value of the rentals at the Property are increasing relative to the Master Lease rent payments, the presence of the Master Lease may cause the Property to be worth a lower amount than would be the case if the Property were sold not subject to the Master Lease. Real property valuations are subject to inherent limitations, and the value of the Property will be determined subject to the Master Lease.

The OP Units will not be appraised in connection with the exercise of the FMV Option. If the Operating Partnership exercises the FMV Option under the Trust Agreement, you will be required to either (i) exchange your Interests for OP Units in the Operating Partnership or (ii) accept a cash amount equal to the then fair market value of your Interests, in the Operating Partnership's discretion. The fair market value of your Interests will be determined by multiplying: (i) your percentage of the Interests by (ii) the fair market value of the relevant Trust Estate subject to the Master Lease, as determined by an appraisal process utilizing one or more independent appraisal firm or firms selected by the Manager in its sole discretion (such value determined without any discounts but taking into account that the relevant Trust Estate is subject to a Master lease), and adjusted for any applicable indebtedness, certain adjustments, and customary prorations. If the Operating Partnership exercises its FMV Option with respect to one or more Trusts, the fair market value of a Purchaser's Interests will be determined by the sum of the fair market value of the relevant Trusts. The Operating Partnership cannot exercise its FMV Option until each Beneficial Owner has held their Interests for at least two years (taking into account the time when the assignor or predecessor in interest has held the Interests, as relevant). The Operating Partnership may, in its sole discretion, extend the FMV Option Exercise Period for an additional one year. 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 the same real estate risks as holders of Common Stock without the same voting rights. The Interests are subject to the FMV Option. If the Operating Partnership exercises the FMV Option, Beneficial Owners may receive OP Units and, if they do, will become limited partners in the Operating Partnership. The Operating Partnership is the entity through which INREIT conducts substantially all of its business. If you become an investors 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. The Operating Partnership owns real estate and real estate related assets and, therefore, is subject to risks related to the ownership of real estate. Therefore, because you may in the future acquire OP Units or Common Stock, your investment is subject to the risks associated with an investment in the Common Stock. Please review the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761) for a description of the risks associated with an investment in Common Stock.

Holders may have to file state income tax returns in multiple states. If the FMV Option is exercised and the Beneficial Owners own OP Units, unless the Operating Partnership files returns on a consolidated basis, the Beneficial Owners 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 can invest in a broad range of real estate and real estate related assets. The OP Partnership Agreement provides the general partner of the Operating Partnership with broad authority to invest in various types of assets, including assets that do not meet the investment criteria described in the INREIT Materials. Thus, if the Beneficial Owners become limited partners in the Operating Partnership they must entrust all investment decisions to INREIT and the Adviser.

Reliance on the Adviser and the board of directors of INREIT to manage the Operating Partnership. All decisions regarding the management of the Operating Partnership's affairs will be made exclusively by INREIT as its general partner with the advice of the Adviser and not the limited partners of the Operating Partnership. Accordingly, limited partners in the Operating Partnership must entrust all aspects of management to the board of directors of INREIT and the Adviser. Investors must carefully evaluate the personal experience and business performance of the officers of INREIT and the Adviser.

The liability of the general partner of the Operating Partnership and certain duties owed by the general partner to the limited partners of the Operating Partnership have been expressly limited by the Operating Partnership Agreement, provided that the general partner acts in good faith. Pursuant to the OP Partnership Agreement, INREIT, in its capacity as the general partner of the Operating Partnership, will not be in breach of any duty that it may owe to the limited partners of the Operating Partnership or of any duty stated or implied by law or equity provided that INREIT, acting in good faith, abides by the terms of the OP Partnership Agreement. Additionally, the OP Partnership Agreement provides that INREIT, in its capacity as the general partner of the Operating Partnership, is acting on behalf of the Operating Partnership, itself and its stockholders, collectively and is under no obligation to consider 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. As a result, INREIT will not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the limited partners of the Operating Partnership, provided that INREIT, in its capacity as the general partner of the Operating Partnership, has acted in good faith.

Limited partners of the Operating Partnership will be bound by majority votes. The consent of the general partner of the Operating Partnership is required for any amendment to the OP Partnership Agreement. In

certain limited circumstances, a vote of the limited partners holding a majority of the percentage ownership interest in the Operating Partnership may also be required to amend the OP Partnership Agreement. Limited partners who do not vote with the majority in interest of the limited partners will be bound by the majority vote with the consent of the general partner of the Operating Partnership.

There will be conflicts of interest between the Adviser, INREIT, and the Operating Partnership. The officers of INREIT, the Adviser and their affiliates are employed independently of the Operating Partnership, and are engaged in other activities, including a broad range of activities relating to investments in the real estate industry. Therefore, such persons will have conflicts of interest in allocating management time, services, and functions among 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. INREIT, the Adviser and their affiliates, however, believe that they currently have sufficient staff and resources so as to be capable of fulfilling the duties set forth in the OP Partnership Agreement. In addition, the directors and officers of INREIT owe duties to INREIT and its stockholders in connection with their management of INREIT. At the same time, INREIT, as general partner of the Operating Partnership, owes duties to the Operating Partnership and to the limited partners in connection with the management of the Operating Partnership. INREIT's duties as general partner of the Operating Partnership may come into conflict with the duties of the directors and officers of INREIT. The OP Partnership Agreement provides that any conflict that cannot be resolved in a manner not adverse to either the stockholders or the limited partners may be resolved in favor of the INREIT stockholders.

Receipt of compensation regardless of profitability. The Adviser and its affiliates are entitled to receive certain management fees and other compensation, payments and reimbursements regardless of whether the Operating Partnership operates at a profit or a loss.

Offerings of shares in INREIT and OP Units in the Operating Partnership will dilute the ownership interest of a limited partner in the Operating Partnership. Future offerings of OP Units or shares in INREIT will dilute the ownership percentage in the Operating Partnership of a limited partner, and in certain cases, the Operating Partnership may value the OP Units at amounts that differ from the fair market 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.

Limitation on general partner's and the Adviser's liability. Pursuant to the indemnification provisions in the OP Partnership Agreement and other agreements, as applicable, certain parties, including but not limited to the general partner of the Operating Partnership and its affiliates, any officers of the Operating Partnership or the general partner of the Operating Partnership and the Adviser (each, an "Indemnatee"), 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, unless it is established that: (i) the act or omission of the Indemnatee was material and constituted willful misconduct or gross negligence; (ii) the Indemnatee actually received improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnatee had reasonable cause to believe that the act or omission was unlawful.

TAX RISKS

General. 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 "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.

Classification for purposes of Code Section 1031; No ruling; Tax Counsel tax opinion. 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 in order 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 investment trusts described in Treasury Regulation Section 301.7701-4(c) that are classified as “trusts” 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 “U.S. Federal Income Tax Consequences” herein as may be supplemented (as necessary) in the Property Supplement for the 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.

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.

Identification. 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/ies 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 loan reserves, where applicable. 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 of the Code. 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. Any such items acquired in connection with the acquisition of Interests are incidental to the acquisition of a Property and we believe that any such items would be of small or negligible value compared to the overall value of a Property. 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 "*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.

Impact of leverage on Section 1031 Exchange. 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.

Tax issues under state law. 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 income 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 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 own tax advisor concerning the applicability and impact of any state and local tax laws.

Construction of Improvements. Under applicable tax rules, if the Trust were to cause the construction or modifications that are more than minor or structural at 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. 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, should not 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. 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” (“**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 differ from 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 “*U.S. Federal Income Tax Consequences - Qualification under Code Section 1033.*”

Limitations on losses and credits from passive activities. 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 “*U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Other Tax Consequences—Limitations on losses and credits from passive activities.*”

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 (“ATI”). See “*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 own tax advisor concerning the applicability of limitations on business interest deductions and as to the Purchaser’s ability to make such election. See “*U.S. Federal Income Tax Consequences.*”

Limitation on losses under the 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 “*U.S. Federal Income Tax Consequences.*”

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 “*U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Other Tax Consequences.*”

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. 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” or “OBBBA,” 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. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future.

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.

Reportable transaction disclosure and list maintenance. A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. The Sponsor and Tax Counsel have concluded that the sale of an Interest should not constitute a reportable transaction.

Accordingly, the Sponsor and Tax Counsel do not intend to make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by the Sponsor and Tax Counsel. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

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.

Accuracy-related penalties and interest. If an income tax audit disallows deductions, prospective Purchasers and OP Unitholders should be aware that the IRS could assess significant penalties and interest on tax deficiencies. See "*U.S. Federal Income Tax Consequences—Tax Consequences Relevant to Interests—Other Tax Consequences—Accuracy-related penalties and penalties for the failure to disclose.*"

Alternative minimum tax. The alternative minimum tax applies to designated items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. Prospective Purchasers should consult with their own tax advisors concerning the applicability of the alternative minimum tax.

The Medicare Tax. Income and gain from passive activities may be subject to the "Medicare Tax." Certain Purchasers who are U.S. individuals are subject to the Medicare Tax, an additional 3.8% tax on their "net investment income" and certain estates and trusts are subject to an additional 3.8% tax on their undistributed "net investment income." Among other items, "net investment income" generally includes passive investment income, such as rent and net gain from the disposition of investment property, less certain deductions. Prospective Purchasers should consult their tax advisors with respect to the tax consequences to them of the rules described above.

Compliance 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 Agreement and other related arrangements described in Revenue Ruling 2004-86 are not material and are consistent both with treating the Trust as investment trusts 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 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 partnership 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 the beneficial interest in the Trust for purposes of facilitating the Offering; and (vi) the 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 *“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, if applicable. 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 seek, 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 purchase of 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 the relevant steps 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 Common Stock) 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 Common Stock) 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. Prior to issuing the relevant Tax Opinion, Tax Counsel will conclude 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 the 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 of such transactions, which may include a future taxable sale of the contributed Property. Although the Operating Partnership may utilize a like-kind exchange under Section 1031 of the Code, there is no certainty that it will do so in the future. Consequently, if the Operating Partnership sells the relevant Property in a transaction that does not qualify as a Section 1031 exchange, 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 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.**

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, the OP Unitholder’s capital account. The Operating Partnership will require each OP Unitholder to provide information regarding its tax basis. Initially, this will include providing a copy of any related IRS Form 8824, detailed tax basis, 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 tax basis and 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 concerning determining your initial tax basis and maintaining the necessary records in order to meet this requirement.

COMPENSATION AND FEES

The Sponsor, Dealer Manager, Manager, Master Tenant, and their respective affiliates will earn fees and reimbursements in connection with the Offering and sale of Interests and the management and sale of the Property. The following table sets forth estimates of such fees and reimbursements, and other compensation. Actual amounts may vary depending upon the timing and amount of Interests sold and the timing of and proceeds from any sale of a Property. 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	The Sponsor, Invesco, or its affiliate will receive reimbursement for Organization and Offering Expenses, on a non-accountable basis, of up to 0.5% of the Total Sales.
Dealer Manager Fee	The Dealer Manager will receive a Dealer Manager Fee of up to 1.0% of the Total Sales, which fee the Dealer Manager may re-allow in whole or in part to the Participating Dealers.
Sales Commission	The Dealer Manager will receive Sales Commissions up to 5.0% of the Total Sales, which it may re-allow to the Participating Dealers; provided, however, in the event a lower commission rate is negotiated with a Participating Dealer, the commission rate will be the lower agreed upon rate.
Placement Fee	A Placement Fee of up to 1% of Total Sales payable to the Dealer Manager for placement services relating to the Offering.
Loan Fees and Costs	The Sponsor, Invesco, or its affiliate will be entitled to an amount of up to 1.0% of the principal balance of any mortgage indebtedness on a Property as a fee, and any costs and fees, including recording fees, taxes, legal fees, title fees, and other expenses associated with the closing of such indebtedness.
Other Closing Costs	The Sponsor, Invesco, or its affiliate will be entitled to reimbursement for Other Closing Costs up to 0.5% of the Total Sales. Other Closing Costs may include legal and closing costs actually 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), estimated to be 0.5% of Total Sales. This allowance does not include real estate brokerage fees. We will be responsible for any costs in excess of this sum and

will be entitled to retain any unused funds on a non-accountable basis.

Operations:

Management Fee

Pursuant to the Trust Agreement (and, if applicable the Springing LLC Agreement), the Manager will be entitled to be paid the Management Fee as compensation to the Manager for management of the Trust (or, if applicable, the Springing LLC). The Management Fee will be in an amount up to 0.15% per annum of Total Sales, net of Sales Commissions and Expenses. The Management Fee will be paid quarterly in arrears on a pro rata basis as set forth in the Trust Agreement, which may be subject to adjustment over time. The Management 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 Management Fee.

Master Lease

The Master Tenant will retain the excess, if any, of the rental income and other amounts received from end tenants 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.

Investor Servicing Fee

Pursuant to that certain “**Dealer Manager Agreement**,” the Trust will pay, on behalf of the Beneficial Owners, the Investor Servicing Fee to the Dealer Manager up to 0.25% per annum of the Total Sales, net of Sales Commissions and Expenses. The Investor Servicing Fee is payable quarterly in arrears on a pro rata basis to the Dealer Manager and may be re-allowed in whole or in part to Participating Dealers for ongoing services rendered to the Trust.

Disposition Fee

The Manager will receive the Disposition Fee equal to 1% of the gross proceeds from any sale, exchange, or other disposition of all, or a portion of, the Trust Estate. The Disposition Fee will not include any sales commissions payable to any third-party broker in connection with such sale or other disposition. The Disposition Fee will not be payable in the event the FMV Option is exercised.

Property Management Fee

With respect to some Properties, the Master Tenant may be entitled to receive from its subtenants, certain fees, including

property management fees, in addition to rents from such Properties.

FMV Option

Fees/Expenses Payable Following FMV Exercise

If the Operating Partnership exercises its FMV Option with respect to a given Trust and, as a result, a Beneficial Owner becomes an OP Unitholder, such OP Unitholder will be subject to the fees and expenses borne by OP Unitholders, as disclosed in the INREIT Materials. Ongoing servicing fees will be paid with respect to certain classes of OP Units issued in exchange for Interests, as determined by the applicable financial professional's selling agreement with the Dealer Manager. The fee amount for each class of OP Units that may be received by a Beneficial Owner if the FMV Option is exercised, which may be subject to change, is currently:

- with respect to outstanding Class T-1 units, 0.85% per annum of the aggregate NAV, consisting of a representative investor servicing fee of 0.65% per annum, and a dealer investor servicing fee of 0.20% per annum of the aggregate NAV of outstanding Class T-1 units; however, with respect to Class T-1 units issued in exchange for Interests sold through certain participating broker-dealers, the representative investor servicing fee and the dealer investor servicing fee may be other amounts, provided that the sum of such fees will always equal 0.85% per annum of the NAV of such units;
- with respect to outstanding Class S-1 units, 0.85% per annum of the aggregate NAV of outstanding Class S-1 units;
- with respect to outstanding Class S-2 units, 0.35% per annum of the aggregate NAV of outstanding Class S-2 units (if certain investment thresholds are met);
- with respect to our outstanding Class D-1 units, 0.25% per annum of the aggregate NAV of outstanding Class D-1 units;
- with respect to our outstanding Class S-PR1 units, 0.85% per annum of the aggregate NAV of outstanding Class S-PR1 units;
- with respect to our outstanding Class S-PR2 units, 0.35% per annum of the aggregate NAV of outstanding Class S-PR2 units; and

- with respect to our Class I units and Class K-PR units, there will be no ongoing servicing fees.

See INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

The Sponsor, Master Tenant, Manager, Delaware Trustee, and their respective affiliates may receive additional compensation for any additional services performed on behalf of the Trusts or Beneficial Owners so long as such services are provided on terms and conditions no less favorable to the Trusts and Beneficial Owners than could 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 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.

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 will assume the obligation to pay certain costs, fees, and expenses related to the offering and organizational costs of the offering, closing costs, and loan costs. To the extent such costs, fees, and expenses are below the amounts projected or estimated, any such savings will be used first to fund overages in other categories and next will be retained by the Sponsor on a non-accountable basis. If, however, the actual Organization and Offering Expenses, Loan Fees and Costs, and Other Closing Costs exceed the amounts projected or estimated, then the Sponsor will be responsible for any such shortfall.

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 INREIT as more fully described in the INREIT Materials. If your Interest is acquired by the Operating Partnership in exchange for OP Units or your OP Units are exchanged for shares of Common Stock, 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 relating thereto 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. 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 neither the Delaware Trustee nor the Manager will 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 the Manager and each of their directors, officers, employees, and agents for any liability suffered by them arising out of their activities in connection with the Trusts, except for liabilities resulting from willful misconduct, bad faith, fraud, or gross negligence, in the case of the Delaware Trustee, and fraud or gross negligence, in the case of the Manager. See "Summary of the Trust Agreement." Accordingly, the Beneficial Owners may have a more limited right of action than would otherwise be the case, absent such provisions.

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 Trusts and Beneficial Owners.

Competition with Existing and Future Products Managed by Affiliates

The Sponsor and its affiliates are involved in the acquisition, development, and management of real property and are facilitators of Section 1031 Exchanges. Any affiliated entity, whether or not currently existing, could compete with the Trusts and the Beneficial Owners in the sale or operation of a Property. For example, the Sponsor or its affiliates may in the future own, finance, or represent properties in the same market as the Property that is offered through the Program, which may compete for tenants.

Provision by Affiliates of Services to the Trusts or to Persons Dealing with the Trusts

Neither the Sponsor nor any of its affiliates will be prohibited from providing services to, or otherwise dealing or doing business with, the Trusts or Beneficial Owners or persons that deal with the Trusts or Beneficial Owners, although no such services or activities (other than the services and activities disclosed in this Memorandum) are contemplated and any such services (if provided) must be at market terms.

Competition for Manager's Management Services

The Manager and the Sponsor believe that they will have sufficient time to discharge fully their responsibilities to the Trusts and Beneficial Owners and to other business activities in which they are or may become involved in connection with the Offering. However, the Manager and its affiliates are engaged in substantial other activities apart from their responsibilities under the Trust Agreement, including the provision of advisory services to advisory clients governed by the Investment Advisers Act – such protections will not be afforded to the Trusts. Accordingly, the Manager, the Sponsor, and their affiliates will devote only so much of their time to the business of the Trusts as is reasonably required in their judgment. The Manager, Sponsor, and their affiliates will have conflicts of interest in allocating management time, services, applicable regulatory obligations and functions among the properties held through this or any other program they may sponsor, as well as with other business ventures in which they are or may become involved.

Exercise of the FMV Option by the Operating Partnership

The Operating Partnership may, at its sole and absolute discretion, require that the Beneficial Owners exchange their Interests for OP Units or otherwise have their Interests exchanged for a cash amount equal to the then current fair market value of such Interests. See “*Summary of the Trust Agreement*.” The Operating Partnership and its general partner (INREIT) share officers with the Sponsor and the Manager.

The FMV Option is exercisable at the Operating Partnership's sole and absolute discretion with respect to one or more Properties (via exercise of the FMV Option at the level of a Trust held by another Trust). The Operating Partnership, through the Master Tenant, will receive a revenue stream from the Properties while the Properties are held by the Trusts, so therefore the Operating Partnership may lack an incentive to exercise the FMV Option until such time as it deems appropriate. Further, because the Operating Partnership can exercise the FMV Option with respect to one or more of the Trusts, there is no guarantee that all of the Properties will be acquired (via the exercise of the FMV Option) by the Operating Partnership. The Operating Partnership will determine whether to exercise the FMV Option taking into account only the best interests of the Operating Partnership and not the Beneficial Owners. This may result in the Operating Partnership exercising the FMV Option at a time when they believe 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 if it believes that the underlying Property is not attractive for the Operating Partnership. As such, the Operating Partnership will be acting in its own interest when determining whether to exercise the FMV Option with respect to any Property.

Compensation and Reimbursements Irrespective of Property Profitability

The Sponsor and its affiliates will receive certain compensation from the Trust for services rendered regardless of whether rent is paid to the Trust. See “*Compensation and Fees*” in this Memorandum.

Sale of the Properties

If the Manager decides to sell a Property, the Manager or its affiliates may be paid the Disposition Fee on the sale of such Property. The right to receive or participate in a Disposition Fee may provide the Manager with an incentive to encourage a sale of a Property at a time that is not optimal for, or on terms that are not advantageous to, the Trust or the Beneficial Owners.

Ownership of Interests

The Sponsor or its affiliates may elect to acquire or retain a portion of the Interests or to sell or transfer Interests to persons who are related to it, including employees or persons who have other relationships with it or its affiliates. In such event, although the rights of Beneficial Owners are extremely limited under the terms of the Trust Agreement, the interests of the Sponsor and its affiliates (or other closely connected parties) as Beneficial Owners may not be aligned with those of the Trust or other Beneficial Owners. Further, in the event of a Transfer Distribution, Beneficial Owners who were affiliates of the Sponsor could control the Springing LLC as members.

Conflicts of Interest Related to Property Management Fees Paid to Affiliates

With respect to certain Properties, the Master Tenant may be entitled to receive from its subtenants, certain fees, including property management fees, in addition to rents from such Properties, as specified in the applicable Property Supplement. A portion of any such property management fee may be paid to Invesco and/or its affiliates in connection with certain administrative or support services provided by Invesco and/or its affiliates, with the remainder of such fee payable to an unaffiliated third-party property manager. Because Invesco and/or its affiliates may receive compensation from a portion of the property management fee, a conflict may exist between the interests of Beneficial Owners and those of Invesco and its affiliates. Such conflicts may relate to decisions regarding the selection, engagement and retention of property managers, the scope of services to be provided, and the continuation or modification of the applicable fee arrangements. Beneficial Owners will not have the ability to negotiate or approve these arrangements, and such arrangements may not be on terms as favorable as those that could be obtained through arm’s-length negotiations with unaffiliated third parties.

THE FMV OPTION AND THE OP UNITS

DESCRIPTION OF THE FMV OPTION

The Operating Partnership, which acts as the operating partnership for INREIT, has the right, but not the obligation, to require that each Beneficial Owner exchange its Interests for the OP Units in a transaction intended to qualify as a tax-deferred exchange under Code Section 721, or for cash at the Operating Partnership's discretion. See "*Risk Factors*." The Operating Partnership may only exercise this right during a one-year period beginning on the first day after all Beneficial Owners have held their Interests for at least two years (taking into account the time when the assignor or predecessor in interest has held the Interests, as relevant). Each Beneficial Owner will receive an amount of OP Units (and/or cash, as applicable) with an aggregate value equal to the then fair market value of such Beneficial Owner's Interests as of the date the FMV Option is exercised. The determination of the value of the OP Units and Beneficial Owners' Interests is inherently subjective. In order to exercise the FMV Option, the Operating Partnership will provide each Beneficial Owner with the "**Notice of Exchange**" (the form of which is attached as an exhibit to the Trust Agreement).

Upon the exercise of the FMV Option, the Operating Partnership has the sole discretion to acquire any Beneficial Owner's Interests in a Trust for cash rather than in exchange for OP Units from such Beneficial Owner ("**Cash Investor**"). The purchase price for a Cash Investor's Interests ("**Cash Amount**") will be the then fair market value of the Cash Investor's Interests as of the date the FMV Option is exercised. For the avoidance of doubt, the Operating Partnership has the sole discretion to determine a Cash Investor, and not all Beneficial Owners may become Cash Investors.

The Operating Partnership may exercise its FMV Option at the level of one or more Trusts in any Offering. 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 value of the relevant Trust Estate, as determined by an appraisal process utilizing one or more independent appraisal firm or firms selected by the Manager in its discretion (such value determined without any discounts but taking into account that the relevant Trust Estate is subject to a Master Lease), and adjusted for applicable liabilities, certain adjustments, and customary prorations. Any such appraisal shall have been completed within ninety days prior to the date the FMV Option is exercised. 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, described above. The Operating Partnership, in its sole and absolute discretion, may assign its rights in the FMV Option to a subsidiary, an affiliate, a successor entity to the Operating Partnership or the acquiror of a majority of the Operating Partnership's assets. See "*Summary of the Trust Agreement*."

HISTORICAL NAV, OPERATING, AND FINANCIAL INFORMATION

Please see the INREIT Materials and INREIT's website (www.inreit.com) for portfolio information and certain historical NAV, operating and financial information, including prior years' financial statements, of INREIT.

THE OPERATING PARTNERSHIP AND DESCRIPTION OF THE OP PARTNERSHIP AGREEMENT

The Operating Partnership is the entity through which INREIT conducts substantially all of its business and owns (either directly or indirectly through subsidiaries, partnerships or joint ventures) substantially all of its assets. Please see the INREIT Materials for additional information regarding the Operating Partnership and the OP Partnership Agreement available at <https://www.sec.gov/search-filings> (CIK 0001756761).

INREIT (Invesco Real Estate Income Trust Inc.) was formed on October 5, 2018 as a Maryland corporation. INREIT is the sole general partner of the Operating Partnership and elected to be taxed as a REIT for U.S. federal income tax purposes commencing with its taxable year ended December 31, 2020. INREIT is not a mutual fund and does not intend to register as an investment company under the Investment Company Act of 1940, as amended.

INREIT invests primarily in stabilized, income-oriented commercial real estate in the United States. To a lesser extent, INREIT also originates, acquires, and manages private real estate debt and invests in real estate-related securities. INREIT is externally managed by the Adviser (Invesco Advisers, Inc.), an indirect, wholly owned subsidiary of Invesco (Invesco Ltd.), a global investment manager, and the registered investment adviser for Invesco Real Estate, the real estate investment center of Invesco. The Adviser utilizes the personnel and global resources of Invesco Real Estate to provide investment management services to INREIT. The Dealer Manager (Invesco Distributors, Inc.), an affiliate of the Adviser, acts as the dealer manager for INREIT's public offering of common stock and will act as the dealer manager for this Offering on a "best efforts" basis.

Invesco manages over \$2.2 trillion in AUM as of December 31, 2025. Invesco Real Estate is one of the largest real estate investment managers in the world, with \$84.2 billion in AUM as of September 30, 2025. Invesco Real Estate was established in 1983 and, over its more than 40-year history, has expanded to approximately 605 employees operating across 21 offices in 16 countries worldwide. Invesco Real Estate offers private and public real estate strategies across the entire risk-return spectrum, including debt and equity structures.

INREIT owns, and expects to continue to own, all or substantially all of its assets through the Operating Partnership (Invesco REIT Operating Partnership LP). The Operating Partnership was formed on October 5, 2018 to acquire and hold assets on INREIT's behalf. INREIT is the sole general partner of the Operating Partnership and generally conducts its business through the Operating Partnership. The TRS is a taxable REIT subsidiary that is wholly owned by the Operating Partnership. The Master Tenant is a wholly owned subsidiary of the Operating Partnership and has entered into the Master Lease for the Properties. The Master Lease is fully guaranteed by the Operating Partnership pursuant to the Guaranty. Furthermore, the Operating Partnership holds the FMV Option giving it the right, but not the obligation, to purchase the Interests from the Beneficial Owners with cash or by issuing OP Units at the Operating Partnership's discretion. The following is a summary of the material terms and provisions of the OP Partnership Agreement. Defined terms within this summary have the same meaning as in the OP Partnership Agreement. Additional information regarding the Operating Partnership and INREIT is available at <https://www.sec.gov/search-filings> (CIK 0001756761).

Description of OP Units

The Operating Partnership currently has fourteen classes of OP Units, which may be modified from time to time — Class T units, Class T-1 units, Class S units, Class S-1 units, Class S-2 units, Class D units, Class D-1 units, Class I units, Class E units, Class N units, Class K-PR units, Class S-PR units, Class S-PR1 units, and Class S-PR2 units which correspond to one of the eight classes of common stock of INREIT. In particular, Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, Class S-PR1 and Class S-PR2 units, generally correspond to Class T REIT shares, Class S REIT shares, Class D REIT shares, and Class S-PR REIT shares, respectively, with (i) Class S-1 units and Class S-2 units having the same class designation as Class S REIT shares, and (ii) Class S-PR1 units and Class S-PR2 units having the same class designation as Class S-PR REIT shares. Class T units, Class S units, Class S-PR units, Class D units, Class E units and Class N units will not be available for Purchasers from this Offering. OP Units represent an interest as a limited partner in the Operating Partnership. INREIT, as the general

partner, may cause the Operating Partnership to issue additional OP Units of any of the existing classes or of one or more new classes with rights different from, and superior to, those of any class of existing OP Units, without the consent of the OP Unitholders or the stockholders of INREIT. OP Unitholders do not have any preemptive rights with respect to the issuance of additional units.

OP Unitholders of any class of OP Units do not have the right to participate in the management of the Operating Partnership. OP Unitholders who do not participate in the management of the Operating Partnership, by virtue of their status as limited partners, generally are not liable for the debts and liabilities of the Operating Partnership beyond the amount of their capital contributions. The voting rights of the OP Unitholders of any class of OP Units are generally limited to approval of specific types of amendments to the OP Partnership Agreement.

Classes of OP Units

In general, the different classes of OP Units are intended to correspond on a one-for-one basis with certain INREIT's classes of common stock except to the extent of any class specific expenses attributable to Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, Class S-PR1 units, and Class S-PR2 units such as the Investor Servicing Fees. Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, Class S-PR1 units and Class S-PR2 units, generally correspond to Class T REIT shares, Class S REIT shares, Class D REIT shares, and Class S-PR REIT shares, respectively, with (i) Class S-1 units and Class S-2 units having the same class designation as Class S REIT shares, and (ii) Class S-PR1 units and Class S-PR2 units having the same class designation as Class S-PR REIT shares. When INREIT receives proceeds from the sale of shares of its common stock in its public offering, or from any other sale of shares of its common stock including pursuant to its distribution reinvestment plan or a private placement, INREIT will contribute such proceeds to the Operating Partnership and in return receive Operating Partnership units that correspond to the class of shares sold.

In general, each class of OP Units will share in distributions from the Operating Partnership on a monthly basis, or at the sole and absolute discretion of INREIT as the general partner, more or less frequently.

Class T-1 units, Class S-1 units, Class S-2 units, Class D-1 units, held by an OP Unitholder, which it received in exchange for Interests, shall automatically, and without any action on the part of the OP Unitholder, convert to Class I units at the end of the month in which the aggregate selling commission, dealer manager fees and investor servicing fees paid in connection with such OP Units and the previously held Interests that were exchanged for such OP Units, would exceed the percentage cap (if any) as set forth in the applicable selling agreement between the Dealer Manager and the Participating Dealer that originally sold such Interests.

Class S-PR1 units and Class S-PR2 units, held by an OP Unitholder, which it received in exchange for Interests, shall automatically, and without any action on the part of the OP Unitholder, convert to Class K-PR units at the end of the month in which the aggregate selling commission, dealer manager fees and investor servicing fees paid in connection with such OP Units and the previously held Interests that were exchanged for such OP Units, would exceed the percentage cap (if any) as set forth in the applicable selling agreement between the Dealer Manager and the Participating Dealer that originally sold such Interests.

Upon the Operating Partnership's liquidation, all classes of OP Units (other than Class I units) will automatically convert to Class I units, in each case in proportion to the NAV per unit of the respective class, and the resulting Class I 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 preferred OP Units and payment of the portion distributable to the holder of the special limited partner interest, Invesco REIT Special Limited Partner L.L.C. (the "**Special Limited Partner**"). In addition, a portion of the items of income, gain, loss and deduction of the Operating Partnership for U.S. federal income tax purposes will be allocated to each OP Unit, regardless of whether any distributions are made by the Operating Partnership.

As discussed more fully in INREIT Materials, the Adviser may elect to receive its management fee in cash, shares of Class I or Class E common stock of INREIT or Class I units or Class E units. Distributions on the Special Limited Partner's performance participation allocation may be payable in cash or Class I or Class E units at the election of the Special Limited Partner. See INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

Generally, an OP Unitholder may require the Operating Partnership to redeem any or all of the OP Units which it has held for a period of at least one year (a separate process applies to INREIT, the Adviser, and the Special Limited Partner). Such OP Units will be redeemed, in INREIT's sole discretion as the general partner, for either cash or an amount of shares of common stock of INREIT with the same NAV as the OP Units that are redeemed. Notwithstanding the foregoing, an OP Unitholder may not submit more than two Notices of Redemption (as defined in the OP Partnership Agreement) during each calendar year. In certain instances, the Adviser and the Special Limited Partner may elect to receive Class I or Class E units in the Operating Partnership in lieu of cash for its management fee and performance participation interest, respectively. The Adviser and the Special Limited Partner may require that the Operating Partnership redeem such OP Units for cash unless INREIT's board of directors determines that any such repurchase for cash would be prohibited by applicable law or its charter, in which case such OP Units will be repurchased for shares of INREIT common stock.

Capital Contributions

For each class of OP Units, investors generally will be required to contribute cash, cash equivalents, or property, with a fair market value agreed to by the general partner and the applicable OP Unitholder. OP Unitholders will not be obligated to make additional capital contributions to the Operating Partnership. Further, OP Unitholders will not have the right to make additional capital contributions to the Operating Partnership or to purchase additional OP Units without INREIT's consent as general partner.

INREIT intends to contribute the net proceeds from its public offering of common stock, after payment of fees and expenses attributable to its public offering and operations, to the Operating Partnership as capital contributions. However, INREIT will be deemed to have made capital contributions in the amount of the gross offering proceeds received from its investors, and the Operating Partnership will be deemed to have simultaneously paid the fees, commissions and other costs associated with INREIT's public offering and its operations.

If the Operating Partnership requires additional funds at any time in excess of capital contributions made by INREIT, the Operating Partnership may borrow funds from a financial institution or other lenders or INREIT or any of its affiliates may provide such additional funds through loans, purchase of additional OP Units or otherwise (which INREIT or such affiliates will have the option, but not the obligation, of providing). In addition, the Operating Partnership may admit additional limited partners whose investments may be subject to a different management fee and repurchase limitations if the board of directors of INREIT concludes in good faith that such admittance is in INREIT's best interest.

Management of the Operating Partnership

As the sole general partner of the Operating Partnership, INREIT has the exclusive power to manage and conduct the business of the Operating Partnership. A general partner is accountable to a limited partnership as a fiduciary and consequently must exercise good faith and integrity in handling partnership affairs. No limited partner of the Operating Partnership may transact business for the Operating Partnership, or participate in management activities or decisions, except as provided in the OP Partnership Agreement and as required by applicable law. INREIT may not be removed as general partner by the OP Unitholders. INREIT's board of directors will at all times have oversight and policy-making authority, including responsibility for governance, financial controls, compliance and disclosure with respect to the Operating Partnership. However, pursuant to the Advisory Agreement between INREIT and the Adviser, INREIT has delegated to the Adviser authority to make decisions related to the management of INREIT and the Operating Partnership's assets, including sourcing, evaluating and monitoring

investment opportunities and making decisions related to the acquisition, management, financing and disposition of assets, in accordance with INREIT's investment objectives, guidelines, policies and limitations, subject to oversight by INREIT's board of directors.

Any future OP Unitholders will expressly acknowledge that INREIT, as general partner, is acting on behalf of the Operating Partnership, INREIT and INREIT's stockholders collectively. Neither INREIT nor its board of directors is under any obligation to give priority to the separate interests of the OP Unitholders or INREIT stockholders 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 INREIT stockholders on the one hand and the OP Unitholders on the other, INREIT will endeavor in good faith to resolve the conflict in a manner not adverse to either INREIT's stockholders nor the OP Unitholders, provided, however, that for so long as INREIT owns a controlling interest in the Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either INREIT stockholders or the OP Unitholders may be resolved in favor of INREIT's stockholders. INREIT is not liable under the OP Partnership Agreement to the Operating Partnership or to any of the OP Unitholders for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Operating Partnership or the OP Unitholders in connection with such decisions, provided that INREIT, acting in good faith, abides by the terms of the OP Partnership Agreement.

The OP Partnership Agreement contemplates that the Operating Partnership will be operated in a manner that will enable INREIT to (1) satisfy the requirements for qualification as a REIT for U.S. federal income tax purposes, unless INREIT otherwise cease to qualify as a REIT, (2) avoid any U.S. federal income or excise tax liability and (3) ensure that the Operating Partnership will not be classified as a "publicly traded partnership" that is taxable as a corporation. Notwithstanding the foregoing, the OP Partnership Agreement allows INREIT, as the general partner, to terminate its status as a REIT at any time.

Distributions

General. Distributions from the Operating Partnership generally will be made on a monthly basis, or at the sole and absolute discretion of INREIT as the general partner, more or less frequently. OP Unitholders may choose to participate in INREIT's distribution reinvestment plan (DRIP), whereby holders of OP Units can elect to have the cash distributions otherwise payable to them by the Operating Partnership (net of applicable withholdings) automatically reinvested in shares of the corresponding class of INREIT's common stock. Such issuance of shares will occur on the same business day such distributions would have been paid to OP Unitholders. No upfront selling commissions or dealer manager fees will be payable with respect to any shares acquired pursuant to the DRIP. The per share purchase price for shares purchased pursuant to the DRIP will be equal to the most recent transaction price per share of the applicable share class at the time the distribution is payable.

Liquidation. Upon the Operating Partnership's liquidation, each class of OP Units (other than Class I units) will automatically convert to Class I units, in each case in proportion to the NAV per unit of the respective class, and the resulting Class I 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 preferred OP Units and payment of the portion distributable to the Special Limited Partner, as described in the OP Partnership Agreement.

Transferability of OP Units

With certain exceptions, no OP Unitholder may transfer its OP Units, in whole or in part, without INREIT's consent, as general partner, which consent may be granted or withheld in INREIT's sole and absolute discretion.

Without the consent of a majority in interest of the OP Unitholders holding a majority of OP Units of the Operating Partnership, other than OP Units held by INREIT, INREIT may not voluntarily withdraw as the general partner of the Operating Partnership, engage in any merger, consolidation or other business combination or transfer its general partnership interest in the Operating Partnership (except to a wholly owned subsidiary), unless: (1) the

transaction in which such withdrawal, business combination or transfer occurs results in the limited partners of the Operating Partnership receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately prior to such transaction or (2) in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to the Operating Partnership in return for an interest in the Operating Partnership and agrees to assume all obligations of the general partner of the Operating Partnership.

Exculpation

Pursuant to the OP Partnership Agreement, INREIT, as general partner, will not be liable to the Operating Partnership or to the OP Unitholders for errors in judgment or other acts or omissions not amounting to willful misconduct or gross negligence. INREIT, as general partner, shall not be in breach of (i) any duty that may be owed to the OP Unitholders, the Operating Partnership or any other person under the OP Partnership Agreement, or (ii) any duty stated or implied by law or equity, provided that INREIT, as the general partner, acting in good faith, abides by the terms of the OP Partnership Agreement.

Indemnification

The OP Partnership Agreement provides for the indemnification by the Operating Partnership of each of the Adviser, the Special Limited Partner, INREIT (as the general partner) and other persons designated by INREIT (as the general partner) to the fullest extent permitted by law for all losses, liabilities, costs and expenses that such parties incur that relate to the operations of the Operating Partnership as set forth in the OP Partnership Agreement unless it is established that (i) the act or omission giving rise to such claim constituted willful misconduct or gross negligence; (ii) an improper personal benefit in money, property or services was actually received; or (iii) in the case of any criminal proceeding, the applicable party had reasonable cause to believe that the act or omission was unlawful.

Tax Matters

As the Operating Partnership's general partner, INREIT has the authority to make tax elections under the Code on the Operating Partnership's behalf. INREIT is also the Operating Partnership's partnership representative, with authority to represent the Operating Partnership in any federal income tax audits.

SUMMARY OF CERTAIN AGREEMENTS

SUMMARY OF THE SUBSCRIPTION DOCUMENTS

General

Each prospective Purchaser must execute the Subscription Documents. Each prospective Purchaser should review the entire Subscription Documents 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 Subscription Documents and is qualified in its entirety by the full text thereof. For further information you should review the Subscription Documents, a copy of which is available upon request.

Prospective Purchasers should understand that the Trust, in its sole discretion, reserves the right to accept or reject any offer to purchase the Interests in whole or in part for any reason or no reason whatsoever. Relevant portions of the Subscription Documents must be completed consistent with the instructions provided by the Sponsor and may include certain portions that must be completed in electronic and/or paper form. If a prospective Purchaser wishes not to receive or complete any portion of the Subscription Documents in electronic form, the prospective Purchaser should so elect by notifying the Trust in writing. If the Trust does not accept a prospective Purchaser's Subscription Documents within 30 days of its submission, then it shall be deemed rejected.

As described above, certain Offerings may be structured as a Portfolio Offering. A purchase of Interests in such Portfolio Offering will result in equal participation in each of the Trusts (or in the parent Trust which owns multiple properties or interests 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.

Limited Representations

The Trust provides limited representations or warranties in the Subscription Documents, including with respect to the ownership and condition of any relevant Properties. Consequently, each Purchaser must rely on his, her or its own investigations and analysis of the Properties and is encouraged to seek the advice of his, her or its own independent legal counsel, accountants, and real estate advisors.

Indemnity

The Subscription Documents contain an indemnity provision whereby each Purchaser will be required to indemnify, defend and hold the Trusts, the Sponsor, and their affiliates harmless from any and all damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of the untruth or inaccuracy of any of the representations, warranties, covenants, or agreements contained in the Subscription Documents or in any other document the Purchaser has furnished to them.

No Tax Advice

Purchasers also will acquire their Interests without any representations from the Trusts, the Sponsor, the Depositor, or the Manager regarding tax implications of the transaction. The Trust will receive opinion of Tax Counsel on which each Purchaser may rely, but only concerning the matters specifically addressed therein. Notwithstanding the preceding sentence, the opinion of Tax Counsel is not intended or written to be used, and it cannot be used, by any Purchaser for the purpose of avoiding penalties that may be imposed under the Code. The Tax Opinion was written to support the promotion or marketing of a particular transaction, and each Purchaser should seek advice based on the Purchaser's particular circumstances from an independent tax advisor.

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 “*U.S. Federal Income Tax Consequences*.”

Bad Actors

If a prospective Purchaser is intending to purchase 20% or more of the Interests, the prospective Purchaser will be required to represent that the prospective Purchaser is not a “Bad Actor” as defined in Rule 506(d) of Regulation D under the Securities Act.

Dispute Resolution

Each Purchaser agrees that any dispute arising out of the Subscription Documents must be brought in a court of competent jurisdiction located in Dallas, Texas, 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 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 Interests for sale to prospective Purchasers. As 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 all Interests have been sold.

The net proceeds thereafter will be used by the Trust, in accordance with the Trust Agreement, to (subject to loan documents, if any) fund any reimbursements, compensation and fees owed to the Sponsor and/or its affiliates in connection with the Offering. With regard to the above, the "net proceeds" from the sale of Interests shall be equal to the purchase price of each Interest, less the Sales Commissions, Dealer Manager Fee, Placement Fee, Organization and Offering Expenses, Other Closing Costs, and Loan Fees and Costs allocable to each such sale. 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 Trust Estate or (ii) a Transfer Distribution. 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 Statutory Trust 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 more than one trustee of the Trust. The Manager may appoint additional Signatory Trustees and replace any Signatory Trustee, subject to the requirements of any applicable loan.

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

The 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 out-of-pocket expenses, fees and disbursements, and fees and expenses of counsel. The Delaware Trustee may resign at any time by giving at least 60 days' prior written notice to the Manager. The Beneficial Owners will indemnify the Delaware Trustee for all actions it takes on behalf of the Trust except for any involving willful misconduct, bad faith, fraud, or gross negligence of the Delaware Trustee. The Manager may remove the Delaware Trustee at any time, but only for willful misconduct, bad faith, or fraud; provided that the Manager may not remove the Delaware Trustee without consent of the lender while a loan secured by the Property is outstanding.

The Manager

Invesco DST 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 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 shall also provide management services to the Trust with respect to the Trust Estate and implement all decisions and policies of the Trust. The Manager has the sole discretion to determine when it is appropriate to sell the Property.

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 fraud or gross negligence. The Manager will not have any liability to any person except for any actions it may take that constitute fraud or gross negligence. Subject to the next sentence, the Delaware Trustee may either (1) limit the duties of the Manager under the Trust Agreement, or (2) 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 Property. Prior to the Delaware Trustee's removal of the Manager or limitation of the Manager's duties, any such removal or limitation of duties must be first consented to by, as long as a loan is outstanding, the 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 the initial closing of the Interests, the Delaware Trustee 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) reinvest 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 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 any outstanding loan, under such circumstances, 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*."

Fees and Compensation to the Manager and its Affiliates.

The Trust shall pay the following fees: (i) the Management Fee, which shall be paid quarterly in arrears, in an amount up to 0.15% per annum on the Total Sales net of Sales Commissions and Expenses, (ii) the Investor Servicing Fee to the Dealer Manager pursuant to the Dealer Manager Agreement, which shall be paid quarterly in arrears, in an amount up to 0.25% per annum on the Total Sales, net of Sales Commissions and Expenses, and (iii) a Disposition Fee to the Manager equal to 1% of the gross proceeds of any sale, exchange, or other disposition of all or any portion of the relevant Property or Trust Estate except a sale pursuant to the FMV Option. During the term of the Trust Agreement, the Trust shall reimburse the Manager for all reasonable, out-of-pocket expenses properly incurred by the Manager 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.

If the Operating Partnership exercises its FMV Option, and a Beneficial Owner receives OP Units for its Interests, ongoing investor servicing fees will be paid in amounts determined by the applicable financial professional's selling agreement with the Dealer Manager.

If the equity investment in the Interests changes, including as a result of a Transfer Distribution or a sale or transfer of a portion of the Property, the fees determined by reference to the equity investment in the Interests shall be adjusted to reflect such change.

Limited Transfer Rights

Except in certain limited circumstances relating to the death of a Beneficial owner or estate planning, the prior written consent of the Manager, which may be withheld in the Manager's sole and absolute discretion, is required in connection with the assignment or transfer of all or any portion of the Interest of any Beneficial Owner. All expenses of any such transfer shall be paid by the assigning or transferring Beneficial Owner.

Any transferee will 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 Interests.

Waivers

Except as expressly provided in the Trust Agreement, no Beneficial Owner (i) has a direct 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 Statutory Trust Act to seek a judicial dissolution of the Trust, to terminate the Trust or, to the fullest extent permit by law, to partition the Property. In addition, each Beneficial Owner expressly waives any right, to the fullest extent permitted by law,

to file a petition in bankruptcy on behalf of the Trust or take any action that consents to, aides, 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 quarterly basis, after (i) paying or reimbursing the Delaware Trustee and then the Manager for any claims subject to indemnification and for their respective reasonable fees and/or expenses actually incurred on behalf of the Trust and (ii) reserving and retaining such additional amounts as the Manager determines are necessary to pay anticipated ordinary current and future Trust expenses. The Trust's reserves, if any, 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 banks or trust companies, or FDIC-insured accounts.

Termination of the Trust to Protect the Trust Estate; Transfer Distribution

Subject to the terms and conditions of loan documents, if any, if the Manager determines that (i) the Trust Estate is in jeopardy of being lost due to any reason, (ii) the Beneficial Owners are at risk of losing all or a substantial portion of their investment in Interests, or (iii) it needs to take a prohibited action as detailed in the Trust Agreement, then the Manager may elect to either (x) to the extent the foregoing circumstances apply to all of the assets comprising the Trust Estate, the Manager shall transfer title to all of the assets comprising the Trust Estate, or convert to, the Springing LLC, or (y) to the extent the foregoing circumstances apply to less than all of the sub-Trusts, with respect to the sub-Trust(s) to which such circumstances apply, the Manager shall distribute the interests in such sub-Trust(s) to the Beneficial Owners in partial liquidation of the Trust.

The sub-Trust will terminate upon the first to occur of (i) the sale of its Property or (ii) a Transfer Distribution of the sub-Trust. The Manager of a sub-Trust shall sell all of the sub-Trust's right, title and interest in and to the Master Lease and the end-user leases, the applicable Property and any and all other property and assets upon its determination (in its sole discretion) that the sale is appropriate. If the Manager of a sub-Trust determines that the applicable Property is in jeopardy of being lost due to a default, or in certain other circumstances, the Manager of the sub-Trust may transfer title to the applicable Property to a newly formed Delaware limited liability company (i.e., a Springing LLC) and terminate the sub-Trust (i.e., the Transfer Distribution). If the sub-Trust is terminated pursuant to a Transfer Distribution, the Beneficial Owners will become members in a Springing LLC, and the Manager of the sub-Trust, or an entity controlled by the Manager of the sub-Trust, will become the manager of the that Springing LLC. See "*Summary of the Springing LLC Agreement.*"

Sale of the Properties

Pursuant to Section 3806(b)(3) of the Statutory Trust Act, the Manager shall sell the Trust Estate upon its determination (in its sole discretion) that a sale of the Trust Estate is appropriate. However, absent unusual circumstances, it is anticipated that the Trust will hold the Trust Estate 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 of the Trust Estate and (iii) conducting the sale of the Trust Estate on behalf of the Trust upon commercially reasonable terms and executing such documents and instruments required to be executed by the Trust to affect such sale (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 affect such sale). The Manager (and the Signatory Trustee, if necessary) shall take all reasonable action that would seek to enable the sale 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, if any, the Manager shall distribute the balance of the proceeds (net of any closing costs payable by the Trust including any fee due to the Manager) to the Beneficial Owners. The Manager will receive the Disposition Fee (a fee equal to not more than 1% of the gross proceeds of any sale, exchange, or other

transfer, which does not apply if the transfer is made pursuant to the FMV Option or if a similar fee applies at the level of a sub-Trust).

FMV Option

The Operating Partnership, which acts as the operating partnership for INREIT, has the right, but not the obligation, to require that each Beneficial Owner exchange its Interests for the OP Units in a transaction intended to qualify as a tax-deferred exchange under Code Section 721, or for cash at the Operating Partnership's discretion. See "*Risk Factors*." The Operating Partnership may only exercise this right during the FMV Option Exercise period (a one-year period beginning on the first day after all Beneficial Owners have held their Interests for at least two years, taking into account the time when the assignor or predecessor in interest has held the Interests, as relevant). The Operating Partnership may, in its sole discretion, extend the FMV Option Exercise Period for an additional one year. Each Beneficial Owner will receive an amount of OP Units (and/or cash, as applicable) with an aggregate value equal to the then fair market value of such Beneficial Owner's Interests as of the date the FMV Option is exercised. The determination of the value of the OP Units and Beneficial Owners' Interests is inherently subjective. In order to exercise the FMV Option, the Operating Partnership will provide each Beneficial Owner with the Notice of Exchange (the form of which is attached as an exhibit to the Trust Agreement).

Upon the exercise of the FMV Option, the Operating Partnership has the sole discretion to acquire any Beneficial Owner's Interests for cash rather than in exchange for OP Units from such Beneficial Owner who will become a Cash Investor. The purchase price for a Cash Investor's Interests will be for the Cash Amount (which will be the fair market value of the Cash Investor's Interests as of the date the FMV Option is exercised). For the avoidance of doubt, the Operating Partnership has the sole discretion to determine a Cash Investor, and not all Beneficial Owners may become Cash Investors.

The Operating Partnership may exercise its FMV Option at the level of a parent or sub-Trust. 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 value of the relevant Trust Estate, as determined by an appraisal process utilizing one or more independent appraisal firm or firms selected by the Manager in its discretion (such value determined without any discounts but taking into account that the relevant Trust Estate is subject to a Master Lease), and adjusted for any applicable liabilities, certain adjustments, and customary prorations. Any such appraisal shall have been completed within ninety days prior to the date the FMV Option is exercised. 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, described above. The Operating Partnership, in its sole and absolute discretion, may assign its rights in the FMV Option to a subsidiary, an affiliate, a successor entity to the Operating Partnership or the acquiror of a majority of the Operating Partnership's assets.

Call Agreement

At any time, when Manager has knowledge that either (i) a Beneficial Owner is not an accredited investor, or (ii) the Beneficial Owner's ownership of Interests would cause the Trust to be in violation of Revenue Ruling 2004-86, 2004-33 IRB 191, or the Statutory Trust Act, Manager will have the option to purchase all or any portion of the Interests from such Beneficial Owner at fair market value upon written notice. The fair market value of such Interest will be determined by multiplying: (i) the Beneficial Owner's Percentage Share (as defined in the Trust Agreement) by (ii) the fair market value of the Trust Estate subject to the Master Lease, as determined through an independent third-party appraisal process using appraisal firm or firms selected by the Manager in its sole discretion, and adjusted for applicable liabilities, certain adjustments, and customary prorations. Any such value shall be determined without any discounts but taking into account, where applicable, that the Trust Estate is subject to the Master Lease. The Manager, in its sole and absolute discretion, may assign its option to purchase to any affiliate, the Sponsor, the Operating Partnership, or any affiliate thereof.

Restriction of Certain Rights

Beneficiaries of a DST have rights to certain information from the Trust under the Statutory Trust Act. However, 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:

- The Manager will furnish annual reports to Beneficial Owners regarding 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;
- Beneficial Owners may, on written demand to the Manager, receive once a quarter a copy of the Trust Agreement (with all Beneficial Owner identifying information redacted) and a copy of the Certificate of Trust; and
- Beneficial Owners have no further informational rights, including no 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 existing 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 should be treated as owning a direct interest in the Property for purposes of Code Section 1031. See “*U.S. Federal Income Tax Consequences.*” Each Purchaser will be required to report Interests in the Trust in a manner that is consistent with the foregoing.

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. A form of the Springing LLC Agreement will be attached to the Trust Agreement, which will be provided in the Offering Materials. 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 in the management and control of the business and affairs 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 required for 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, 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, with the consent of the manager, (iv) elect a successor partnership representative, with the consent of the manager, and (v) elect to continue the Springing LLC after a dissolution event, with the consent of the manager. 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.

Except as described below, no member or manager will be liable for the Springing LLC's debts or other obligations, except to the extent of such member or manager's share of undistributed profits, if any, and the amount of any distributions made to such member or manager by the Springing LLC constituting a return of such member or manager's capital contribution, unless such member or manager takes part in the control of the Springing LLC's business, which is not permitted under the Springing LLC Agreement.

Transfer of Membership Interests.

No transfer of a membership interest in the Springing LLC may be made unless the manager of the Springing LLC, in its sole discretion, has consented to such transfer. No transfer or assignment may be made to any person who does not possess the financial qualifications required of all persons who become Beneficial Owners, as described in this Memorandum. Further, no assignment of any membership interest may be made if the membership interests to be assigned, when added to the total of all other membership interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Springing LLC, result in the termination of the Springing LLC under the Code. No member will have the right to transfer the interest in the Springing LLC to any minor or to any person who, for any reason, lacks the capacity to contract for himself or herself under applicable law. Such limitations, however, does not restrict the right of any member to transfer any interest to a custodian or a trustee for a minor or other person who lacks such contractual capacity. The manager of the Springing LLC, with advice of counsel, must determine that any transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act, and registration or qualification under the relevant state securities laws, or otherwise violate any federal or state securities laws. The manager of the Springing LLC, with advice of counsel, must also determine that, despite such transfer, membership interests 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. The transfer also cannot result in qualified benefit plans owning 25% or more of the Springing LLC. A person to whom a transfer is to be made will not become a substituted member in the Springing LLC unless the manager, in its sole discretion, has consented to such substitution, the person to whom the transfer is to be made has assumed any and all of the obligations under the Springing LLC Agreement with respect to the membership interests to which the transfer relates, all reasonable expenses required in connection with the transfer have been paid by or for the account of the person to whom the transfer is to be made, and all agreements, certificates or amended certificates and all other documents have been executed and filed and all other acts have been performed which the manager deems necessary to make the person to whom the transfer is to be made a substituted member in the Springing LLC and to preserve the Springing LLC's status.

Additional Voluntary Capital Contributions.

The manager may request at any time that the members make additional capital contributions to the Springing LLC on a pro rata basis in proportion to each member's membership interest. The members are not required to comply with any such request. The manager shall adjust the members' capital contributions and

membership interests 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:

- (i) The manager of the Springing LLC determines to terminate the Springing LLC;
- (ii) The sale, exchange or other disposition of the Properties;
- (iii) The occurrence of any event of dissolution in the Springing LLC's certificate of formation; or
- (iv) The death, insanity, withdrawal, retirement, resignation, expulsion, insolvency or dissolution 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.
- (v) The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a member will not cause the termination or dissolution of the Springing LLC and the business of the Springing LLC will continue.

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

Meetings and Voting.

A meeting of the members may be called at any time by the manager. The manager will call for a meeting following receipt of a written request of members holding more than ten percent (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 attorney-in-fact. Certain matters that require the action and implementation of the manager require the majority approval of the members.

Removal or Withdrawal of Manager and Election of Successor Manager.

The manager of the Springing LLC can be removed and its successor chosen by members holding, in aggregate, more than 50% of the membership interests.

Fees and Compensation to the Manager and its Affiliates.

The manager of the Springing LLC, its affiliates, and affiliates of officers of the manager shall be entitled to receive an administrative fee 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 areas where the Properties are located. In addition, the manager will receive a Management Fee consistent with the Management Fee described in the Trust Agreement commencing on the Transfer Date (as defined in the Springing LLC Agreement) and until such time as the company is no longer in possession of the relevant property, and a disposition fee equal to 1% of the gross proceeds (or transfer value, as applicable) of the sale, exchange or other disposition of the Property (the "**LLCA Disposition Fee**"). For the avoidance of doubt, the LLCA Disposition Fee shall not be payable in the event a FMV Option is exercised or in the event that a similar disposition fee applies at the level of a sub-Trust or its successors.

FMV Option.

The Operating Partnership, its affiliates, successors or assigns, has the right, but not the obligation, to require that each member of the company exchange its interest in the company for the OP Units in a transaction intended to qualify as a tax-deferred exchange under Code Section 721, or for cash at the Operating Partnership's discretion (the "**LLCA FMV Option**"). Each member will receive an amount of OP Units (and/or cash, as applicable) with an aggregate value equal to the then fair market value of such member's interest in the company as of the date the LLCA FMV Option is exercised, unless such member receives the Cash Amount (as defined in the Springing LLC Agreement). The LLCA FMV Option shall be exercised pursuant to a "notice of exchange", a form of which is attached as an exhibit to the Springing LLC Agreement, delivered to the members by the Operating Partnership. Each member agrees that, upon the exercise of the LLCA FMV Option pursuant to the notice of exchange, the Operating Partnership will have an exclusive right to acquire the optioned property through the acquisition of members' interest in the company, and the manager shall not solicit, negotiate, accept, encourage, consider, or otherwise pursue any offer or inquiry from any person or entity, or engage in discussions or other communications or furnish any information regarding, any acquisition or disposition of the optioned property, or any merger, reorganization, recapitalization, consolidation, exchange, or other business combination or disposition involving the company or the optioned property. The Operating Partnership, in its sole and absolute discretion, may assign its rights in the LLCA FMV Option to a subsidiary, an affiliate, a successor entity to the Operating Partnership or the acquiror of a majority of the Operating Partnership's assets.

The Operating Partnership has the sole discretion to acquire the member's interest in the company for cash rather than exchange such interest for OP Units (such member, a "**Cash Member**"). The purchase price for a Cash Member's interest will be equal to the then fair market value of the Cash Member's interest as of the date the LLCA FMV Option is exercised. For the avoidance of doubt, the Operating Partnership has the sole discretion to determine a Cash Member, and not all members may become a Cash Member.

Call Agreement.

At any time, when the manager has knowledge that a member is not an accredited investor, the manager will have the option to purchase all or any portion of the member's interest in the company at fair market value upon written notice. The fair market value of such interest will be determined by multiplying: (i) the member's percentage interest of the company by (ii) the fair market value of the relevant Trust Estate subject to the relevant Master Lease, as determined through an independent third-party appraisal process using an independent appraisal firm or firms selected by the manager in its sole discretion, and adjusted for applicable liabilities, certain adjustments, and customary prorations. Any such value shall be determined without any discounts but taking into account, where applicable, that the applicable Trust Estate may be subject to a Master Lease. The Manager, in its sole and absolute discretion, may assign its option to purchase to any affiliate, the Sponsor, the Operating Partnership, or any affiliate thereof.

Books and Records.

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

Indemnification.

Subject to certain conditions, the Springing LLC will indemnify the manager against certain claims or lawsuits arising out of the Springing LLC's activities or operations.

Power of Attorney.

The manager of the Springing LLC will not be liable to any member of the Springing LLC or to the Springing LLC for honest mistakes of judgment, or for action or inaction, taken reasonably and in good faith for a purpose that was reasonably believed to be in the best interests of the Springing LLC, or for losses due to such

mistakes, action or inaction, or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Springing LLC. However, this provision will not relieve the manager from liability attributable to gross negligence, willful misconduct or intentional wrongdoing or to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

Restriction of Information Rights.

The rights of members of the Springing LLC to information may be restricted similarly to how the rights of Beneficial Owners have been restricted as summarized above.

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 lender requirements and / or the nature of the accompanying Property. The Master Lease is a “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. 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 Rent for the Master Lease in such Offering will be prorated downward by a pre-determined amount corresponding to the Rent payment applicable to the Property or Properties that were subject to the exercised FMV Option.

Impositions

Under the Master Lease, the Master Tenant is required to pay all taxes (including all real property taxes and personal property taxes), assessments, utilities not paid for by the tenants of the applicable Property, excises, levies, license and permit fees and other government impositions and charges attributable to or assessed against the Properties, provided, however, such obligation does not extend to taxes issued by any taxing authority directly to the Trust.

Maintenance and Repair; Alterations

The Master Tenant is required to make all necessary repairs and replacements to the Property, whether ordinary or extraordinary, foreseen or unforeseen, structural or non-structural, during the term of the Master Lease, keep the Property in substantially the same condition and repair as when received and at the expiration or sooner termination of the Master Lease, return the Property to Trust in substantially the same condition and repair as when received, ordinary wear and tear and casualty and condemnation losses excepted. Master Tenant is required to perform any necessary capital repairs, replacements and restorations to the Property as and when the same are necessary (in Master Tenant’s sole judgment). The Trust has the right, but not the obligation, to make any repairs to the Property if the Master Tenant fails to do so, in which case the Master Tenant is required to reimburse the Trust for any repair costs.

The Master Tenant has the right to make improvements and alterations to the Property, subject to certain conditions, including that any such improvement or alterations (i) would not diminish, by more than a de minimis amount, the current or residual value, remaining useful life or utility of the Property immediately prior to such improvements, (ii) would not cause any of the Property to become a “limited use” property within the meaning of IRS Revenue Procedure 2001-28, 2001-1 C.B. 1156 or (iii) would not otherwise cause the Master Lease to be treated as other than a “true lease” for federal income tax purposes. The Master Tenant must provide written notice to the Trust of any improvements or alterations other than non-structural repairs and maintenance consistent with keeping

the Property in good repair. It is possible that such notice (and related improvements or alterations) could cause a Transfer Distribution under the Trust Agreement.

Damage or Destruction; Master Tenant Termination Rights

The Master Tenant is required, at the Master Tenant's expense, to repair damage to the Property caused by any casualty and will be entitled to receive any insurance proceeds made available for repair of the Property. If all or a portion of the Property is damaged or destroyed and the cost of restoring such Property is 30% or more of the fair market value of the improvements on the Property immediately prior to such damage or destruction, then the Master Tenant has the right to terminate the Master Lease (but only as to such Property if the Master Lease includes more than one Property).

Upon a total taking of a Property, the Master Lease and the term of the Master Lease shall terminate and expire on the date of such taking and Master Tenant's Rent and other expenses shall be reduced and apportioned to the date of such taking. Upon a partial taking of the Property, the Master Tenant may terminate the Master Lease as to such Property if the taking includes more than 25% or more of the improvements or the parking areas within the Property, or if access to all of the parking areas upon the Property is obstructed for at least six consecutive months as a result of such taking. If the Master Lease is not terminated as to such Property, the Rent will be reduced *pro rata* based on the portion of the Property condemned.

Guarantor

The Operating Partnership (which wholly owns the Master Tenant) has entered into the Guaranty whereby the Operating Partnership, as 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 payable by the Master Tenant to the Trust; (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 (iii) the payment of all costs and expenses incurred by the Trust 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. 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 guarantees on demand.

Default; Landlords' Limited Right to Terminate

A Master Tenant's default under the Master Lease includes the Master Tenant's failure to punctually pay any Rent or additional rent payable under the Master Lease, 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, the filing of a voluntary petition in bankruptcy by the Master Tenant, the adjudication of bankruptcy or insolvency of the Master Tenant or the 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 or a receiver for it, and a default by the Operating Partnership under the Guaranty beyond any applicable notice and cure periods.

Under the Master Lease, the Trust, as landlord, is entitled to terminate the Master Lease only in the event that a default has occurred and all applicable notice and cure periods have expired.

Subordination, Assignment and Security Agreement

In connection with any loan documents, the lender may require the Trust and the Master Tenant to enter into the "Subordination, Assignment and Security Agreement" (or a similar 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.

Supplemental Trust Reserve

The Trust may establish, and the Manager in such case will control, a Supplemental Trust Reserve for the Property. Any Supplemental Trust Reserve would be used to pay for Property or Trust-related costs, expenses, and fees. The Master Tenant may, in its sole discretion, draw upon and use the Supplemental Trust Reserve to satisfy the obligations of the Trust (as landlord) arising prior to or under the Master Lease. All funds held in the Supplemental Trust Reserve, if any, will belong to the Trust during the term of the Master Lease and upon termination of the Master Lease.

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 such as a foreigner or tax-exempt entity. 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.

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.

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 investment trusts described in Treasury Regulation Section 301.7701-4(c) that are classified as “trusts” 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.

Tax Counsel’s opinion that the Beneficial Owners should be treated as grantors of a Trust would mean that 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 a 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. The Tax Cuts and Jobs Act (“TCJA”) eliminated the specific exceptions under Code Section 1031 for securities and other intangible assets. Although the specific language providing for the exceptions has been eliminated, Tax Counsel believes that an analysis of these terms remains relevant and will conclude that the Interests should not be treated as securities for purposes of Code Section 1031. However, due to the ongoing lack of guidance regarding the scope of the TCJA’s amendment to Code Section 1031, it is possible that the IRS could take a contrary position on these issues.

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. There are several possible distinctions, however, Tax Counsel believes that these distinctions are not material and are consistent 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 powers limited to those permitted to be exercised by the Delaware Trustee and the Signatory Trustee; (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 partnership, that would constitute a “partnership” for U.S. federal income tax purposes, as a result of a Transfer Distribution, and distribute the limited partnership 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 Sponsor may retain a beneficial interest in the Trust during the period of the Offering; and (vi) the Trust Agreement empowers the Manager to determine, in its sole discretion, when a sale of the Property would be appropriate, and thus, when the Property shall be sold by the Trust. Tax Counsel will conclude that all of these distinctions are 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 Code 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 certain “qualified improvement property.” Qualified improvement property is any improvement to an interior portion of a building that is non-residential real property if the improvement is placed in service after the date the building itself was first placed in service. Despite Congressional intent to afford qualified improvement property to a more favorable recovery period, the Code as written subjects qualified improvement property to the 39-year recovery period that generally applies to real property.

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 that may result in the recognition of taxable "boot" by a Purchaser who funds costs and expenses of an Offering from the relinquished property sales proceeds. 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 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 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, in Revenue Ruling 72-456, 1972-2 C.B. 468, the IRS indicated that transactional costs, such as brokerage commissions, paid by the investor can be deducted against transactional costs paid 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 of 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 Section 162 or 212 of the Code, 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 generally would not be subject to U.S. federal income tax pursuant to Code Section 721, although the transfer could be subject 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 expenses of the Property of such Trust and the expenses of such Trust, and will be entitled to its proportionate share of 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 be determined based on all of the facts and circumstances 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 (“**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.

Treatment of gifts of Interests. 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 / cancellation 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 his, her, or its 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 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.

Interest incurred to carry tax-exempt securities. Code Section 265(a)(2) disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of buying or carrying tax-exempt obligations. The application of Code Section 265(a)(2) turns on each Purchaser’s purpose for acquiring an Interest. Thus, Code Section 265(a)(2) might be applied to a Purchaser whose purpose for investing in an Interest (if leveraged) rather than in a nonleveraged investment is to enable such Purchaser to continue to carry tax-exempt obligations. It should be noted that Code Section 7701(f) directs the IRS to prescribe regulations as may be necessary or appropriate to prevent the avoidance of provisions of the Code that deal with the linking of borrowings to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Code Section 265(a)(2) may be applied to a Purchaser if the Purchaser does not himself or herself own tax-exempt obligations or stock of a regulated investment company that distributes exempt interest dividends but rather such obligations or stock are owned by a person, entity or other intermediary related to the Purchaser.

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 threshold amount, which is indexed for inflation, is \$313,000 (or twice the applicable threshold amount in the case of a joint return) for 2025. 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 ATI (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 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. Under previous law, taxpayers were not permitted to include depreciation, amortization, and depletion in determining their ATI. In contrast, the OBBBA permanently restored the inclusion of depreciation, amortization, and depletion in determining a taxpayer’s ATI for taxable years beginning after December 31, 2024. Accordingly, for taxable years beginning after December 31, 2024, 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 generally deferred to the extent that annual business interest expense exceeds business interest income plus 30% of ATI, subject to certain adjustments. However, the OBBBA also established a new ordering rule requiring that the Code Section 163(j) limitation be determined before the application of any interest capitalization provisions, except for interest capitalized under Sections 263A(f) and 263(g), which may impact the availability of Code Section 163(j) business interest deductions for certain taxpayers.

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 forego 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 for any nonresidential real property (which would then be depreciable by the straight line method over 40 years) or residential rental property (which would then be depreciable by the straight line method over 30 years), or for certain improvements to an interior portion of a building which is nonresidential real property (which would then be depreciable by the straight line method over 20 years). Revenue Procedure 2020-22 provides election relief for taxpayers to, retroactively, either make or withdraw the real estate trade or business elections with respect to this limitation. Each prospective Purchaser should consult with his, her, or its tax advisor concerning the possible application of Code Section 163(j) to his, her, or its particular circumstances.

Under current law, the definition of “interest” includes income and deductions from many items that have time-value components not treated as interest with respect to domestic taxpayers in the past (such as swaps). Further, adjusted taxable income is determined at the partnership level and to the extent the partnership has excess taxable income, the excess taxable income is allocated to the partners and used in determining each partner’s adjusted taxable income. In addition, proposed regulations include proposed amendments to provide rules relating to the definition of a “real property trade or business” under Code Section 469(c)(7)(C) that is eligible to make the election discussed above. The proposed regulations define terms such as “real property,” “real property operation,” and “real property management,” but reserve on the other categories of businesses that qualify as real property trades or businesses under Code Section 469(c)(7)(C). The preamble to the proposed regulations indicates that the categories of real property trades or businesses under Code Section 469(c)(7)(C) may be defined to not include trades or

businesses that generally do not play a significant role in the creation, acquisition, or management of rental real estate.

The regulations under Code Section 163(j), among other things, (i) provide that the amount of any depreciation, amortization, or depletion that is capitalized into inventory under Code Section 263A during taxable years beginning before January 2022 is added back to tentative taxable income when calculating ATI for that taxable year, regardless of the period in which the capitalized amount is recovered through cost of goods sold, and (ii) remove certain items from the definition of “interest” such as debt issuance costs, guaranteed payments for the use of capital, hedging income and expense, commitment fees, and other fees paid in connection with lending transaction.

The final regulations are effective on November 13, 2020. Taxpayers are not bound by the proposed regulations under Code Section 163(j), but taxpayers and related parties (determined under Code Sections 267(b) and 707(b)(1)) generally have the discretion to apply these proposed regulations retroactively to a taxable year beginning after December 31, 2017, but must apply such rules on a consistent basis. The retroactive application would be binding on the taxpayer and all its related parties. Taxpayers cannot “pick and choose” which provisions of the proposed regulations they want to apply retroactively because the proposed regulations require that to make an election, the taxpayer must consistently apply all of the Treasury Regulations under Code Section 163(j). Each prospective Purchaser should consult with his, her, or its tax advisor concerning whether the retroactive application of the proposed regulations would be advantageous to his, her, or its particular circumstances. Further, each prospective Purchaser should be aware that the proposed regulations under Code Section 163(j) are subject to comment and change until finalized.

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 Interests and any subsequent conversion of 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 of the Code, if this position were sustained, Beneficial Owners acquiring Interests would not qualify for tax-deferral under Code Section 1031. 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 tax deferral under Section 1031.

The step transaction doctrine embodies a general requirement that all steps which are an integral part of a transaction will be considered in determining the proper tax treatment for a transaction. The step transaction doctrine may be applied by the IRS if (i) there was a pre-existing binding commitment to take each of the steps at the time the transaction was commenced (the “**Binding Commitment**” test); (ii) the steps were functionally interdependent in the sense the earlier step would have been unproductive without the later steps (the “**Mutual Interdependence**” test); or (iii) if there exists an intention to undertake each supposedly separate transaction in order to achieve a

specific end result (the “**End Result**” test).

The step transaction doctrine should not be applicable to the proposed arrangement in the Program. The FMV Option is a call option which provides the Operating Partnership the right, but not the obligation, to acquire Interests in exchange for OP Units. There is no binding commitment by the parties to exchange the Interests for OP Units. The Operating Partnership may never exercise the FMV Option. In such a case, none of the Beneficial Owners will have the opportunity to exchange their Interests for OP Units.

In addition, the Interests are intended to qualify immediately as real property interests for U.S. federal income tax purposes, and the Trust and Property will be owned by each of the Beneficial Owners for at least two years. Because the Interests are valuable as replacement property for a Section 1031 Exchange whether or not the FMV Option is ever exercised, the acquisition of an Interest is not a step which is unproductive without a later step. This should prevent a conclusion that these steps are functionally interdependent.

Unless and until the FMV Option is exercised, a Beneficial Owner will have no ownership rights whatsoever in the Operating Partnership. Moreover, the number of OP Units that a Beneficial Owner may receive is also completely uncertain at this time. As a result, the economic effect of the exercise of the FMV Option cannot be known at this time.

Finally, a Beneficial Owner will have no control over whether an Interest will be exchanged pursuant to the FMV Option, and there is a possibility that the FMV Option will not be exercised. Because a Purchaser must acquire an Interest with the understanding that it may not ultimately receive OP Units, it would be difficult for the IRS to characterize a Beneficial Owner’s acquisition of an Interest as having only been done in order to ultimately achieve a specific end result (i.e., to acquire the OP Units).

Thus, the step transaction doctrine should not be applied to recharacterize your acquisition of Interests as an immediate acquisition of OP Units which do not qualify as replacement property for purposes of Code Section 1031, or as the acquisition of property held for sale rather than for investment.

In addition, the structure and design of the FMV Option considered above – namely that each Beneficial Owner will (i) own its Interests for at least two years and (ii) have no ability to control whether or when its Interests will be exchanged pursuant to the FMV Option – should not adversely affect whether a Beneficial Owner will be treated as purchasing its Interest for investment purposes, rather than acquiring and holding the Interests for resale.

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 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.

Accuracy-related penalties and penalties for the failure to disclose. The Code provides that penalties are applied to any portion of any understatement that was attributable to: (i) negligence or disregard of rules or regulations; (ii) any substantial understatement of income tax; or (iii) any substantial valuation misstatement. A 20% accuracy-related penalty is imposed on (i) listed or (ii) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer’s U.S. federal

income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from running in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from \$10,000 to \$200,000, depending on the facts of the transaction. Similarly, any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for U.S. federal income tax purposes.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code; the term “disregard” includes careless, reckless, or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of (i) 10% of the tax required to be shown on the return for the taxable year or (ii) \$5,000 (\$10,000 in the case of a C corporation). The 10% threshold is reduced to 5% for taxpayers claiming the deduction for “qualified business income” under Code Section 199A.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 150% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles if the property’s valuation is misstated by 200% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds \$5,000 (\$10,000 in the case of a C corporation).

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

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

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

Reportable transaction disclosure and list maintenance. A taxpayer’s ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors must comply with disclosure and list maintenance requirements for reportable transactions. We and Tax Counsel have concluded that the sale of an Interest should not constitute a reportable transaction.

Accordingly, we and Tax Counsel do not intend to make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by us and Tax Counsel. 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. Under current law, an individual or married filers cannot deduct more than \$40,000 of combined state and local income and property taxes for the 2025 taxable year. 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 amount of 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 believes and 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 Section 7704(d) of the Code. In general, qualifying income includes interest, dividends, real property rents (as defined by section 856 of the Code) 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 Section 469 of the Code. 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 INREIT’s status as a REIT for U.S. federal income tax purposes, which would have a material adverse effect on INREIT. See INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761).

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 the Operating Partnership income or gains and (ii) entitled to deduct its allocable share of any 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 PURCHASERS 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 Section 752 of the Code. 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 Section 752 of the Code 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 partner's share of partnership nonrecourse liabilities equals the sum of:

- the partner's share of "partnership minimum gain," determined in accordance with the rules of Section 704(b) of the Code and the Treasury Regulations thereunder;
- the amount of any taxable gain that would be allocated to the partner under Section 704(c) of the Code (or in the same manner as Section 704(c) of the Code in connection with a revaluation of partnership property) if the partnership disposed of (in a taxable transaction) all partnership property subject to one or more nonrecourse liabilities of the partnership in full satisfaction of the liabilities and for no consideration other than an amount that equals the excess of the debt allocable to a property over the property's tax basis (referred to as "**Section 704(c) Minimum Gain**"); and
- the partner's share of excess nonrecourse liabilities (those not allocated under the first and second bullet points above), which is determined generally by such partner's relative interest in the partnership.
- In accordance with the above rules, each nonrecourse liability of the Operating Partnership (or a subsidiary partnership) that is secured by the replacement property will be allocated to each OP Unitholder first in the amount of such OP Unitholder's share of any Section 704(c) Minimum Gain with respect to such property and thereafter in accordance with each OP Unitholder's relative interest in the Operating Partnership. 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, Section 721(a) of the Code 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.

Section 704(c). Pursuant to Section 704(c) of the Code, 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 INREIT to the Operating Partnership of cash proceeds received by INREIT 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.

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).

Under the OP Partnership Agreement, subject to exceptions applicable to the special limited partnership interests, depreciation or amortization deductions of the Operating Partnership generally will be allocated among OP Unitholders in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Section 704(c) of the Code to use a different method for allocating depreciation deductions.

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. As a result, the Operating Partnership generally will not offer “tax protection agreements” or any similar arrangement pursuant to which a Contributing Partner would otherwise be reimbursed and grossed up for any such taxes; *provided, however*, that the Operating Partnership reserves the right, in its sole and absolute discretion, should it find it necessary, to offer a “tax protection agreement” or similar arrangement in certain circumstances. 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 (including redemptions of OP Units for cash or shares of Common Stock) 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 (including redemptions of OP Units for cash or Common Stock) 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 (“**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 such event, a portion of the liability which did not generate excess debt proceeds could also be treated as additional disguised sale consideration received by the Contributing Partner. 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 defined in the OP Partnership Agreement) 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 Section 465 of the Code, 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 Section 469 of the Code 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 Section 754 of the Code. Such election is irrevocable without the consent of the IRS. The election generally permits a purchaser of OP Units, such as INREIT when it acquires OP Units from OP Unitholders, to adjust its share of the basis in the Operating Partnership’s properties pursuant to Section 743(b) of the Code 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 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 168(i)(7) of the Code 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 shares of the Common Stock 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 INREIT 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. While we will use reasonable efforts to provide this information by the original due date of OP Unitholder's tax returns, 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. The

Operating Partnership may decide, in its sole discretion, to file composite tax returns in applicable jurisdictions 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 would 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, detailed tax basis, 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 tax basis and 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 separate entities for purposes of U.S. federal income tax, 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 Partnership Representative of the Operating Partnership is INREIT. 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.

U.S. Federal Income Tax Considerations Relevant to an Investment in INREIT

For a summary of material U.S. federal income tax considerations associated with an investment in Common Stock, including a discussion of the U.S. federal income tax requirements for INREIT to qualify as a REIT, see the INREIT Materials at <https://www.sec.gov/search-filings> (CIK 0001756761). Tax Counsel did not prepare the INREIT Materials and, therefore, is not expressing any opinion with respect to the accuracy or completeness of the discussion of tax issues in the INREIT Materials.

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 (including, but not limited to, the previously enacted Protecting Americans From Tax Hikes Act of 2015) and interpretations thereof, with possible retroactive effect, could adversely affect an investment in the Operating Partnership or INREIT.

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. Historically, in the event a Beneficial Owner required the allocation of additional debt to the OP Units, the Operating Partnership would attempt to accommodate the Beneficial Owners by providing the opportunity to guarantee an additional amount of the Operating Partnership's debt. Such guarantees have typically involved "bottom dollar guarantee" provisions. Prospective Purchasers should note, however, that the rules promulgated by Code Section 752 effectively eliminated the availability of bottom dollar guarantees. 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. 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 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 the 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.

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 that is an affiliate of the Sponsor. Except as provided below, the Dealer Manager will receive a Sales Commission with respect to each transaction of up to 5% of the applicable Total Sales, which may be reduced or waived in the Dealer Manager's sole discretion. The Dealer Manager will also receive up to 1% of the Total Sales 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. The Dealer Manager may re-allow the Dealer Manager Fee in whole or in part to the Participating Dealers. Further, the Dealer Manager will receive a Placement Fee of up to 1% of the Total Sales 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 authorize Participating Dealers to sell Interests. In connection with the sale of Interests by the Participating Dealer, the Dealer Manager may re-allow all or a portion of its Sales 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 Sales Commission 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 Sponsor may, directly or indirectly, pay or reimburse the Adviser, the Dealer Manager, and their affiliates if they pay on our behalf, certain organization and offering expenses (other than Sales Commission and the Dealer Manager Fees) 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 advisors, 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 and each Trust has agreed to indemnify the Participating Dealer and 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 Subscription Documents 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 Subscription Documents 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 exemptions from the registration requirements of the Securities Act 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. Specifically, the amendments require that the Trusts notify Purchasers if the broker/dealers selling Interests in their respective Offerings 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.

In order to inform Purchasers of any updates in connection with broker-dealers which have sold Interests in a particular Offering who have experienced certain specified “disqualifying events” under Rule 506(d) of Regulation D, the Sponsor has created an Appendix A for each Property Supplement to provide ongoing disclosures as it is made aware of any disqualifying events from time to time.

Please review the Property Supplement for additional information.

CLOSING CONDITIONS

If you are an “accredited investor” and, after carefully reading the entire Memorandum and the Digital Investor Kit (as defined in the accompanying Property Supplement for each Offering), would like to purchase an Interest, you must follow the procedures described below and in the Subscription Documents.

To offer to buy an Interest, you must follow the instructions and complete certain documentation contained in the Subscription Documents. Relevant portions of the Subscription Documents must be completed consistent with the instructions provided by the Sponsor and may include certain portions that must be completed in electronic and/or paper form. If you wish not to receive or complete any portion of the Subscription Documents in electronic form, you may so elect by notifying the Trust in writing. You will also be asked to confirm the availability of funds to you in the full amount of the purchase price for your Interests.

After your review of the Offering Materials, you must submit to the Trust through your financial professional the completed Subscription Documents, and payment via wire funds or equivalent from the qualified escrow account to the Trust in payment of the subscription amount. Reservations are made on a “first come, first served” basis. Upon review and approval of the Subscription Documents and the Trust’s receipt of 100% of your amount required to close, you will be contacted to schedule your Closing Date. Once your acquisition of an Interest in the Trust has closed on your scheduled Closing Date, you will be provided a confirmation and a fully executed document package.

A prospective Purchaser's Subscription Documents 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 Subscription Documents are not satisfied, or (ii) a prospective Purchaser is not accepted by the Trust. The Trust may accept or reject a prospective Purchaser's Subscription Documents in its sole discretion. If the Trust does not accept the Subscription Documents within 30 days of its submission then it shall be deemed rejected. In the event your Subscription Documents are 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 Interests 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.