CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

CLASS 1 BENEFICIAL INTERESTS IN FORUM EXCHANGE I DST

Class 1 Beneficial Interests
Minimum Purchase: $250,000 of equity
Maximum Offering Amount: $41,864,176 (of equity)

Forum Exchange I DST (the "Trust") is a Delaware statutory trust that was formed on September 25, 2025. The Trust is offering for sale up to $41,864,176 Class 1 Beneficial Interests (the "Interests") in the Trust pursuant to this Class 1 Beneficial Interests in Forum Exchange I DST Confidential Private Placement Memorandum, including the Digital Investor Kit and the Exhibits, as may be amended or supplemented (this "Memorandum"). The Trust is offering the Interests to purchasers (the "Holders") as set forth in this Memorandum (the "Offering"). The Trust will offer the Interests until the earliest of (i) the sale of 100% of the Interests, (ii) the first anniversary of the effective date of the Conversion Notice (as defined in the Trust Agreement) subject to one 12-month extension at the Trust Manager's sole discretion or (iii) a determination by the Trust to terminate the Offering (the "Offering Termination Date"). Each purchaser must purchase at least $250,000 of Interests (representing an approximate 0.5972% interest in the Trust), unless a smaller investment is allowed in the sole discretion of the Trust. **This Memorandum and the FMREIT PPM (as defined herein) should be read in their entirety before making an investment decision**.

The Offering is sponsored by Forum Exchange LLC, a Delaware limited liability company ("Forum Exchange"), which is a wholly-owned subsidiary of FMREIT TRS LLC, a Delaware limited liability company (the "TRS"), a taxable REIT subsidiary of FMREIT Operating Partnership LP, a Delaware limited partnership (the "Operating Partnership"). The general partner of the Operating Partnership is FMREIT GP LLC, a Delaware limited liability company, which is a wholly-owned subsidiary of Forum Multifamily Real Estate Investment Trust, Inc., a Maryland corporation ("FMREIT"). Substantially all of the business and operations of FMREIT are conducted through the Operating Partnership. FMREIT, the Operating Partnership and their subsidiaries are advised by FMREIT Advisors LLC, a Delaware limited liability company (the "Advisor"). FMREIT has elected to be treated as a real estate investment trust for federal income tax purposes beginning with the taxable year ending December 31, 2023. The Operating Partnership has an option to acquire the Interests of the Holders (the "FMV Option") in exchange for limited partnership units in the Operating Partnership (the "OP Units") or for cash in the Operating Partnership's sole discretion. The FMV Option may be exercised beginning on the second anniversary of the Offering Termination Date and continuing for two years thereafter. As described herein, the Operating Partnership has different classes of OP Units with different economic features. The class of OP Units a Holder will receive upon exercise of a FMV Option will be determined by the investors' financial advisor and disclosed to the Holder prior to the sale of the Interests. Additional information regarding FMREIT and the Operating Partnership is contained in an amended and restated confidential private placement memorandum related to a private offering of FMREIT's common stock, as amended or supplemented (the "FMREIT PPM").

Forum Exchange Manager LLC, a Delaware limited liability company (the "Trust Manager"), a wholly-owned subsidiary of the Advisor, is the administrative manager of the Trust. CSC Delaware Trust Company (the "Delaware Trustee") is the trustee of the Trust. As part of the acquisition of an Interest, a Holder will be required to enter into the Amended and Restated Trust Agreement (the "Trust Agreement") with the Depositor (as defined below), the Trust Manager, the Delaware Trustee and the other Holders.

On November 21, 2025, the Trust acquired a multifamily property commonly known as "The Indigo," located at 300 Prominence Point Parkway, Canton, Georgia 30114 (the "Project") from Arris Canton LLC, a Delaware limited liability company, an unaffiliated seller (the "Seller"), pursuant to a purchase and sale agreement (the "Acquisition Agreement") for a purchase price of $37,200,000. Forum Exchange Depositor I LLC, a Delaware limited liability company (the "Depositor"), a wholly-owned subsidiary of Forum Exchange, deposited $37,321,621 for the acquisition of the Project and $1,088,761 of operating reserves (the "Operating Reserves") into the Trust in exchange for Class 2 beneficial interests in the Trust representing all of the beneficial interests in the Trust.

The Project is subject to a master lease (the "Master Lease") with Forum Exchange Master Tenant I LLC, a Delaware limited liability company (the "Master Tenant"), a wholly-owned subsidiary of the Operating Partnership. The Master Lease is a net lease and has a term of 20 years. The Master Tenant's obligations under the Master Lease are guaranteed by the Operating Partnership.

An investment in an Interest is highly speculative and involves substantial risks including, but not limited to, risks associated with investments in real estate; the fact that the Trust, the Trust Manager and the Master Tenant are newly formed with no operating history and limited capital and sources of income; environmental liability; limited environmental representations and warranties provided by the Seller; lack of liquidity relating to the Interests, the OP Units and the FMREIT common stock; the potential that the value of the Project at the time that the FMV Option is exercised may be less than the amount paid by the Holders; the Holders not having any control on the timing of the exercise of the FMV Option, if it is exercised at all; a Holder's Interest may be converted into OP Units without the Holder's consent; the Trust Manager, without input from the Holders, has the right to select the appraiser if the FMV Option is exercised; competition; the inflexibility of a Delaware statutory trust as a vehicle to own real estate; the Holders not having the right to select the class of OP Units received if the FMV Option is exercised; FMREIT and the Operating Partnership are recently formed with limited operating history and limited assets; uncertainty regarding the completion of the business objectives of

FMREIT and the Operating Partnership; uncertainty regarding the assets to be acquired by the Operating Partnership; the potential need to transfer the Trust Estate (as defined in the Trust Agreement) (or convert the Trust) to the Springing LLC (as defined below); the impact of inflation; conflicts of interest among the Trust Manager, the Depositor, the Master Tenant, the Advisor and the Operating Partnership and their Affiliates (as defined in the Trust Agreement); risks inherent in owning the Project; lack of diversity of investment; reliance on the Master Tenant, the Property Manager (as defined below) and the Trust Manager to operate and manage the Project and the Trust; the Project being subject to the Master Lease; limited reserves held by the Trust and tax risks; and the Project is subject to income limitations for residents. **See "Risk Factors" and "Conflicts of Interest."**

The mailing address of the Trust is 240 Saint Paul Street, Suite 400, Denver, Colorado 80206 and the telephone number is (303) 501-8888 or Toll-Free: 888-479-4008.

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

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

	Price to Holders	Selling Commissions[(1)]	Proceeds to Depositor[(2)]
Per 1% Interest[(3)]	$418,641.76	$25,118.51	$393,523.25
Maximum Offering Amount	$41,864,176	$2,511,851	$39,352,325

This Memorandum is dated December 22, 2025

(1) Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (the "Participating Dealers") who are members of the Financial Industry Regulatory Authority, Inc. ("FINRA") and through registered investment advisors ("RIAs") (together with the Participating Dealers, the "Selling Group Members"). Foreside Fund Services, LLC, a Delaware limited liability company (the "Managing Broker-Dealer"), a member of FINRA, will act as the Managing Broker-Dealer. Participating Dealers will receive selling commissions (the "Selling Commissions") in an amount up to 6% of the purchase price of the Interests sold by the Participating Dealers; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Participating Dealer and the commission rate will be the lower agreed upon rate. As a result, certain Holders may acquire Interests net of the Selling Commissions. The Depositor will be responsible for paying all of the Selling Commissions. The Participating Dealers may also receive ongoing investor servicing fees. See "Plan of Distribution."

(2) The Trust will redeem all of the Class 2 beneficial interests held by the Depositor for $41,864,176, which is greater than the amount contributed by the Depositor for all of the Class 2 beneficial interests in the Trust ($38,410,382) (such amount, the "Initial DST Asset Value"). The Depositor is responsible for paying certain costs and expenses, including: (i) the Selling Commissions of $2,511,851 (subject to the adjustments indicated above), (ii) carrying costs owed as a reimbursement to the TRS of $523,302 ("Carrying Costs"), and (iii) organizational and offering expenses, closing costs, and other expenses of $418,642 ("O&O Costs" and together with Carrying Costs, the "Expenses" and the Expenses together with the Selling Commissions, the "Selling Commissions and Expenses") owed to the Advisor pursuant to that certain Advisory Agreement dated July 1, 2023, by and among FMREIT, the Operating Partnership and the Advisor (as same may amended, restated or supplemented from time to time, the "Advisory Agreement"). Notwithstanding the foregoing, in the event that a lower commission rate is agreed to by a Participating Dealer or the Selling Commission is not paid because the Holder's financial advisor is an RIA, the Carrying Costs and O&O Costs with respect to the applicable Holder will be reduced by a proportionate amount pursuant to a purchase price adjustment to the Class 1 Beneficial Interests. As an administrative convenience, the Trust will remit on behalf of the Depositor Carrying Costs directly to the TRS and O&O Costs directly to the Advisor. The estimates of these costs and expenses incurred by the TRS and the Advisor, respectively, are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the TRS and/or Advisor, as applicable. If actual costs and expenses are more than estimated, the TRS and/or Advisor, as applicable, will be required to pay for the excess amount. The Depositor estimates that the amount retained by it from the proceeds of the Offering (the "Offering Proceeds") after paying the costs and expenses described above will be approximately $0. The Depositor, the Trust Manager, the Master Tenant and their Affiliates will receive additional compensation from other sources. See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates" and "Estimated Use of Proceeds."

(3) The minimum purchase for cash purchasers is $250,000 of Interests, except that the Trust may permit a smaller investment in its sole discretion.

The purchase of an Interest involves significant risks. This Memorandum should be read in its entirety and the discussion set forth under "Risk Factors" should be carefully considered. This Memorandum contains forward-looking statements that involve risks and uncertainties. This Memorandum contains a Financial Forecast attached as Exhibit A to this Memorandum (the "Financial Forecast"). The Project's and the Trust's anticipated performance, as described in this Memorandum, is based on the assumptions contained in the Financial Forecast attached hereto as Exhibit A. These assumptions may not be accurate. In addition, there is no assurance that the Financial Forecast attached as Exhibit A will be accurate. The Project's and the Trust's actual results may differ significantly from the results included in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under "Risk Factors." In addition, each prospective Holder should read the FMREIT PPM in its entirety before acquiring Interests. The Financial Forecast does not provide information regarding the projected results if the FMV Option is exercised in exchange for OP Units.

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

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

2. The Interests may be offered and sold only to prospective Holders who meet the Purchaser Suitability Requirements (as defined below) set forth under "Who May Invest" in this Memorandum.

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

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

5. This Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

6. This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Interests offered hereby. Each prospective Holder agrees to keep this Memorandum confidential and not disclose to third parties (other than disclosure on a on a need to know basis to the prospective Holder's attorneys, accountants or advisors), and any unauthorized reproduction or distribution of this Memorandum, in whole or in part, or the unauthorized disclosure of any of its contents without the prior written consent of the Trust, is prohibited. By accepting delivery of this Memorandum, each prospective Holder agrees to return this Memorandum and all documents furnished herewith to the Trust or its representatives upon request if such prospective Holder does not purchase an Interest or if the Offering is withdrawn or terminated. Prospective Holders should also review the FMREIT PPM in its entirety before acquiring Interests.

7. Prospective Holders may be accepted or rejected by the Trust as set forth under "Method of Purchase" after the prospective Holder delivers the prospective Holder's Purchase Agreement (as defined below), the Purchaser Questionnaire (as defined below), the signature page of the Trust Agreement and other related documents (collectively the "Subscription Documents"). The Trust may reject a prospective Holder's Subscription Documents for any reason. The Subscription Documents will be rejected for failure to conform to the requirements of the Offering or such other reasons as the Trust may determine to be in the best interest of the Trust. The Subscription Documents may not be revoked, canceled or terminated by the prospective Holders, except as therein provided.

8. The Offering is made exclusively by this Memorandum and the FMREIT PPM. This Memorandum contains a summary of certain provisions of the Trust Agreement and the Master Lease, but only the Trust Agreement and the Master Lease contain complete information concerning the rights and obligations of the parties thereto. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. Documents relating to this investment and related documents and agreements will be made available to prospective Holders or their advisors in digital form (the "Digital Investor Kit") and are considered to be part of this Memorandum. If you have elected to receive Offering documents electronically you can obtain these documents in the Digital Investor Kit. If you have not elected to receive Offering documents electronically, paper copies of the Offering documents

will be delivered to you by your broker-dealer or registered investment advisor. In any event, paper copies will be available upon request to your broker-dealer or registered investment advisor.

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

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

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

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

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

The securities offered hereby have not been registered under the Securities Act or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of the Securities Act and such laws. The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under said act and such laws pursuant to registration or exemption therefrom. In addition, certain disclosure requirements which would have been applicable if the Interests were registered are not required to be met and neither the SEC nor any other federal or state agency has passed upon the merits of or given their approval to the securities, the terms of the Offering or the accuracy or completeness of any offering materials. The Interests are being sold only to persons who are Accredited Investors as defined under Regulation D under the Securities Act.

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

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

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

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

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

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

NOTICE TO FLORIDA RESIDENTS

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

NOTICE TO PENNSYLVANIA RESIDENTS

EACH PURCHASER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW ITS SUBSCRIPTION DOCUMENTS AND ITS PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE TRUST GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE TRUST OF ITS EXECUTED SUBSCRIPTION DOCUMENTS. ANY LETTER OR TELEGRAM NOTICE SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE

AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME WHEN IT WAS MAILED. IF YOU MAKE THE REQUEST ORALLY, YOU SHOULD ASK FOR WRITTEN CONFIRMATION FROM THE TRUST THAT YOUR REQUEST HAS BEEN RECEIVED. UPON SUCH CANCELLATION OR WITHDRAWAL, THE PURCHASER WILL HAVE NO OBLIGATION OR DUTY UNDER THE SUBSCRIPTION DOCUMENTS TO THE TRUST OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY IT, WITHOUT INTEREST. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED ON OR ENDORSED THE MERITS OF THE OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON.

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EXHIBITS:

In an effort to promote environmental responsibility, the Trust has made most of the additional information relating to the Offering available in electronic form through the Digital Investor Kit. (Paper copies will be provided if a prospective Holder does not indicate a preference for electronic copies.) The following documents are available in the Digital Investor Kit:

- This Memorandum and its Exhibits
- Appraisal
- Trust Agreement
- Master Lease
- Master Lease Guaranty
- Operating Partnership Agreement
- FMREIT PPM
- FMREIT Financials

IF YOU HAVE ELECTED TO RECEIVE OFFERING DOCUMENTS ELECTRONICALLY YOU CAN OBTAIN THESE DOCUMENTS IN THE DIGITAL INVESTOR KIT. IF YOU HAVE NOT ELECTED TO RECEIVE OFFERING DOCUMENTS ELECTRONICALLY, PAPER COPIES OF THE OFFERING DOCUMENTS WILL BE DELIVERED TO YOU BY YOUR BROKER-DEALER OR REGISTERED INVESTMENT ADVISOR. IN ANY EVENT, PAPER COPIES WILL BE AVAILABLE UPON REQUEST TO YOUR BROKER-DEALER OR REGISTERED INVESTMENT ADVISOR.

The following additional documents are available upon request:

- Phase I Environmental Site Assessment
- Owner’s Policy of Title Insurance and material underlying exception documents thereto
- Property Condition Assessment
- Survey
- Zoning Memorandum
- Workforce Housing Agreement

WHO MAY INVEST

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

Purchaser Suitability Requirements

The purchase of an Interest involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. This investment will be sold only to prospective Holders who (i) purchase a minimum of $250,000 of Interests in the Trust (representing an approximate 0.5972% interest in the Project) except that the Trust may permit, in its sole discretion, certain Holders to make a smaller investment and (ii) represent in writing that they meet the Purchaser Suitability Requirements established by the Trust and as may be required under federal or state law. **The Holders should be able to afford the loss of their entire investment.**

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

(a) You have received, read and fully understand this Memorandum. You are basing your decision to invest only on this Memorandum. You have not relied upon any representations made elsewhere or by any other person;

(b) You understand that an investment in an Interest is speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to a purchase of an Interest, including, but not limited to, those risks set forth under "Risk Factors" in this Memorandum;

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

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

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

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

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

(h) You are a "United States Person."

For purposes of the foregoing, a "United States Person" shall mean:

(i) an individual citizen or resident of the United States (including a United States permanent resident);

(ii) 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;

(iii) an estate the income of which is subject to federal income tax regardless of its source; and

(iv) a trust if (a) it is subject to the primary supervision of a United States court and one or more United States persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

(i) You are an Accredited Investor. An "Accredited Investor" is:

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

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

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

(iii) 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:

(i) a corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of $5,000,000;

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

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

(iv) an investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") or a business development company as defined in section 2(a)(48) of the Investment Company Act;

(v) an investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") or registered pursuant to the laws of a state;

(vi) an investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act;

(vii) an insurance company as defined in section 2(a)(13) of the Securities Act;

(viii) a Small Business Investment Company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

(ix) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act;

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

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

(xii) an entity that is not listed in Rule 501(a)(1), (2), (3), (7) or (8) of the Securities Act not formed for the specific purpose of acquiring an Interest, owning Investments (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of $5,000,000;

(xiii) a "family office" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of $5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;

(xiv) a "family client" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements under "family office" above and whose prospective investment in the issuer is directed by such family office as required pursuant to clause (c) in such definition;

(xv) an entity in which all of the equity owners are Accredited Investors; or

(xvi) a grantor revocable trust where the grantors meet the qualifications under "If a natural person" above.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clauses (i) or (ii) of the first sentence of this paragraph (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 whether a natural person is an Accredited Investor, the SEC has posted the following qualifying professional certifications as of the date of this Memorandum: holders in good standing of FINRA Series 7, Series 65, and Series 82 licenses.

In addition, you must represent in writing that you:

(i) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related "1031 exchange" rules, are complex and vary with the facts and circumstances of each individual Holder, (ii) understand and are aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) have read this entire Memorandum

(including any supplements thereto) and fully understand that there is a significant risk that an Interest will not be treated as real estate for income tax purposes, (iv) if you are engaging in a tax-deferred exchange under Code Section 1031, you have independently obtained advice from your legal counsel and/or accountant regarding such tax-deferred exchange, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange, (v) understand that the Trust will not obtain a ruling from the IRS that an Interest will be treated as an undivided interest in real estate for federal income tax purposes and (vi) understand that the opinion of counsel is only counsel's view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

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

The Trust will not accept any charitable remainder trusts, foreign investors or persons subject to ERISA as investors in the Trust.

Discretion of the Trust

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

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

SUMMARY OF THE OFFERING

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

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

Securities Offered:	The Trust is offering up to $41,864,176 Class 1 Beneficial Interests (the "Interests") in the Trust. The Interests will not be evidenced by certificates. Each prospective Holder must purchase at least $250,000 of Interests in the Trust (representing an approximate 0.5972% interest in the Project), unless a smaller investment is allowed in the sole discretion of the Trust.
FMREIT, the Operating Partnership and Forum Exchange:	Forum Multifamily Real Estate Investment Trust, Inc. ("FMREIT") is a Maryland corporation that has elected to be treated as a REIT beginning with the taxable year ending December 31, 2023. Substantially all of the business and operations of FMREIT are conducted through FMREIT Operating Partnership LP (the "Operating Partnership"). The Operating Partnership is a Delaware limited partnership which was formed on October 26, 2022. The Operating Partnership is an operator and owner of multifamily real estate Projects. FMREIT TRS LLC, a Delaware limited liability company ("TRS") is a taxable REIT subsidiary of FMREIT which is owned by the Operating Partnership. Forum Exchange is a wholly-owned subsidiary of the TRS and is the sponsor of this Offering. The general partner of the Operating Partnership is FMREIT GP LLC, a Delaware limited liability company, which is a wholly-owned subsidiary of FMREIT. FMREIT, the Operating Partnership and their subsidiaries are advised by the Advisor.
Investment Objectives:	The investment objectives of the Trust will be to (i) preserve the Holders' capital investment and (ii) make monthly distributions of available cash sourced from Master Lease rent payments less applicable fees, expenses and reserves. **There can be no assurance that any of these objectives will be achieved.** See "Risk Factors."
The Trust – Formation and Ownership:	The Trust is a newly-formed Delaware statutory trust formed pursuant to a certificate of trust and a trust agreement dated September 25, 2025, by and between the Depositor and the Delaware Trustee. The Trust has no prior operating history. The Depositor, the Trust Manager and the Delaware Trustee entered into the Amended and Restated Trust Agreement, dated November 21, 2025 (the "Trust Agreement") at the time that the Trust acquired the Project. The Depositor deposited into the Trust (i) $37,321,621 for the acquisition of the Project and (ii) $1,088,761 for operating reserves (the "Operating Reserves") in exchange for Class 2 beneficial interests in the Trust representing all of the beneficial interests in the Trust. Proceeds from the Offering will be used to redeem, on a proportionate basis, the Class 2 beneficial interests in the Trust held by the Depositor. If the Maximum Offering Amount is sold, the Trust will be owned 100% by the Holders. If the Maximum Offering Amount is not raised on or before the Offering Termination Date, the Depositor will convert any Class 2 beneficial interests held at the time of the Offering Termination Date to Interests and transfer such interests to a newly formed, separate taxpayer which is controlled by the Operating Partnership or the Advisor or an Affiliate. Pursuant to the Trust Agreement, there can be no more than 1,980 Holders.

Description of the Project:	The Trust acquired a multifamily property located at 300 Prominence Point Parkway, Canton, Georgia 30114 situated on approximately 8.445 acres of land. The Project is a 168-unit multifamily property built in 2022 and 2023. The Project includes 3-story tall residential buildings, with a net rentable area of approximately 163,368 square feet. The Project has a total of 260 parking spaces, which includes 9 handicap spaces. See "Description of the Project."
Offers to Purchase Interests:	To offer to buy an Interest, prospective Holders must follow the instructions provided by the Trust and complete the Subscription Documents (which may be in electronic and/or paper form). See "Method of Purchase."
Closing Arrangements:	Each prospective Holder will be required to return to the Trust the Subscription Documents (attached as Exhibit B). Prospective Holders may be accepted or rejected by the Trust at any time, and if a prospective Holder's Subscription Documents are not accepted within 30 days of their delivery to the Trust, they will be deemed rejected. The Trust will notify each prospective Holder upon their conditional approval by the Trust of their participation in the Offering. Within two business days of such notification, the prospective Holder must fund 100% of the purchase price of the Interest to be acquired in accordance with the wire instructions provided in the closing statement (which is a part of the Subscription Documents). Once 100% of the purchase price of a prospective Holder's Interest is received by the Trust, the Trust or its agents will contact the prospective Holder to schedule a closing date. Failure by the prospective Holder to fund 100% of the purchase price of the Interest within two business days of the Trust's notification of conditional approval shall result in the termination of such approval. No purchase requests for Interests will be closed unless and until the effective date of the Conversion Notice that the Trust has been converted into an investment trust. Prospective Holders cannot acquire the Interests if the Trust does not approve such purchase. If approved by the Trust, the Holder must deliver the full amount of the purchase price for the Interest and satisfy certain other closing conditions set forth in the Purchase Agreement in order to be admitted to the Trust.
Fees and Expenses of the Holders:	Purchasers of Interests will be required to pay certain fees and expenses in connection with the acquisition of the Interests including fees charged by their qualified intermediaries and their own tax and legal counsel.
Voting Rights of the Holders:	The Holders have no voting rights. The Holders' only rights will be to receive distributions from the Trust and proceeds from the sale of the Project (subject to the FMV Option).
The Trust – Delaware Trustee:	CSC Delaware Trust Company, a Delaware corporation, an unaffiliated third party, is the Delaware Trustee pursuant to the Trust Agreement. The Delaware Trustee received an initial set-up fee of $500 and will receive from the Trust an annual fee of $2,000 for its services as Delaware Trustee. These fees will be paid by the Trust. See "Summary of the Trust Agreement."
The Trust – Trust Manager:	Forum Exchange Manager LLC, a Delaware limited liability company, is the Trust Manager. The Trust Manager is wholly-owned subsidiary of the Advisor. The Trust Manager is obligated to manage the Trust in the manner provided in the Trust Agreement. As an administrative convenience, the Trust Manager may utilize personnel and resources of the Advisor in connection with the Trust Manager's execution of its duties as Trust Manager. The Trust Manager will have the power and authority to manage the Trust and its operations. The Holders will have no authority to make any decisions on behalf of the Trust,

including the sale of the Project. In addition, the Holders waive the right to partition or divide the Trust or its assets and the right to file, or consent to the filing of, a petition of bankruptcy on behalf of the Trust. See "Summary of the Trust Agreement."

The Trust – No Control Over Sale:

Subject to the terms of the Trust Agreement, the Trust can only sell the Project two or more years after the Offering Termination Date if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before such two-year period if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Holders will not have the right to approve the sale of the Project. See "Voting Rights of the Holders." In the event that any purchaser of the Project is affiliated with the Trust Manager, the Trust must obtain an independent third-party appraisal of the Project and the purchase price of the Project must equal or exceed the appraised value of the Project.

Dissolution of the Trust – Conversion:

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement, on the first to occur of (i) November 21, 2045, (ii**)** a Transfer Distribution (as defined below) or (iii) the sale of the Project. A "Transfer Distribution" will occur if the Trust Manager makes a determination, in writing, that dissolution is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iii) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (iv) the Trust Manager determines it is necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value. In the event that the Trust Manager determines that dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to a newly formed Delaware limited liability company (the "Springing LLC"), which will be owned by the owners of Class 1 Beneficial Interests in the Trust at the time of conversion and will be managed by the Trust Manager.

The Trust may not take any of the following actions (collectively, the "Prohibited Actions"): (i) sell, transfer or exchange the Project except as required or permitted under the Trust Agreement, (ii) invest or reinvest any cash held by the Trust (including reserves) in anything other than short-term obligations of, or guaranteed by, the United States or any agency or instrumentality thereof, and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus of $100,000,000, (iii) reinvest any monies of the Trust except to make minor nonstructural modifications or repairs to the Project as permitted under the Trust Agreement, (iv) reinvest the proceeds from the sale of the Project, (v) enter into or obtain financing for the Project, (vi) renegotiate, alter or extend the Master Lease, or enter into a new lease, except in the case of the Master Tenant's bankruptcy or insolvency, (vii) make any modifications to the Project other than minor nonstructural modifications or as required by law, (viii) accept any capital contributions from any owner or other person (other than from the sale of the Interests which amounts are distributed to the Depositor) or (ix) take any other action that would, in the opinion of tax counsel, cause the Trust to be

treated as a business entity for federal income tax purposes, if the effect of the action would be to create a power under the Trust Agreement to "vary the investment of the certificate holders" under Treasury Regulations Section 301.7701-4(c)(1) and the Revenue Ruling.

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

Conversion – Business and Purpose of the Springing LLC:

The Springing LLC will be formed to hold the Project upon a Transfer Distribution. If the Springing LLC is formed, the Holders will own 100% of the membership interests in the Springing LLC. The Springing LLC will be managed by the Trust Manager. See "Summary of the Trust Agreement" and "Summary of the Springing LLC Limited Liability Company Agreement."

FMV Option:

The Operating Partnership has an option to acquire the Interests of the Holders (the "FMV Option") in exchange for cash or OP Units in the Operating Partnership, in the sole discretion of the Operating Partnership. The class of OP Units a Holder will receive upon exercise of a FMV Option will be determined and disclosed to the Holder prior the sale of the Interests. The FMV Option will be exercised in the sole discretion of the Operating Partnership without approval of the Holders. The Operating Partnership may, but will have no obligation to, exercise the FMV Option beginning two years after the Offering Termination Date and ending two years thereafter. The exercise price for an individual Holder's Interests (the "Holder Exercise Price") will be determined by multiplying: (i) a Holder's percentage of Interests in the Trust by (ii) the "Trust Value". The "Trust Value" will be (a) the value of the Project determined as described below (taking into consideration the existence of the Master Lease) and other assets of the Trust less (b) the outstanding principal amount of the debt secured by the Project, if any, and other Trust liabilities.

In determining the Trust Value, the Project will be valued by an independent appraisal firm selected by the Trust Manager in its sole discretion. Because the value of the Project will be determined subject to the encumbrance of the Master Lease, the value of the Project set forth in the appraisal may differ from the value of the Project if it was not subject to the Master Lease.

The number of OP Units acquired by a Holder in connection with the exercise of the FMV Option will be equal to (1) such Holder's Exercise Price divided by (2) "OP NAV". The "OP NAV" will equal the most recently disclosed monthly net asset value per OP Unit of the applicable class, as determined in accordance with the valuation procedures approved by FMREIT's board of directors. See the FMREIT PPM for a summary of FMREIT's and the Operating Partnership's net asset value policies.

The exchange of Interests for OP Units by the Holder (a "Contributing Limited Partner") is intended to be structured as a tax-deferred contribution and exchange under Code Section 721. The Operating Partnership will be acting in its own best interests when making any decision to exercise the FMV Option.

The Operating Partnership may assign the right to exercise the FMV Option to a subsidiary, an Affiliate or a successor entity of the Operating Partnership, including an entity that acquires all or a significant portion of the Operating Partnership or its assets.

The Holders will have no control regarding the exercise of the FMV Option. The Operating Partnership may not exercise the FMV Option. As a result,

the Holders should acquire Interests with the intent to hold the Interests until the Project is sold by the Trust.

In the event the FMV Option is exercised and a Holder receives OP Units, the Holder will not be able to engage in a Section 1031 exchange with respect to a disposition of the OP Units.

FMREIT:

FMREIT is a perpetual-life NAV REIT that was formed as a Maryland corporation on October 28, 2022. FMREIT has elected to be treated as a REIT for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2023. FMREIT invests in a diverse portfolio of multifamily apartment communities and multifamily real estate-related assets located throughout the United States. FMREIT owns substantially all of its assets and conducts operations through FMREIT Operating Partnership LP. FMREIT is externally advised by the Advisor.

FMREIT's charter currently authorizes eight classes of common stock: Class T shares, Class S shares, Class D shares, Class I shares, Class C-S shares, Class C-I shares, Class F-S shares and Class F-I shares. FMREIT may authorize additional classes of common stock in the future. The share classes are (or will be) subject to different class-specific fees, expenses and/or other accruals that will cause them to receive different net distributions and/or have different net asset values ("NAVs") per share. For more information, see the FMREIT PPM.

If FMREIT chooses to exchange shares of FMREIT common stock in response to a redemption request for Class D, Class S or Class I OP Units delivered upon exercise of the FMV Option, the FMREIT shares will be of the same class as the OP Units being redeemed. For more information about the redemption of OP Units, see "Summary of the Partnership Agreement of the Operating Partnership – Redemptions of OP Units." For information about the class-specific fees, expenses and/or other accruals applicable to shares of FMREIT common stock, see the FMREIT PPM.

Capitalization of FMREIT:

For a description of the capitalization of FMREIT, see the financial statements in the Digital Investor Kit.

Operating Partnership:

In the event the FMV Option is exercised in exchange for OP Units, the Holders will become limited partners in the Operating Partnership. In such case, the Holders will be subject to the terms of the Operating Partnership's limited partnership agreement (as may be amended or supplemented from time to time, the "Operating Partnership Agreement"). The Operating Partnership has a perpetual existence, unless the Operating Partnership is sooner dissolved in accordance with the terms of the Operating Partnership Agreement.

The Operating Partnership currently has eight classes of OP Units, each of which corresponds to a class of FMREIT share (i.e., Class T OP Units, Class S OP Units, Class D OP Units, Class I OP Units, Class C-S OP Units, Class C-I OP Units, Class F-S OP Units and Class F-I OP Units). See "Description of OP Units— Class T, S, D, I, C-S, C-I, F-S and F-I OP Units."

Capitalization of the Operating Partnership:

For a description of the capitalization of the Operating Partnership, please see the financial statements in the Digital Investor Kit.

Operating Partnership Agreement: In the event the FMV Option is exercised, the Holders may receive OP Units. In such case, the Holders of the OP Units will be subject to the terms of the Operating Partnership Agreement. The Operating Partnership Agreement is complicated and potential investors should read the Operating Partnership Agreement in its entirety. See the Operating Partnership Agreement in the Digital Investor Kit.

Valuation of the FMREIT Shares and the OP Units: The FMREIT shares and the OP Units will be valued on an ongoing basis in accordance with valuation procedures approved by the board of directors of FMREIT. The FMREIT valuation procedures are set forth in the FMREIT PPM.

REIT Exchange Option: The OP Units include the right, after an initial one-year holding period, for the Holders to redeem their OP Units for cash from the Operating Partnership, or at the election of the general partner of the Operating Partnership, for shares of common stock of FMREIT. The redemption of OP Units, whether for cash from the Operating Partnership or for common shares from FMREIT, will in some cases be a taxable transaction. The Holders, if they receive OP Units pursuant to the FMV Option, may not have the ability to redeem their OP Units for cash, or, if they convert into FMREIT common shares, may not be able to redeem any of their FMREIT common shares for cash.

In the event the FMV Option is exercised, the applicable Participating Dealer will receive: (a) if Class D OP Units are delivered, an annual investor servicing fee of 0.25% per annum of the NAV of the Class D OP Units held or (b) if Class S OP Units are delivered, an annual investor servicing fee of 0.85% per annum of the NAV of the Class S OP Units held. In each case, this fee will be based on the monthly NAV per OP Unit calculated in accordance with FMREIT's valuation procedures, as they may be amended from time to time. The cost of these investor servicing fees will be allocated to the applicable OP Unit holders and will reduce the NAV or, alternatively, the net distributions payable, with respect to the OP Units of each such class. If FMREIT chooses to exchange shares of FMREIT common stock in response to a redemption request for Class D, Class S or Class I OP Units delivered upon exercise of the FMV Option, the FMREIT shares will be of the same class as the OP Units being redeemed. For more information about the redemption of OP Units, see "Summary of the Partnership Agreement of the Operating Partnership – Redemptions of OP Units." For information about the class-specific fees, expenses and/or other accruals applicable to shares of FMREIT common stock, see the FMREIT PPM.

FMREIT Liquidity Event: The common stock of FMREIT may be redeemed for cash under certain circumstances. There is currently no public market for shares of common stock in FMREIT. FMREIT may provide liquidity of its shares of common stock in certain events (a "Liquidity Event"). FMREIT has been designed as a perpetual-life NAV REIT and does not have a plan for any Liquidity Event. There are limitations and restrictions related to the redemption of shares of common stock in FMREIT. See the FMREIT PPM for a description of these restrictions and limitations.

Investor Servicing Fee Some Holders may be entering into an investor servicing agreement with their Participating Dealer. The fees per annum with respect to such servicing arrangements range from 0%, 0.25% or 0.85%, charged on the product of (i) the Initial DST Asset Value, and (ii) the Holder's percentage interest in the Trust.

Liquidity of Interests: There is no public market for the Interests. It is highly unlikely that any market for Interests will ever develop and prospective Holders should view an investment in Interests solely as a long-term investment.

Acquisition Terms:	The Trust acquired the Project from the Seller on November 21, 2025 for $37,200,000. The Depositor deposited into the Trust (i) $37,321,621 for the acquisition of the Project and (ii) the Operating Reserves in exchange for 100% of the Class 2 beneficial interests in the Trust. The Trust will redeem all of the Class 2 beneficial interests held by the Depositor for $41,864,176 which is greater than the Initial DST Asset Value ($38,410,382).
State Tax:	Each Holder that is not currently filing a state income tax return in the state where the Project is located may now be required to file an income tax return in the state where the Project is located. See "Material Federal Income Tax Considerations – State and Local Taxes." Generally, each Holder's income attributable to the Trust will be equal to their pro rata portion of rent paid under the Master Lease, less applicable fees and expenses. In addition, the Holders and their principals may also be subject to taxes in the state in which the Holders and their principals reside. There is no assurance that state law will be consistent with the federal rules with respect to deferred tax treatment, the treatment of the Trust as an investment trust, or other items. Each Holder should consult their own tax advisor with respect to the tax treatment of an acquisition of an Interest in the state in which such Holder and its principals reside and where the Project is located. If a Holder receives OP Units in the Operating Partnership, the state income consequences will be different than described above. In such case, a holder of an OP Unit may have to file a state income tax return in each state in which the Operating Partnership owns a property. See the FMREIT PPM.
Project – Operation and Management:	The Trust master leased the Project to Forum Exchange Master Tenant I LLC, a Delaware limited liability company (the "Master Tenant"), an Affiliate of the Depositor and subsidiary of the Operating Partnership, pursuant to the Master Lease Agreement (attached as Exhibit D, the "Master Lease"). The Master Lease has a term of 20 years. The Trust will terminate in all events on November 21, 2045. The Master Tenant entered into a property management agreement with Pegasus Residential, L.L.C. (the "Property Manager") to provide property management services and to manage the day-to-day operations of the Project. The Property Manager is a third-party unrelated to the Master Tenant, the Depositor, the Trust Manager, the Advisor, the Operating Partnership or their Affiliates.
Transferability of Interests:	The Holders will be able to sell their Interests, subject to applicable securities laws. In addition, the number of the Holders is limited to 1,980. No transfer will be effective until the assignee executes a counterpart to the Trust Agreement and the Trust updates its ownership records to reflect the assignment.
Plan of Distribution:	The Interests will be sold through the Managing Broker-Dealer and the Selling Group Members that are registered broker-dealers or registered investment advisors. See "Plan of Distribution."
Offering Termination Date:	The Trust will offer the Interests until the earliest of (i) the sale of 100% of the Interests, (ii) the first anniversary of the effective date of the Conversion Notice subject to one 12-month extension at the Trust Manager's discretion or (iii) a determination by the Trust to terminate the Offering (the "Offering Termination Date").
Purchaser Suitability Requirements:	The Offering is strictly limited to persons who meet the Purchaser Suitability Requirements including the minimum financial requirements as to income and net worth, among other requirements. See "Who May Invest."

Amended and Restated Trust Agreement:

Each Holder will be required to enter into the Trust Agreement in the form provided in the Digital Investor Kit. The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Holders will not have the right or power to direct in any manner the actions of the Trust, the Depositor or the Trust Manager in connection with the management or operation of the Trust. The Holders have no voting rights, including as to whether or not the Project is sold. In addition, neither the Trust nor the Holders will have any right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales. The Holders have no right to possession of the Project. Each Holder waives any right to seek a judicial dissolution of the Trust, to terminate the Trust or to partition the Trust Estate. The Trust will expire on November 21, 2045 and may dissolve earlier pursuant to the terms of the Trust Agreement. See "Summary of the Trust Agreement."

Master Lease:

The rights and obligations regarding the lease of the Project by the Trust to the Master Tenant are governed by the Master Lease, which is in the Digital Investor Kit. The Master Lease has a term of 20 years unless sooner terminated pursuant to its terms. The Master Lease is a net lease. Except with respect to certain capital expenditures that the Trust is responsible for paying (the "Landlord Capital Expenditures"), the Master Tenant is responsible for the payment of all expenses related to the Project including, without limitation, taxes, insurance, operating costs and all capital expenditures in excess of the Landlord Capital Expenditures. The Landlord Capital Expenditures will not exceed the amount of the Operating Reserve. The Master Tenant will pay the following annual rent to the Trust in each of the following years of the lease term:

Years 1-5: $2,049,274
Years 6-10: $2,369,910
Years 11-15: $2,740,713
Years 15-20: $3,169,534

The Master Tenant will sublease the Project to residents of the Project, provided, that the Master Tenant will remain liable to the Trust for its obligations. See "Description of the Master Lease."

Master Lease Guaranty:

The Operating Partnership, as guarantor, entered into an unconditional guaranty of the Master Tenant's obligations of the Master Lease (the "Master Lease Guaranty"), whereby the Operating Partnership guaranties to the Trust, as lessor under the Master Lease:

(a) the payment of all amounts due under the Master Lease, including without limitation, any rents payable by the Master Tenant to the Trust;

(b) 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

(c) the payment of all costs and expenses incurred by the Trust in connection with the enforcement of any of the provisions of the Master Lease 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 terms, covenant or condition of the Master Lease, then the

Operating Partnership will be obligated to pay, perform or observe the same on demand. The Operating Partnership may not assign its rights and obligations under the Master Lease Guaranty without the Trust's consent except for an assignment or other transfer to an entity that is a successor in interest to the Operating Partnership or an entity that has acquired all or substantially all of the Operating Partnership's assets.

Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates:

The Depositor, the Master Tenant and their Affiliates and the Trust Manager, the Advisor and the Managing Broker-Dealer and their Affiliates, will receive substantial fees and compensation relating to the offering and sale of Interests and the management, leasing, operation and disposition of the Project.

(1) Increase in Purchase Price. The Depositor will receive the increase between the redemption price for the Depositor's Class 2 beneficial interests ($41,864,176) and the cost to the Depositor of the property (including cash reserves) it deposited into the Trust in exchange for the Class 2 beneficial interests ($38,410,382), which includes the purchase price of $37,200,000, property closing costs of $121,621 and cash reserves of $1,088,761. The increase of $3,453,795 includes Selling Commissions of $2,511,851, O&O Costs of $418,642 and Carrying Costs of $523,302. Notwithstanding the foregoing, in the event that a lower commission rate is agreed to by a Participating Dealer or the Selling Commission is not paid because the Holder's financial advisor is an RIA, the Carrying Costs and O&O Costs with respect to such Holder will be reduced by a proportionate amount pursuant to a purchase price adjustment to the Class 1 beneficial interests. As an administrative convenience, the Trust will remit on behalf of the Depositor Carrying Costs directly to the TRS and O&O Costs directly to the Advisor. The estimates of these costs and expenses incurred by the TRS and the Advisor, respectively, are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the TRS and/or Advisor, as applicable. If actual costs and expenses are more than estimated, the TRS and/or Advisor, as applicable, will be required to pay for the excess amount.

(2) Management Fee. As compensation for ongoing administrative services, the Trust Manager will receive an annual management fee equal to 0.15% of the Initial DST Asset Value ($57,616), paid in equal installments on a monthly basis, for managing the Trust.

(3) Master Tenant Income. The Master Tenant will be entitled to retain all net cash flow from the Project after the payment of rent under the Master Lease and Master Tenant's expenses.

(4) Cash Distributions from the Trust. The Depositor will receive its pro rata portion of distributions from the Trust while it owns Class 2 beneficial interests in the Trust.

(5) Disposition Fee. The Trust Manager will receive a disposition fee equal to 1% of the gross proceeds of the sale, exchange or other disposition of the Project to a third-party (but not in the event the FMV Option is exercised).

	See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates." In addition to the fees and compensation described above, there may be other fees paid to third-parties who are not affiliated with the Depositor, Trust Manager or Master Tenant.
Reports:	The Trust Manager will prepare and send to each Holder unaudited, periodic reports and an annual report containing an unaudited Trust-level year-end balance sheet and income statement. In addition, the Trust Manager will send each Holder such tax information as may be necessary for the preparation of such Holder's tax returns. See "Reports."
Material Federal Income Tax Considerations:	In connection with this Offering, DLA Piper, LLP (US) has provided an opinion to the Trust that concludes: (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a "trust" for federal income tax purposes, (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust's assets, including the Project, in proportion to their Interests for purposes of Code Section 1031 and (iii) the "step transaction" doctrine should not be applicable to the Trusts' contractual obligations. In addition, DLA Piper, LLP (US) has reviewed the discussions of the Code, Treasury Regulations, rulings and case law set forth under the heading "Material Federal Income Tax Considerations" in this Memorandum. DLA Piper, LLP (US) has concluded that the discussion of the law contained in such section, including the conclusions, interpretations and statements as to the likely outcome on the merits of the tax issues set forth therein, is accurate in all material respects insofar as it relates to the Trust, subject to the qualifications set forth therein.
Defined Terms:	Terms having their first letter capitalized in this Memorandum and not defined herein are defined in the Trust Agreement.

QUESTIONS AND ANSWERS

Set forth below are some of the more frequently asked questions and answers relating to the Offering of Interests, the FMV Option, the REIT and the Operating Partnership. **This Memorandum and the FMREIT PPM (as defined herein) should be read in its entirety before making an investment decision**.

Q: What are some of the risks of investing in Interests?

A: A summary of certain risks related to an investment in Interests can be found under the captions "Risk Factors" and "Conflicts of Interest" herein and under the caption "Risk Factors" in the FMREIT PPM, which each prospective Holder should review carefully. These risks include, among others, investment risks, federal income tax risks, real estate risks and structural risks.

Q: What expenses will be paid by the Holders in connection with the acquisition of an Interest?

A: In addition to the purchase price of the Interests, purchasers of Interests will be required to pay their own acquisition expenses and closing costs, including the fees paid to their own tax advisor, legal counsel and qualified intermediary. Additionally, for Purchasers seeking to acquire Interests as replacement property pursuant to a Code Section 1031 exchange, some of the purchase price paid by the purchaser (including cash reserves) may not be treated as qualifying expenditures paid for the acquisition of qualified replacement property for purposes of Code Section 1031, and may cause the purchaser to recognize gain to the extent of such fees and expenses. See "Risk Factors – Tax Risks – Taxable Boot" and "Material Federal Income Tax Considerations – Taxable Boot." Investors should consult own tax advisor or counsel for guidance with respect to this issue.

Q: What fees and expenses will be paid by the Trust to the Depositor, Trust Manager, Master Tenant and their Affiliates?

A: The Depositor, Trust Manager, Master Tenant and their Affiliates will receive significant compensation in connection with the Offering. See "Compensation of the Depositor, the Trust Manager, the Master Tenant and Their Affiliates" for a summary of this compensation.

Q: What is the minimum investment required?

A: A minimum purchase of $250,000 of Interests in the Trust (representing an approximate 0.5972% interest in the Project), except that the Trust may permit, in its sole discretion, certain Holders to make a smaller investment.

Q: What are the investment suitability requirements for an investment in Interests?

A: Each prospective investor must qualify as an "accredited investor" as defined by Regulation D promulgated under the Securities and Exchange Act and meet certain other investment suitability requirements. Other than a prohibition on the investment by charitable remainder trusts, foreign investors or investors subject to ERISA, any type of person or entity may invest in Interests. See "Who May Invest" for a complete list of the Purchaser Suitability Requirements for prospective Holders.

Q: What are the Interests?

A: The Interests are Class 1 Beneficial Interests in the Trust. The Holders of Interests will be subject to the terms of the Trust Agreement. The Trust owns the Project. The Holders will not acquire a direct interest in the Project.

Q: What income will Holders receive from an investment in Interests?

A: The Holders will receive a pro rata allocation of income from the Trust based on such Holder's percentage ownership interest in the Trust. Such income will generally consist of scheduled Master Lease rental payments less certain fees and expenses, including but not limited to management fees paid to the Trust Manager, fees paid to the Delaware Trustee and other costs and expenses paid by the Trust pursuant to the Trust Agreement. The Holders may also be charged an Investor Servicing Fee which may be paid to the Participating Dealers from Trust distributions to the Holders. See "Plan of Distribution."

Q: What financial and operation information will Holders receive regarding the Interests, the Trust and the Project?

A: The Holders will receive unaudited, periodic reports and an annual report containing an unaudited Trust-level year-end balance sheet and income statement. In addition, the Holders will receive annually such tax information as may be necessary for the preparation of such Holder's tax returns.

Q: What is the FMV Option?

A: The FMV Option provides the Operating Partnership with the option to acquire the Interests held by the Holders in exchange for cash or OP Units, at the election of the Operating Partnership. The exercise price of the FMV Option will be at the value of the Interests at the time that the FMV Option is exercised. See "Summary of the Trust Agreement – FMV Option" for more details regarding the valuation of the Interests with respect to the FMV Option. The FMV Option can only be exercised two years after the Offering Termination Date and for two years thereafter. The Holders cannot control whether and when the Operating Partnership will exercise the FMV Option.

The classes of OP Units that may be received by the Holders upon exercise of the FMV Option include Class I Units, Class S OP Units and Class D OP Units. The particular class of OP Unit to be delivered upon exercise of the FMV Option will be selected by the Selling Group Member responsible for selling such Holder's Interest (the "Selling Group Member of Record") prior to the sale of the Interests. Each of these classes result in different amounts of compensation to the Selling Group Member of Record. This compensation is allocated to the holders of the applicable class of OP Units through a deduction from OP Unit distributions or through adjustments to the NAV per OP Unit in accordance with FMREIT's valuation procedures, and as a result each class of OP Units may have different net distributions and/or NAV per OP Unit.

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

A: The Operating Partnership will make the decision on if, and when, to exercise the FMV Option and the consideration paid.

Q: What is FMREIT?

A: FMREIT is a perpetual-life NAV REIT that was formed as a Maryland corporation on October 28, 2022. FMREIT has elected to be treated as a REIT for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2023. FMREIT invests in a diverse portfolio of multifamily apartment communities and multifamily real estate-related assets located throughout the United States. FMREIT owns substantially all of its assets and conducts operations through FMREIT Operating Partnership LP. FMREIT is externally advised by the Advisor.

Q: What are the FMREIT Shares?

A: FMREIT's charter currently authorizes eight classes of common stock: Class T shares, Class S shares, Class D shares, Class I shares, Class C-S shares, Class C-I shares, Class F-S shares and Class F-I shares. FMREIT may authorize additional classes of common stock in the future. The share classes are (or will be) subject to different class-specific fees, expenses and/or other accruals that will cause them to receive different net distributions and/or have different net asset values ("NAVs") per share. For more information, see the FMREIT PPM.

Q: What is the Operating Partnership?

A: The Operating Partnership is FMREIT Operating Partnership LP and is the operating partnership of Forum Multifamily Real Estate Investment Trust, Inc. FMREIT conducts substantially all of its business and operations through the Operating Partnership. The Operating Partnership and FMREIT are advised by the Advisor. See the FMREIT PPM for more information regarding the Operating Partnership and FMREIT.

Q: What are the OP Units?

A: The OP Units are common limited partnership interests in the Operating Partnership. The Operating Partnership has classes of OP Units that are each economically equivalent to a corresponding class of FMREIT shares. The Operating Partnership currently has eight authorized classes of OP Units that correspond to a class of FMREIT

share (i.e., Class T OP Units, Class S OP Units, Class D OP Units, Class I OP Units, Class C-S OP Units, Class C-I OP Units, Class F-S OP Units and Class F-I OP Units). See "Description of OP Units – Class T, S, D, I, C-S, C-I, F-S and F-I OP Units." The classes of OP Units are identical except for (i) fees charged and (ii) the Class F-S and Class F-I include an allocation of a portion of the Performance Participation Allocation (as defined below) as further described in the FMREIT PPM. Corresponding classes of shares of common stock in FMREIT have been authorized. Additional information regarding the OP Units and shares of common stock in FMREIT can be found under "Description of the Operating Partnership and the OP Units" in the FMREIT PPM.

Q: What income will a Holder receive if the FMV Option is exercised?

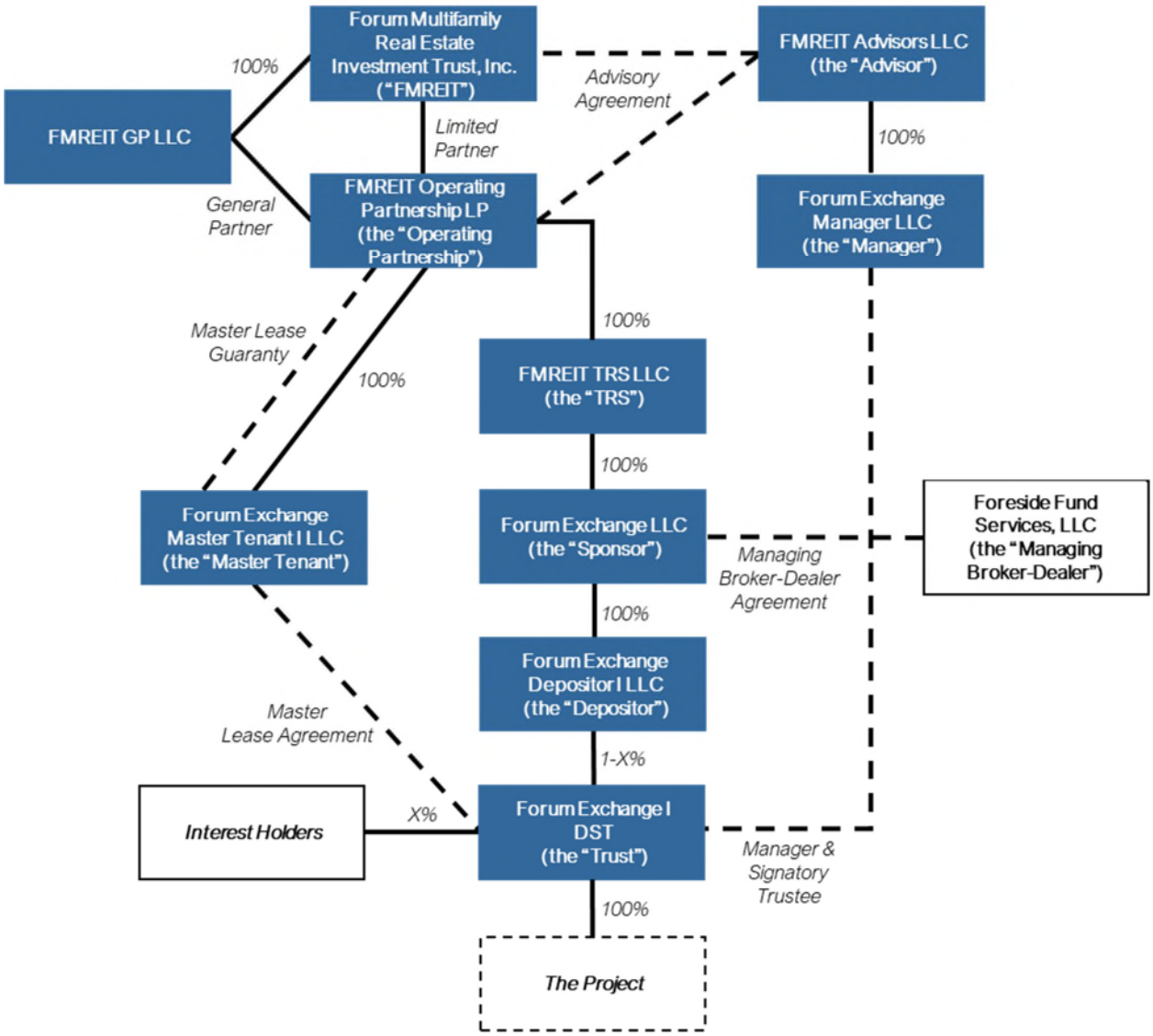
A: A Holder of OP Units will become a partner in the Operating Partnership and will receive income from the Operating Partnership based on the OP Units owned. The Holder of an OP Unit may also be charged an Investor Servicing Fee which will be paid to the applicable Participating Dealer.

Q: Who can prospective Holders contact for more information about the Offering?

A: If a prospective Holder has more questions about the Trust or the Offering, such Holder should contact its registered representative, RIA or Forum Exchange. Forum Exchange can be reached at the following:

Forum Exchange LLC
240 Saint Paul Street, Suite 400
Denver, Colorado 80206
Telephone: (303)-501-8888
Toll-Free: 888-479-4008
Email: ForumExchange@forumig.com

ORGANIZATIONAL CHART



METHOD OF PURCHASE

After carefully reviewing the entire Memorandum, including the Exhibits and Digital Investor Kit, a prospective Holder must follow the procedures described below and in the Subscription Documents in order to purchase an Interest in this Offering.

To offer to buy an Interest, a prospective Holder must follow the instructions and complete the Subscription Documents. Relevant portions of the Subscription Documents must be completed consistent with the instructions provided by the Trust and may include certain portions that can be completed in electronic form.

After a prospective Holder's financial professional submits the completed Subscription Documents to the Trust, the Trust or its agents will notify a prospective Holder upon the conditional approval by the Trust of their participation in the Offering. Within two business days of such notification, the prospective Holder must fund 100% of the purchase price of the Interest to be acquired in accordance with the funding instructions provided in the closing statement (which is a part of the Subscription Documents). Reservations are made on a "first come, first served" basis. Once 100% of the purchase price of a prospective Holder's Interest is received by the Trust, the Trust or its agents will contact the prospective Holder to schedule a closing date. Failure by the prospective Holder to fund 100% of the purchase price of the Interest within two business days of the Trust's notification of conditional approval shall result in the termination of such approval. Once a prospective Holder's acquisition of an Interest in the Trust has closed on the scheduled closing date, such prospective Holder will be provided a confirmation and a fully executed document package.

IF YOU HAVE ELECTED TO RECEIVE OFFERING DOCUMENTS ELECTRONICALLY YOU CAN OBTAIN THESE DOCUMENTS IN THE DIGITAL INVESTOR KIT. IF YOU HAVE NOT ELECTED TO RECEIVE OFFERING DOCUMENTS ELECTRONICALLY, PAPER COPIES OF THE OFFERING DOCUMENTS WILL BE DELIVERED TO YOU BY YOUR BROKER-DEALER OR REGISTERED INVESTMENT ADVISOR. IN ANY EVENT, PAPER COPIES WILL BE AVAILABLE UPON REQUEST TO YOUR BROKER-DEALER OR REGISTERED INVESTMENT ADVISOR.

RISK FACTORS

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

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

Risks Relating to the Trust Structure

Inflexibility of the Trust as a Vehicle to Own Real Property; Inability to Take Business Actions. The Trust Manager has attempted to structure the Trust so that it is the passive owner of the Project. The Trust is an inflexible investment vehicle for owning real property. It lacks the ability to change its course of action due to circumstances beyond its control. If circumstances beyond the control of the Trust occur, the Trust will not have the ability to change its business. If adverse circumstances arise for any reason, the Trust cannot enter into or obtain financing for the Project, invest any cash held by the Trust (including reserves) in anything other than short-term obligations that mature prior to the next distribution date and which obligations are required to be held until maturity, accept additional contributions, or renegotiate the Master Lease with the Master Tenant (other than because of the bankruptcy or insolvency of the Master Tenant). The Trust can only sell the Project after it has held the Project for two years after the Offering Termination Date, and then only if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before such two year period if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. If no determination to sell the Project is made prior to November 21, 2045, the Trust will be dissolved and the Project will be transferred (or the Trust will be converted) to the Springing LLC. If the Trust is required to take certain actions that are not within its power, the Project will be transferred (or the Trust will be converted) to the Springing LLC, which entity will have the ability to renegotiate leases, sell the Project and/or finance or refinance any loan. There is no assurance that adverse consequences will not occur before the sale of the Project. If the Project is transferred (or the Trust is converted) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project or their interest in the Springing LLC. See "Summary of the Trust Agreement."

Reliance on the Trust Manager. All decisions regarding management and operation of the Trust will be made exclusively by the Trust Manager, and the Holders have no voting rights, including with respect to the sale of the Project. The Trust Manager will not consult with the Holders when making any decisions with respect to the Project or the Trust, including with respect to the making of any distributions. Prospective Holders that purchase Interests must entrust all aspects of the management and operation of the Trust to the Trust Manager. The Trust Manager is newly formed with no operating history or assets and has no fiduciary duty to the Holders. There is no assurance that the Trust Manager will effectively or successfully manage and operate the Trust and its assets. The

Trust Manager may retain independent contractors to provide various services to the Trust. The independent contractors will also have no fiduciary duty to the Holders and may not perform successfully.

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

Trust Payment Obligations. The Trust is responsible for certain Trust operating expenses, some of which are variable expenses which could be higher than anticipated. The Trust is responsible for paying for these items regardless of the actual amount incurred for each item. The Trust will only receive rent under the Master Lease. Thus, if the amount necessary to pay for these items increases, the return to the Holders could be lower than projected or the Trust may not have sufficient funds to pay all of its obligations. The Trust is not able to accept any additional capital contributions or obtain financing secured by the Project. Thus, if the Trust does not have sufficient funds to pay for its obligations, the Project would be required to be transferred (or the Trust converted) to the Springing LLC and the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project or their interest in the Springing LLC.

Conflict of Interest Regarding Affiliated Trust Manager and Master Tenant. The Trust Manager is a subsidiary of the Advisor. Therefore, there will be a conflict of interest with respect to the Trust Manager's oversight of the Master Tenant on behalf of the Trust and the Advisor's position as advisor to the Operating Partnership. If the Master Tenant defaults under the Master Lease, the Trust Manager will have a conflict of interest regarding whether to pursue any remedies available to the Trust against the Master Tenant given their relationship. In addition, there will be a conflict of interest in the event that the Master Lease is renegotiated. The Holders do not have the authority to act on behalf of the Trust and only the Delaware Trustee has the power to replace the Trust Manager and may do so only in the case of the fraud, gross negligence or willful misconduct of the Trust Manager. There is no mechanism to resolve the conflict of interest between the Trust and the Master Tenant.

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

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

Anticipated Financial Results. The Trust Manager has prepared the Financial Forecast which provides projected information for 20 years of operations of the Project. There is less certainty regarding the Financial Forecast as time passes because it is more difficult to predict economic performance, market conditions, the financial condition of the Master Tenant and other relevant factors in the future. If the Trust fails to sell the Project before the end of the initial 20-year hold period, the Trust Manager has not prepared projections with respect to such additional period. The Financial Forecast does not provide information regarding the projected results if the FMV Option is exercised in exchange for OP Units.

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

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

Risks Relating to the Master Lease

Reliance on Management. The Project is subject to the Master Lease with the Master Tenant, a subsidiary of the Operating Partnership and an Affiliate of the Depositor. The Master Tenant entered into a management agreement with the Property Manager to manage the day-to-day operations of the Project. As long as the Master Lease is in effect and except as otherwise provided in the Master Lease, the Master Tenant will have the exclusive

right to lease, operate and maintain the Project. Accordingly, no person should purchase an Interest unless that person is willing to entrust all aspects of management of the Project to the Master Tenant and the Property Manager. The Master Tenant or an Affiliate may from time to time receive information or notices regarding the Project. Pursuant to the Master Lease, the Master Tenant is required to furnish to the Trust, promptly after receipt, any notice of violation of any governmental requirement or order issued by any governmental entity, any notice of default from the holder of any mortgage or deed of trust encumbering the Project or any notice of termination or cancellation of any insurance policy. If the Master Tenant fails to furnish such notices or other notices or information it receives with respect to the Project to the Trust, the ability of the Trust to protect its interest in the Project may be adversely affected. Prospective Holders must carefully evaluate the experience and business performance of the Operating Partnership as the sole member of the Master Tenant. If the Master Lease is terminated for any reason, the Project will need to be sold or transferred (or the Trust converted) to the Springing LLC, and there can be no assurance that the Holders will be able to obtain a successor master tenant or in the alternative, a property manager.

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

Limited Capital of Master Tenant. The Master Tenant is newly formed and has limited capital. The Master Lease is guaranteed by the Operating Partnership. The Operating Partnership has limited capital and a limited net worth. Any bankruptcy by the Master Tenant will affect the economic success of the Project and the ability of the Master Tenant to pay rent due to the Trust. If the Master Tenant does not have sufficient funds to pay its obligations, the Trust may be required to terminate the Master Lease and may be required to transfer the Project (or convert the Trust) to the Springing LLC.

Risks Related to the Master Lease Guaranty. The Operating Partnership has entered into an unconditional guaranty of the Master Tenant's obligations of the Master Lease. There can be no assurance that the Operating Partnership will make payments pursuant to the Master Lease Guaranty. If the Operating Partnership files for bankruptcy or if there are other negative financial circumstances related to the Operating Partnership, the ability of the Operating Partnership to make payment pursuant to the Master Lease Guaranty will be negatively impacted.

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

Master Tenant's Interest May be Different Than the Trust's Interests. The Master Tenant will be obligated to pay Base Rent and Additional Rent, if any, under the Master Lease and will retain all other cash flow, after the payment of Project expenses. Thus, the Master Tenant may not have an incentive to make capital improvements to the Project which may negatively impact the fair market value of the Project and reduce the value of the Project.

Sale Subject to the Master Lease. The Master Lease has a 20-year term and will not be automatically terminated upon the sale or other disposition of the Project. Thus, the sales price will be based on the value of the rent under the Master Lease. This may impact the value of the Project.

Real Estate Risks

General Risks of Investment in the Project. The economic success of an investment in the Trust will depend on the operations of the Project, which will be subject to those risks typically associated with an investment in real estate. Fluctuations in occupancy rates, rent and operating expenses can adversely affect operating results or render the sale of the Project difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Project or future costs of operating the Project will be accurate because such matters will depend on events and factors beyond the control of the Master Tenant and the Property Manager. Such factors include, among others, vacancy rates, rent levels and sales levels in the area where the Project is located, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the Project, competition from similar properties, interest rates, real estate tax

rates, governmental rules, regulations and fiscal policies, including the effects of inflation and enactment of unfavorable real estate, rent control, environmental or zoning laws, hazardous material laws, uninsured losses and other risks.

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

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

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

Environmental Liability. Federal, state and local laws impose liability on a landowner for the release or the otherwise improper presence on the premises of hazardous materials or hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such materials or substances, subject to certain defenses. A landowner may be held liable for hazardous materials or substances brought onto the property before it acquired title and for hazardous materials or substances that are not discovered until after it sells the property. In addition, a landowner may be held liable for hazardous materials or substances that migrate from the property onto or beneath adjacent sites, as well as hazardous materials or substances from unknown or unidentified sources that may migrate from adjacent sites onto or beneath the property. Similar liability may occur under applicable state and local law. The Seller made limited representation qualified to Seller's actual knowledge regarding the Project's compliance with such laws. If any hazardous materials or substances are found within the Project in violation of law at any time, the Trust may be liable for cleanup costs, fines, penalties and other costs and it may have little or no recourse against the Seller. In addition, the Depositor has not made any representations or warranties to the Trust with respect to compliance with environmental laws. Thus, the Trust will have little or no recourse against the Depositor. This potential liability may continue after the Trust sells the Project and may apply to hazardous materials or hazardous substances present within the Project before the Trust acquired the Project. An innocent landowner defense or bona fide prospective purchaser defense to environmental liability under the Comprehensive Environmental Response, Compensation and Liability Act may be available where a landowner has conducted an appropriate inquiry with respect to potential hazardous materials at the subject property in accordance with good commercial and customary practices. Such a defense is generally predicated on obtaining an environmental site assessment effective within 180 days prior to the landowner's acquisition of the subject property that has been prepared in substantial compliance with the ASTM Practice Designation E1527-21 – Standard Practice for Environmental Site Assessments. NV5 dba GRS Group prepared a Phase I Environmental Site Assessment for the Project dated October 1, 2025 (the "Site Assessment"), which may be relied upon by the Trust, according to which NV5 did not identify any recognized environmental conditions ("RECs") from the past or the present that would necessitate remediation or further investigation. Notwithstanding the foregoing, there is no assurance that the innocent landowner or bona fide prospective purchaser defense will be available to the Trust in the event that hazardous materials are found at the Project in the future. Further, a similar defense may not be available under state or local law. If losses arise from hazardous substance contamination that cannot be recovered from the responsible parties, the financial viability of the Project may be substantially affected. The Master Tenant has agreed to indemnify the Trust for losses from hazardous substance contamination arising from the gross negligence of the Master Tenant.

Toxic Mold. Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions and respiratory problems. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, food and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible

to eliminate all molds and mold spores in the indoor environment. According to the Property Condition Assessment ("Property Condition Assessment") of the Project, dated October 1, 2025 that was prepared by NV5, there was no visual or olfactory evidence of microbial growth and no reported complaints of microbial growth or moisture intrusion from tenants at the Project. While the Trust has no reason to believe that the Project suffers from toxic mold, there can be no assurance that toxic mold does not, or will not, exist at the Project. The difficulty in discovering indoor toxic mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the Project. As a result of attempts to exclude investigations, abatement and damage costs caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

Illiquidity of Real Estate Investments. The ownership of the Project will be relatively illiquid. Such illiquidity will limit the ability of the Trust to sell the Project.

Limited Representations and Warranties. The Trust acquired the Project with limited representations from Seller, many qualified to Seller's actual knowledge, including with respect to environmental matters, the existence of hazardous materials or matters affecting the condition, use or ownership of the Project. The Seller's limited representations survive the closing of the acquisition of the Project for a period of nine (9) months. The Trust will sell Interests to the Holders "as is" with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials or other matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

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. However, if interest rates rise in the future, it is likely that capitalization rates will also rise, and as a result, the value of real estate will decrease as a market adjustment for such increase. If capitalization rates increase, the Project will likely realize a lower sales price than anticipated, resulting in reduced returns.

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

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

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

changes to, among other things: (i) general economic and market conditions, (ii) supply chain constraints and (iii) interest rates. The foregoing could seriously and adversely affect the Trust's business, results of operations, financial condition, cash flow and the return to Holders.

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

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

Uninsured Losses. Pursuant to the terms of the Master Lease, the Master Tenant will be required to maintain insurance coverage against liability for personal injury and property damage. The Trust is required to be named as an additional insured under any such policies. There can be no assurance that insurance obtained by the Master Tenant will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as earthquakes, terrorism, toxic mold, wind and/or floods, may not be purchased or may be unavailable or unavailable at commercially reasonable rates or in amounts that are less than the full market value or replacement cost of the Project. In addition, there can be no assurance that particular risks that are currently insurable will continue to be insurable on an economical basis or that the current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Holders may lose all or part of their investment.

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

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

Wind Zones and Hurricanes. The Property Condition Assessment does not reference wind or hurricane-susceptible zones. If high winds cause a loss that is partially or completely uninsured, the Holders may lose all or part of their investment. Because the Trust has limited capital and reserves and cannot accept additional capital contributions, the Trust may not be able to rebuild all or a portion of the Project in the event of a casualty at the Project. It is not anticipated that the Trust or the Master Tenant will obtain separate wind insurance for the Project, but it is anticipated that wind damage will be included in the property insurance policy obtained for the Project.

Floodplain. According to the Flood Insurance Rate Maps published by FEMA, the Project is located in Flood Zone X (unshaded), which means an area with minimal risk of flooding that is outside both the 0.2% and 1% annual chance floodplains. If there is damage to the Project due to flooding and the Master Tenant does not repair the Project, the Trust could lose its investment in the Project. If flooding causes a loss that is partially or completely uninsured, the Holders may lose all or part of their investment. Neither the Trust nor the Master Tenant has established a significant amount of reserves and neither has sufficient capital in the event of a casualty at the Project.

Seismic Zone. According to the Property Condition Assessment, the Project is located in Seismic Zone 1, which is an area with low potential for damaging ground motion.

Competition. According to the Appraisal Report ("Appraisal") of the Project, dated December 18, 2025 that was prepared by Altus Group U.S. Inc. ("Altus"), the average occupancy rate for multifamily rental properties in the Project's submarket was 92.2% in 2024 and is expected to decrease throughout the 2025-2029 forecast period. According to the rent roll for the Project dated November 18, 2025 (the "Rent Roll"), the Project had an occupancy rate of approximately 86.90%. According to the Appraisal, the Project's stabilized occupancy is 92.0%. The Financial Forecast prepared by the Trust Manager assumes that the Project will maintain occupancy of approximately 91.3% after Year 1. Thus, the Financial Forecast assumes that the occupancy rate will be approximately the same as that assumed by the third-party appraiser. There can be no assurance that these rates will be achieved. The addition of new products to the market may and probably will create downward pressure on occupancy and the Trust's ability to

obtain the effective rental increases of the past several years. It is possible that tenants from the Project will move to existing or new developments in the surrounding area, which may adversely affect the ability of the Master Tenant to pay rent due under the Master Lease. Competition may also make it difficult to attract new tenants to the Project, which may increase costs and reduce returns at the Project.

Amenities as Potential Liabilities. In addition to the residential buildings, the Project is improved with certain amenities including an outdoor pool, patio, barbeque grills and fire pit, and a fitness center. Certain claims could arise in the event that any personal injury, death or injury to property should occur in, on, or around any of the Project's improvements. There can be no assurance that particular risks pertaining to these improvements that currently may be insured will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. The Trust may be liable for any uninsured or underinsured personal injury, death or property damage claims.

Occupancy. According to the Rent Roll, the Project is approximately 86.90% leased as of November 18, 2025. There can be no assurance that the Project can maintain the current occupancy level. If tenants (i) do not renew or extend their leases, (ii) default under their leases or (iii) terminate their leases, the operating results and financial viability of the Project could be substantially affected. The Financial Forecast assumes a minimum occupancy rate and certain rental rates for the Project, but there can be no assurances that the Project will be substantially occupied at the projected rents. The Appraisal indicates the anticipated stabilized occupancy rate for the Project is 92.0%. The Financial Forecast prepared by the Trust Manager assumes a stabilized occupancy rate of 91.3% after Year 1. There can be no assurance that the Project will maintain the minimum occupancy levels at projected levels or that rental concessions will not be required. Accordingly, lease-up and minimum occupancy rates may be achievable only at rental rates less than those assumed in the Financial Forecast. The Project is leased to the Master Tenant pursuant to the Master Lease. In the event that the Master Lease is terminated or occupancy levels at the Project decline, the financial viability of the Project may be substantially affected, which may affect the ability of the Master Tenant to pay rent due under the Master Lease.

Difficulty Attracting and Retaining Tenants. According to the Rent Roll, the Project is approximately 86.90% occupied as of November 18, 2025. The residential leases for units at the Project generally have a term of approximately one year or less. There can be no assurance that the Master Tenant will be able to increase or maintain the current occupancy level from the Seller. The failure to maintain projected lease-up rates may adversely affect the ability of the Master Tenant to pay rent due under the Master Lease.

Easements, Restrictions, Encroachments and Agreements. The Project is subject to typical easements for electricity, water, sewer and storm water management. The Project is burdened by a Declaration of Covenants and Assessments, dated July 7, 2005 ("CCRs"), that impose annual assessments and maintenance obligations on various property owners that are subject thereto. Disputes could arise with respect to assessments and maintenance obligations which would add to the operating costs of the Project and could affect the return to the Holders. The Project benefits from certain easements for access, sanitary sewer lines and stormwater detention pond. Disputes with the property owners encumbered by these easements would also add to the operating costs of the Project. According to the ALTA/NSPS Land Title Survey performed by Bock and Clark Corporation (a wholly owned subsidiary of NV5), dated November 20, 2025 (the "Survey"), Buildings 4 and 5 encroach over the setback lines. Any violation of the applicable zoning code could result in the municipality enforcing the removal of such encroachments, which would adversely affect the Project and the potential return to the Holders. Any or all of the easements, restrictions, encroachments or agreements on the Project could limit operations and development at the Project.

Zoning. All improved real estate projects must be built in accordance with applicable zoning regulations, absent an approved variance issued by the applicable governmental authority. According to the Zoning Memorandum prepared by Clark Hill dated October 9, 2025 (the "Zoning Memorandum"), which, may be relied upon by the Trust, the Project's use and improvements are legally conforming, and there are no zoning code violations. The number of parking spaces is not in compliance with municipal code, but the governing municipality approved the number of spaces when it approved the development of the Project, along with adjacent retail space. The Zoning Memorandum did not address whether the local municipality had records of past code violations. Any unknown or future violations on the Project could limit operations and development at the Project.

Necessary Improvements and Repairs. The Property Condition Assessment was based on a visual walkthrough of the Project on September 17, 2025. The Property Condition Assessment characterizes the Project as

being in overall good condition with respect to the major structural and mechanical systems. However, NV5 recommends immediate repairs to balconies in order to remediate improper waterproofing, and the immediate inspection of a fire sprinkler riser in the pool pump room that has an expired tag, the total cost of which is estimated to be $4,000. There is also some deferred maintenance that NV5 recommends over the next 12 years with respect to paving and concrete, building exterior, pool area, mechanical system and unit appliances. According to the Property Condition Assessment, the remaining useful life of the Project is at least an additional 48 years. NV5 estimates the total cost of such deferred maintenance over the 12-year period to be $346,910 (uninflated) or $426,775 (inflated). The Property Condition Assessment indicated that the estimated requirements for modified capital reserve expenditures are $172 per unit per year (uninflated) or $212 per unit per year (inflated). Based on this, NV5 recommends the establishment of a modified capital reserve of $426,775 for a 12-year hold period, as adjusted for inflation, for such items. In addition, Forum Exchange determined that additional repairs were needed for the balconies and reached an agreement with the Seller with respect to such repairs. The Trust has established reserves of $1,088,761 to pay for such balcony repairs and other capital expenditures. In the event that the cost of the Landlord Capital Expenditures exceeds the reserve, the Master Tenant shall be obligated to pay such excess costs pursuant to the Master Lease. The Trust is not permitted to obtain additional capital or financing. If such actions are necessary, the Project must be transferred (or the Trust converted) to the Springing LLC. If the Project is transferred (or if the Trust converts) to the Springing LLC, the Holders will lose their ability to participate in a Code Section 1031 exchange upon the sale or other disposition of the Project.

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

Compliance with the Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), public accommodations must meet certain federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA. When a building is being renovated, the area renovated and the path of travel accessing the renovated area, must comply with the ADA. The ADA requirements could require removal of access barriers at significant cost, and could result in the imposition of fines by the federal government or an award of damages to private litigants. Attorneys' fees may be awarded to a plaintiff claiming ADA violations. State and federal laws in this area are constantly evolving, and could evolve to place a greater cost or burden on the Trust. According to the Property Condition Assessment, NV5 noted that the Project's multifamily use is not defined as a public accommodation; however, the Project's on-site rental office and areas available to non-residents should be ADA compliant. According to the Property Condition Assessment, based on a limited visual survey of accessible areas for general compliance with ADA requirements, no material deficiencies were identified during the completion of the Property Condition Assessment. There can be no assurance that the Project does or will in the future conform to ADA requirements. If violations of the ADA do exist, there can be no assurance that there will be funds to pay for any necessary repairs and compliance will reduce the Trust's net income and the amount of cash available for distributions to the Holders.

Compliance with the Fair Housing Act and the Fair Housing Amendment Act. The Fair Housing Act of 1988 (Public Law 100-430) (the "FHA") enacted prohibitions against discrimination in housing on the basis of race, color, religion, sex, handicap, familial status or national origin. In addition, the Fair Housing Amendment Act (the "FHAA"), which modified the FHA, requires multifamily dwellings first occupied after March 13, 1991 to comply with design and construction requirements related to access and use by disabled persons. According to the Property Condition Assessment, no material deficiencies were identified. There can be no assurance that the Project does or will in the future conform to the FHA and FHAA requirements. Any unknown or future FHA or FHAA violations on the Project could limit operations and development at the Project.

Appraised Value. According to the Appraisal, the fair market appraised market value of the Project subject to the Master Lease, as of November 30, 2025 was $37,400,000. The Holders will purchase the Interests in the Trust based on an assumed Project value of $37,321,621 ($38,410,382 less the Operating Reserves in the amount of $1,088,761). The Trust may not be able to sell the Project at a price equal to or greater than the purchase price paid

by the Holders for the Interests, particularly given that the encumbrance of the Master Lease will likely be factored into the disposition price.

Limited Liability for the Appraisal. While the Trust is permitted to rely on the third-party reports referenced herein, the provider of the Appraisal has a maximum liability in the amount of the fee paid to Altus for the completion of the Appraisal. The Holders of the Trust may be required to rely on the Trust to pursue any of the third parties and any recovery will be subject to the limitation described above.

Affordable Housing. The Seller and the City of Canton entered into an agreement ("Workforce Housing Agreement") whereby the Seller agreed to designate 17 units at the Project as "Workforce Housing Units," which are units reserved for households earning between 60% and 120% of the Area Median Income ("AMI"), as defined and published annually by the U.S. Department of Housing and Urban Development for the region. If the Trust fails to comply with these AMI requirements, the City may take enforcement action consistent with applicable law. The Workforce Housing Agreement limits rental income to the Master Tenant and may cause leasing and re-leasing to be more challenging. Vacancies at the Project could negatively impact return to the Holders. Rent charged to underlying tenants may be limited by these restrictions.

Risks Relating to the Operation of the Trust

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

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

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

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

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.

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

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

Receipt of Compensation Regardless of Profitability. The Trust Manager, the Depositor, the Master Tenant and their Affiliates are entitled to receive significant fees and other compensation, payments and

reimbursements regardless of whether the Trust is profitable and such fees will be received prior to any distributions to the Holders.

Sale of the Project. The proceeds (net of closing costs) realized from the sale of the Project will be distributed among the Holders upon the sale of the Project but only after the satisfaction of the claims or obligations to other third-party creditors. The ability of a Holder to recover all or any portion of the Holder's investment will, accordingly, depend on the amount of net proceeds realized from the sale of the Project and the amount of claims to be satisfied therefrom. There can be no assurance that the Holders will realize gains on the sale of the Project. The net sales proceeds received by the Trust will be dependent on a number of market factors, including the capitalization rate applicable to similar real estate at the time of sale, and the desired sales price may not be achieved. The value of the Project may be negatively impacted because the Master Lease has a 20-year term and the value of the Project will be adjusted based on the value of the indebtedness secured by the Project. Although the Trust Manager has included a Financial Forecast of income for the operation of the Project, the Trust Manager has not made any projections or assumptions with respect to the sales price of the Project or the overall return to the Holders upon sale of the Project.

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

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

Risks Related to the FMV Option

The Interests are subject to the FMV Option. The Interests are subject to the FMV Option. The purchase price of the Interests in the Offering is higher than the price paid by the Trust pursuant to the purchase agreement with the Seller. The FMV Option is exercisable at the Trust Value. See "Summary of the Trust Agreement – FMV Option" for a summary of how the Trust Value is determined. There can be no guaranty that the Trust Value will be equal to or greater than the price originally paid by the Holders for the Interests.

Holders Have No Control of Exercise of FMV Option. The Operating Partnership will decide, in its sole discretion, whether or not to exercise the FMV Option. The Holders have no control over this decision including with respect to the timing of the exercise of the FMV Option and whether the Operating Partnership may offer cash or OP Units in connection therewith. The FMV Option could be exercised at any time during its term, including at a time when the Trust Value is lower than the amount paid by the Holders for the Interests. The Operating Partnership will be acting in its best interests when making any decision to exercise the FMV Option.

No Appraisal of OP Units. Upon exercise of the FMV Option, the number of OP Units a Holder receives will be based on the then current NAV per unit of the applicable class of OP Units at the time of exercise. The calculation of NAV per OP Unit is discussed in the FMREIT PPM. However, there is no requirement for an independent appraisal of the fair market value of the OP Units. As a result, the actual fair market value of the OP Unit may be lower than the value used to issue OP Units to the Holders at the time that the FMV Option is exercised. Thus,

the Holders may not receive a sufficient number of OP Units that is equal to the fair market value of their Interests exchanged.

The Operating Partnership and FMREIT are Recently Formed. The Operating Partnership and FMREIT are recently formed entities and have limited operating history and limited assets. There can be no assurance that the Operating Partnership and FMREIT will be successful.

FMREIT Business Plan; No Assurance Regarding Operating Partnership Assets. There is no assurance that FMREIT and the Operating Partnership will be successful in acquiring a significant number of assets. In addition, FMREIT has not registered a class of stock with the SEC. If FMREIT and the Operating Partnership cannot acquire significant assets or raise significant amounts through a private or a publicly registered offering, FMREIT and the Operating Partnership will likely not be able to execute the business plan described in this Memorandum or the FMREIT PPM. This may mean that FMREIT shareholders and the Operating Partnership's limited partners will have limited liquidity options and may not experience positive returns through their investment in FMREIT or the Operating Partnership. The FMV Option provides the Operating Partnership with the right to acquire the Holder's Interest for OP Units in the sole discretion of the Operating Partnership. As a result, the Holders may be required to become limited partners in the Operating Partnership regardless of the operations and assets of the Operating Partnership.

Appraiser Selected by Trust Manager. In connection with the exercise of the FMV Option, the Trust Manager has the right to appoint the third-party appraiser that will determine the Trust Value. The Holders will not have the right to approve such appraiser or offer a competing appraised Trust Value.

Value of Project Subject to Master Lease. The valuation of the Project will be made subject to the terms of the Master Lease, which has a term of 20 years. The existence of the Master Lease may negatively impact the fair market value of the Project which will decrease the exchange value of the Interests if the FMV Option is exercised.

OP Units Do Not Have Voting Rights. While the OP Units are structured to be economically equivalent to the corresponding class of common stock in FMREIT, the OP Units are non-voting securities. As a result, unlike common stock in FMREIT, the Holders of OP Units have no right to approve any action of the Operating Partnership or FMREIT.

Holders Cannot Select the Class of OP Units Received. The Operating Partnership has issued several classes of OP Units. Certain classes of OP Units are subject to different fees charged. The registered representative or RIA related to a Holder's acquisition of Interests will select the class of OP Units to be issued to the applicable Holder if the FMV Option is exercised. The Holder will not have the right to change the class of OP Units it will receive.

Assignment of FMV Option. The Operating Partnership has the right to assign its right to exercise the FMV Option to a subsidiary, an Affiliate or a successor entity of the Operating Partnership, including an entity that acquires all or a significant portion of the Operating Partnership or its assets. As such, the Holders may receive securities in an entity other than the Operating Partnership if the FMV Option is assigned and then exercised. In such a case, the type, liquidity rights or tax attributes of the securities received by the Holders is unknown.

No Future Section 1031 Exchange if FMV Option is Exercised. If the FMV Option is exercised and the Operating Partnership acquires the Interest in exchange for OP Units, the Holders will become limited partners in the Operating Partnership. Partnership interests do not qualify as real estate for purposes of Code Section 1031. As a result, in such case, the Holders will not be able to participate in a Code Section 1031 exchange upon the disposition of their OP Units in the event the FMV Option is exercised.

No Further Information. In the event the Operating Partnership elects to exercise the FMV Option, the Holders will not receive any other information regarding the Operating Partnership and FMREIT at such time and the FMV Option will be exercised in the sole and absolute discretion of the Operating Partnership. Thus, prospective investors will be required to rely on all of the information provided in this Memorandum and the FMREIT PPM and will not receive any subsequent information or have any determination as to whether the FMV Option will be exercised.

Conflict of Interest. The FMV Option is exercisable at the Operating Partnership's sole and absolute discretion, with input from the Advisor. The Operating Partnership and the Advisor may choose to exercise the FMV Option in the best interests of the Operating Partnership and 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, they may determine not to exercise the FMV Option if they believe that the underlying Property is not an attractive acquisition opportunity for the Operating Partnership. Further, the Operating Partnership has the sole discretion to acquire the Interests for cash instead of the OP Units. As such it may be acting in its own interest and in the interest of its affiliates when determining to exercise the FMV Option.

Risks Relating to the Operating Partnership

Real Estate and Financing Risks Associated with the Operating Partnership. The Interests are subject to the FMV Option. If the Operating Partnership exercises the FMV Option, the Holders will likely receive OP Units and become limited partners in the Operating Partnership. The Operating Partnership is the entity through which FMREIT conducts substantially all of its business. The Operating Partnership owns real estate and real estate related assets and, therefore, is subject to risks related to the ownership and financing of real estate. The risks set forth in "Real Estate Risks" and "Financing Risks" also apply to the Operating Partnership with respect to its real estate assets.

Limited Liquidity. There is no trading market for OP Units, and neither FMREIT nor the Operating Partnership intends to list the OP Units on a securities exchange or to otherwise make a market in the OP Units. In addition, the OP Units are subject to significant restrictions on transferability. As a result of the restrictions on transferability applicable to the OP Units, holders may not be able to sell OP Units except in connection with their right to tender OP Units for redemption by the Operating Partnership Further, the vast majority of the Operating Partnership's assets consist of properties which cannot generally be readily liquidated on short notice without impacting the Operating Partnership's ability to realize full value upon their disposition. Therefore, the Operating Partnership may not always have a sufficient amount of cash to immediately satisfy redemption requests. Accordingly, holders of OP Units must be able to bear the economic risk of holding the OP Units for a significant period of time.

Investment Discretion. The Operating Partnership Agreement provides the general partner of the Operating Partnership with broad authority to invest in various types of assets. Thus, investments by the Operating Partnership are not limited and limited partners must entrust all investment decisions to FMREIT, the Operating Partnership and the Advisor.

Additional Capital Requirements. To the extent funds are not available from operations, the Operating Partnership may require loans or additional capital for capital expenditures or operations. There can be no assurance that such loans or additional capital can be arranged or what the terms would be. In addition, it is anticipated that loans obtained to acquire the Project may restrict the ability of the Operating Partnership to obtain secondary financing.

Limited Governance Rights and Reliance on FMREIT and the Advisor. Under the Operating Partnership Agreement, holders of OP Units have no voting rights with respect to the Operating Partnership, except certain rights with respect to material and adverse amendments to provisions in the Operating Partnership Agreement relating to redemption rights, distributions, allocations of profit and loss to the limited partners and capital contributions. All decisions regarding the management of the Operating Partnership's affairs will be made exclusively by FMREIT with the advice of the Advisor and not the limited partners of the Operating Partnership. Accordingly, investors must entrust all aspects of management to FMREIT. You must carefully evaluate the personal experience and business performance of the officers of FMREIT and the Advisor, which will provide recommendations to the board of directors of FMREIT.

Conflicts with FMREIT Stockholders. The Operating Partnership Agreement provides that the general partner of the Operating Partnership is acting on behalf of itself, FMREIT and the stockholders of FMREIT collectively and is under no obligation to consider the separate interests of the limited partners of the Operating Partnership over FMREIT or its shareholders.

Property Management. The assets of the Operating Partnership are managed by third-party property managers. There can be no assurance that these property managers will be able to successfully manage the assets of the Operating Partnership.

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

Receipt of Compensation Regardless of Profitability. The Advisor and its Affiliates are entitled to receive certain significant fees and other compensation, payments and reimbursements regardless of whether the Operating Partnership operates at a profit or a loss.

Failure to Execute Business Plan. FMREIT's and the Operating Partnership's ability to raise additional capital and acquire additional property is uncertain and there is a risk that it will not occur, which may negatively impact the value of the OP Units. The failure to raise additional capital and acquire additional property would result in the operating expenses consuming a greater amount of cash from operations than anticipated, and in fact, operating expenses may exceed cash from operations.

Distributions. The Operating Partnership has not established a minimum distribution payment level. However, the Operating Partnership bears all expenses incurred by its operations, and its funds generated by operations, after deducting these expenses, may not be sufficient to cover desired levels of distributions to limited partners in the future. Additionally, the Operating Partnership is not limited in the sources of cash that may be available for distributions. The Operating Partnership may make distributions from any source, including working capital and/or refinancing proceeds. Distributions paid from sources other than current or accumulated earnings and profits may constitute a return of capital.

Adjustments to Capital Accounts. Future offerings of OP Units or FMREIT shares will dilute the ownership percentage in the Operating Partnership of a limited partners of the Operating Partnership and the Operating Partnership may value the OP Units at amounts in excess of or less than the value of the OP Units. Future offerings may require that the Operating Partnership book-up or book-down the capital accounts of its partners, including the limited partners of the Operating Partnership, to reflect the fair market value of the OP Units at the time of future offerings.

Changes of Control. Provisions in the Operating Partnership Agreement may delay, defer or prevent an unsolicited acquisition or change of control of the FMREIT and/or the Operating Partnership. These provisions include, among others, (i) redemption rights of qualifying parties, (ii) transfer restrictions on the OP Units, (iii) the ability of the general partner of the Operating Partnership to, in some cases, amend the Operating Partnership Agreement without the consent of the limited partners and (iv) the right of the limited partners to consent to transfers of OP Units and mergers under specified circumstances. These provisions could discourage third parties from making proposals involving an unsolicited acquisition or change of control of FMREIT and/or the Operating Partnership, although some limited partners might consider such proposals, if made, desirable.

Holders may have to file state income tax returns in multiple states. If the FMV Option is exercised in exchange for OP Units, unless the Operating Partnership files returns on a consolidated basis, the Holders of OP Units 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 Holders of OP Units.

REIT Qualification. The Operating Partnership Agreement requires the Operating Partnership to operate so that FMREIT will qualify as a REIT. Consequently, there may be economic or investment opportunities that will be rejected because such opportunities could have a negative implication on the qualification of FMREIT as a REIT.

Limitation of Liability. Pursuant to the Operating Partnership Agreement, the general partner of the Operating Partnership will not be liable to the Operating Partnership or limited partners for monetary damages for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission not amounting to willful misconduct or gross negligence. Additionally, the general partner of the Operating Partnership, FMREIT, and

certain other persons are entitled to indemnification for losses, claims, damages and liabilities that relate to the operations of the Operating Partnership as set forth in the Operating Partnership Agreement, subject to certain exceptions. See "Duties of the General Partner of the Operating Partnership."

Indemnification of the Advisor, its Affiliates and the Property Manager. Subject to applicable law and certain restrictions under FMREIT's charter applicable if FMREIT commences an initial public offering of its common stock, FMREIT and the Operating Partnership are required to indemnify the Advisor and its affiliates from all liabilities, claims, damages and losses arising in the performance of their duties under the Advisory Agreement and related expenses to the extent such claims are not fully reimbursed by insurance. The Property Manager and its officers, employees and agents will not be liable to the Operating Partnership for errors in judgment or other acts or omissions not constituting fraud, gross negligence or willful misconduct as a result of certain indemnification provisions in the Property Management Agreement. A successful claim for such indemnification would deplete the Operating Partnership's assets by the amount paid.

Risks Relating to the Offering and Lack of Liquidity

Limited Transferability of the Interests. Each Holder will be required to represent that such Holder is acquiring an Interest for investment and not with a view to distribution or resale, that such Holder understands the Interests, the OP Units and the FMREIT shares are not freely transferable and, in any event, that such Holder must bear the economic risk of investment in the Trust for an indefinite period of time because the Interests have not been registered under the Securities Act or certain applicable state securities laws, and that the Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the Interests and a Holder cannot expect to be able to liquidate its investment in case of an emergency. It is likely that the sale of Interests, the OP Units or the FMREIT shares will be subject to a discount relative to the fair market value of the Project which may result in a loss of a portion of a Holder's initial investment in Interests. Further, the sale of the Interests may have adverse material federal income tax considerations.

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

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

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

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

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

Private Offering Exemption - Limited Information. Because the Offering is a nonpublic offering and the Interests are only being sold to Accredited Investors, certain information that would be required if the Offering were

not so limited has not been included in this Memorandum, including, but not limited to, audited financial statements and prior performance tables. Thus, prospective Holders will not have this information available to review when deciding whether to invest in an Interest.

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

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

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

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

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

Compensation to the Participating Dealers. The Participating Dealers are compensated based on the number of Interests they sell. As a result, the Participating Dealers have an incentive to sell the greatest number of Interests possible.

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

Interests Retained by an Entity Controlled by the Depositor or an Affiliate. There is no assurance that all of the Interests will be sold. If the Maximum Offering Amount is not raised in the Offering, any Class 2 beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by a separate taxpayer. However, such entity could be controlled by an Affiliate of the Operating Partnership. Such entity may have an incentive to sell the Project prior to the projected holding period. The continued ownership of the Interests by an Affiliate of the Operating Partnership could create a conflict of interest between the Trust Manager and the Operating Partnership. There is no method established for resolving any conflict arising from the ownership of such Interests and the duties of the Trust Manager.

Payment Of Investor Servicing Fee. The Holders may be required to pay an Investor Servicing Fee to the Participating Dealer through which they acquired their Interest. The payment of this fee will reduce the rate of distributions received by the Holders. In addition, such fee may not currently be deductible for federal income tax purposes.

Managing Broker-Dealer's Limited Activities. The Trust has engaged the Managing Broker-Dealer to act as managing broker-dealer of the Offering in a limited capacity. The Managing Broker-Dealer is not receiving any Selling Commissions and is not providing traditional services that a customary managing broker-dealer would provide. The Managing Broker-Dealer's activities with respect to the Offering are limited to (i) the licensing and managing of certain employees of the Advisor and its affiliates ("Wholesalers"), (ii) conducting marketing of the Offering through such Wholesalers and providing advice and consultation with respect to such marketing, and (iii) engaging Participating Dealers to solicit purchasers of Interests. As a result, the Managing Broker-Dealer's oversight of the Offering may not be as thorough as, or contain the safeguards that would be provided by, a customary managing broker-dealer providing traditional services with respect to an offering.

Tax Risks

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

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

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

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

The Trust has not received and will not request a private ruling from the IRS regarding the federal income tax classification of the Trust. There is always a risk that the IRS may not agree with counsel's opinion. The opinion of counsel is predicated on all the facts, conditions and assumptions set forth in the opinion and is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts, conditions or assumptions set forth in the opinion prove incorrect, it is

likely that the tax consequences would change. The issues on which counsel to the Trust has issued the opinion to the Trust have not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a "should" opinion. A "should" opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed in the opinion will be accepted by the IRS or any state taxing authority, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. See "Material Federal Income Tax Considerations."

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

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

Failure to Qualify for Code Section 1031. The Trust has attempted to structure the purchase of an Interest as a purchase of real estate and not the purchase of an interest in a partnership. If the purchase of an Interest is treated for federal income tax purposes as purchasing an interest in a partnership rather than as undivided interests in real estate and such Holder purchases its Interest as part of a Code Section 1031 exchange, the Holder will not qualify for deferral of gain under Code Section 1031 and will immediately recognize any such gain and be subject to federal and applicable state income tax. Further, such a determination will not be made until after the Holder has purchased its Interest, and any taxes due will have to be paid by the Holder from other sources. In addition, the Trust may only sell the Project after the Trust has held the Project for two years after the Offering Termination Date upon the Trust Manager's determination that a sale is appropriate.

Compliance with the Revenue Ruling. The IRS has issued the Revenue Ruling which sets forth the requirements for a Delaware statutory trust to be treated as an investment trust that is classified as a trust. If the Trust or the Master Tenant fails to comply with the requirements of the Revenue Ruling, the Trust could be considered a partnership and the Holders will not be able to utilize the Interests as like-kind property in connection with a Code Section 1031 exchange of real property. If the Trust does not qualify as an investment trust, the Interests will not qualify as like-kind property for purposes of Code Section 1031.

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

Limited Authority. The utilization of a Delaware statutory trust to acquire and hold property for purposes of a Code Section 1031 exchange is based primarily on the Revenue Ruling, which addresses whether a trust will be treated as an "entity" taxable as a partnership or an investment trust that is classified as a trust for tax purposes. There is no direct authority other than the Revenue Ruling regarding the use of a Delaware statutory trust as an investment trust. It is possible that the IRS could determine that the Trust does not comply with the requirements of the Revenue Ruling. A determination that the Trust is not taxable as an investment trust that is classified as a trust would likely have a significant adverse impact on the Holders.

No Indebtedness. The Trust has not obtained any financing with respect to the Project. Prospective Holders that are utilizing the Interests as replacement property in a Code Section 1031 exchange should consider whether such Holder will have sufficient basis in the replacement property given the lack of financing. It is possible that any prospective Holder whose relinquished property was financed will likely need to acquire additional replacement property that is highly leveraged, utilize separate funds to make up the difference in equity invested, or pay taxes on a portion of the sale of the relinquished property.

Mandatory Sale. The Trust is required to sell the Project if the Trust Manager determines that the sale is appropriate. Any sale will occur without regard to the tax position, preferences or desires of any of the Holders, and the Holders have no right to approve (or disapprove) the sale of the Project. A Holder may or may not be able to defer the recognition of gain for federal, state or local income tax purposes when this sale occurs. Under current federal income tax law, Interests in the Trust should constitute interests in real estate and, therefore, a sale of the Project should qualify for deferral of gain under Code Section 1031 if all other requirements of Code Section 1031 are met (and assuming that the Project has not been transferred (or the Trust converted) to the Springing LLC).

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

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

Taxable "Boot." Amounts used to establish reserves or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as "boot" which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. The Trust has established $1,088,761 of reserves for the Trust Obligations (as defined in the Master Lease) which may be taxable to a Holder acquiring its Interest as replacement property for real property in exchange under Code Section 1031. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders, over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as "boot" which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest, which will be zero, is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. In the event any item is determined to be "boot," the taxpayer will have current income for any such "boot" up to the amount of gain on the exchange of the real property. See "Material Federal Income Tax Considerations – Taxable Boot."

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

True Lease. The Master Lease must be a true lease for income tax purposes. If the Master Lease is not a true lease for federal income tax purposes, the Trust and the Master Tenant could be considered to be in an agency or financing relationship which would result in the Trust not being an investment trust. The test for determining if a lease is a true lease is a factual one and focuses on (i) who controls the Project and (ii) who bears the economic risk of loss with respect to the Project. While the Master Tenant controls the day-to-day operations of the Project, the Trust is required to pay for the Trust Obligations (as defined in the Master Lease). Thus, the structure of the Master

Lease is not consistent with the factual assumptions set forth in the Revenue Ruling. Counsel to the Trust has relied on the certificate regarding certain items related to the Master Lease including whether the arrangements in the Master Lease are customary in the market. Thus, it is possible the Master Lease will not be treated as a true lease for income tax purposes. If the Master Lease fails to be treated as a true lease and the Master Tenant is treated as an agent of the Trust, the activities of the Master Tenant would be attributed to the Trust and the Trust could be treated as a partnership.

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

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

Taxable Income in Excess of Cash Receipts. It is possible that a Holder's taxable income resulting from its Interest (or as a limited partner of the Operating Partnership) will exceed the cash flow attributable thereto. This may occur because funds received by the Trust (or the Operating Partnership) may be taxable income to the Holder while the Trust (or the Operating Partnership) may use such funds for nondeductible operating or capital expenses of the Project, or such funds may be held in reserves. Thus, there may be years in which a Holder's (or Contributing Limited Partner's) tax liability exceeds its share of cash distributions from the Trust (or the Operating Partnership). The same tax consequences may result from a sale or transfer of an Interest, whether voluntary or involuntary, and may produce ordinary income or capital gain or loss. See "Material Federal Income Tax Considerations – Certain Tax Consequences Regarding Ownership of an Interest."

The IRS Could Apply Step Transaction Principles to the FMV Option. If the FMV Option is exercised, the acquisition of an Interest subject to the FMV Option may be challenged by the IRS under "step transaction" principles which would treat the acquisition of Interests and OP Units as a single transaction. In such case, a Holder would be treated for federal income tax purposes as having acquired the OP Units and not the Interests. As a result, the Holder would be deemed to never have held an undivided interest in the Project. Thus, the OP Units, and not the Interests, would be deemed to be the "replacement property" for purposes of Code Section 1031.

FMV Option and Code Section 1031. The FMV Option may indicate that a Holder did not acquire its Interests for investment purposes. Because replacement property must be acquired for investment purposes, such a determination could disqualify the Interest as potential "replacement property" for a Code Section 1031 exchange.

Potential Gain Recognition as a Result of Relief from Liabilities. If the FMV Option is exercised, the Holders will contribute their 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 a Contributing Limited Partner's share of Operating Partnership liabilities, prospective Holders are strongly encouraged to consult their tax advisors regarding the application of these rules to their particular circumstances. If a Contributing Limited Partner needs additional allocations of liabilities, a Contributing Limited Partner may have to guaranty Operating Partnership indebtedness.

Recognition of Gain Upon the Sale of Project by the Operating Partnership. In the event of a sale of the Project by the Operating Partnership when the Operating Partnership does not enter into a 1031 Exchange, the built-in gain of a Contributing Limited Partner will be recognized by the Contributing Limited Partner, even though little or no cash will be distributed to the Contributing Limited Partner. The Operating Partnership may not engage in a Code Section 1031 exchange when it has disposed of any previously contributed property for a number of reasons including possible future economic, market, legal, tax or other considerations. The Contributing Limited Partners will have no control over whether the Operating Partnership disposes of the Project in a manner that results in taxable gain to a Contributing Limited Partner.

No Tax Indemnification. The Operating Partnership will not reimburse and/or pay damages with respect to any federal, state and local taxes incurred by Contributing Limited Partners in connection with the direct or indirect sale or disposition of the Project by the Operating Partnership. The Operating Partnership will not offer "tax protection agreements" or any similar arrangement pursuant to which a Contributing Limited Partner would be reimbursed for such amounts. Purchasers will have no control over whether or not the Operating Partnership sells or otherwise disposes of the Project 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 the Project.

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

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

Tax Information Provided to the Operating Partnership. Upon the contribution of the Interests to the Operating Partnership, the Operating Partnership will require each Holder to provide information regarding its tax basis. Initially, this will include providing a copy of any related IRS Form 8824 and related depreciation methodologies and other tax information related to the Holder's Interest. In addition, the Operating Partnership will require updated depreciation information from the Holder. In the event updated depreciation information is not provided, the Operating Partnership will estimate such Holder's 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 Holder which may create adverse tax consequences for such Holder. The Holders should consult their tax advisor concerning determining the Holder's initial tax basis and maintaining the necessary records in order to meet this requirement.

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

Changes in Federal Income Tax Law. Congress has enacted several major tax bills that substantially affect the tax treatment of real estate investments. Congress could make substantial changes in the future to the income tax consequences with respect to an investment in an Interest (or an OP Unit). Congress could make changes in the future to eliminate Code Section 1031 in its entirety or with respect to Interests in the Trust. Substantial changes to the Code

may take place in the future, which may have substantial negative effect with respect to an investment in the Trust. The extent and effect of such changes, if any, are uncertain.

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

For a further discussion on the tax aspects of an investment in an Interest, see "Material Federal Income Tax Considerations." In addition, prospective Holders should read the federal income tax considerations and tax risks contained in the FMREIT PPM.

ESTIMATED USE OF PROCEEDS

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

The Depositor will acquire all of the Class 2 beneficial interests, and the Trust will redeem all of the Class 2 beneficial interests held by the Depositor for $41,864,176 from the proceeds of the Offering. This amount is greater than the Initial DST Asset Value ($38,410,382). The following describes how the Depositor and the Trust will use the funds raised in the Offering[(1)]:

Use	Amount from Offering Proceeds (Equity)	Percentage of Maximum Offering Amount (Equity)	Percentage of Overall Expenditures[(2)]
Acquisition of Real Estate	$37,321,621	89.15%	89.15%
Reserves from Offering Proceeds	$1,088,761	2.60%	2.60%
Carrying Costs[(3)]	$523,302	1.25%	1.25%
Selling Commissions[(4)]	$2,511,851	6.00%	6.00%
O&O Costs[(5)]	$418,642	1.00%	1.00%
Total Uses of Proceeds	$41,864,176	100%	100%

(1) This table has been included for purposes of informing prospective Holders about the compensation and expenses that have been, or will be, received or incurred in connection with the Offering. The total proceeds exceed the amount contributed by the Depositor for its Class 2 beneficial interests. This table does not address the allocation for federal income tax purposes of the amount paid by a Holder for its Interest. Prospective Holders should discuss with their own tax advisors the tax treatment of the purchase of an Interest.

(2) This percentage was calculated by dividing (i) the expenditures by (ii) the Maximum Offering Amount ($41,864,176).

(3) Carrying Costs in an amount up to 1.25% of the sale price of Interests will be paid to the Depositor and immediately remitted to the TRS as a reimbursement of expenses of the TRS. In the event that a lower commission rate is agreed to by a Participating Dealer or the Selling Commission is not paid because the Holder's financial advisor is an RIA, the amount of Carrying Costs with respect to the applicable Holder will be reduced by a proportionate amount pursuant to a purchase price adjustment to the Class 1 Beneficial Interests. As an administrative convenience, the Trust will remit on behalf of the Depositor Carrying Costs directly to the TRS.

(4) Selling Commissions in an amount up to 6% of the sales price of Interests will be paid to the Participating Dealers.

(5) O&O Costs in an amount up to 1.00% of the sale price of Interests will be paid to the Depositor and immediately remitted to the Advisor as a reimbursement of expenses of the Advisor. In the event that a lower commission rate is agreed to by a Participating Dealer or the Selling Commission is not paid because the Holder's financial advisor is an RIA, the amount of O&O Costs with respect to the applicable Holder will be reduced by a proportionate amount pursuant to a purchase price adjustment to the Class 1 Beneficial Interests. As an administrative convenience, the Trust will remit on behalf of the Depositor O&O Costs directly to the Advisor.

DESCRIPTION OF THE MARKET

The information contained in this "Description of the Market" section was obtained from the Appraisal. The Trust Manager has no reason to believe that the information is not accurate; however, no assurance can be given that such information is, in fact, accurate.

The Location

The Project is located in Canton, Georgia within the Marietta Georgia Metropolitan Division (the "Marietta MD"). The precise location of the Project is displayed in the map below.

The following is a brief summary of the real estate market in which the Project is located. Unless otherwise indicated, the information in this section has been taken from third party reports or sources. Neither the Trust nor the Trust Manager has independently verified the information obtained from these sources and they cannot assure you of the accuracy or completeness of the data.

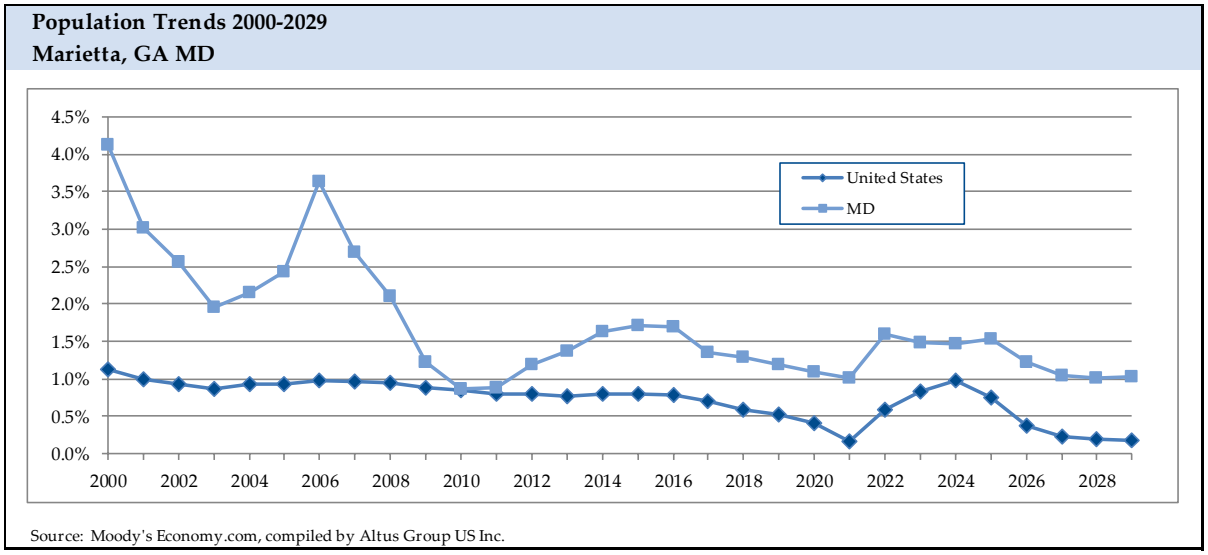
The Marietta Georgia Metropolitan Division

Unless otherwise noted, the following information was obtained from the Appraisal.

Marietta is the core city of the Marietta MD which includes five counties: Bartow, Cobb, Haralson, Paulding and Cherokee (where the Project is located).

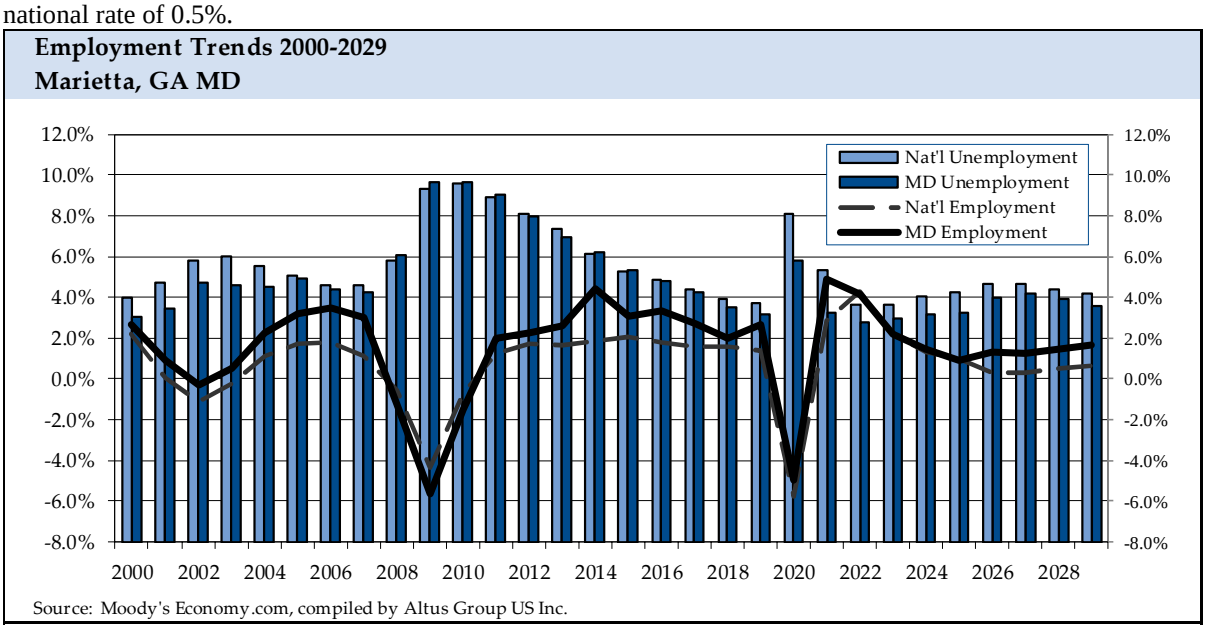
Population Trends

The population in the Marietta MD was approximately 1.4 million as of year-end 2024. Population growth in the Marietta MD has generally outperformed that of the nation historically and in recent years this has held true. Growth has averaged approximately 1.5% annually over the past three years while the nation's population growth has averaged closer to 0.8% annually. These trends are predicted to continue through 2029, as the Marietta MD is projected to see an average annual population growth of 1.2% compared to 0.3% for the nation.



Employment Trends

Employment in Marietta MD was approximately 580K jobs as of year-end 2024 and is expected to increase to 618K jobs in 2029. The employment growth rate in the Marietta MD was above the national average at 1.5% as compared to 1.3% for the nation as of year-end 2024. The employment growth rate for the Marietta MD is projected to outperform the nation in the near term, averaging 1.3% over the next five years (2025-2029) as compared to the national rate of 0.5%.



The top employers in the Marietta MD are shown in the following table. The Home Depot Inc., WellStar Health System and Kennesaw State University are the major employers in the area. Other key employers include Lockheed Martin Aeronautics and Publix Super Markets Inc.

Major Employers
Marietta, GA MD

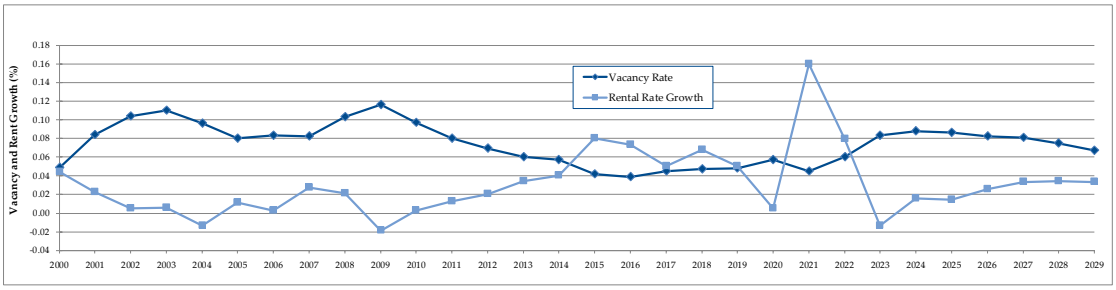
Company	Number of Employees
The Home Depot Inc.	21,310
WellStar Health System	7,200
Kennesaw State University	5,581
Lockheed Martin Aeronautics	5,000
Publix Super Markets Inc.	3,400 to 6,700
Genuine Parts Co.	2,500
Yamaha Motor Manufacturing Co.	1,800

Source: Moody's Economy.com

Multifamily Supply and Demand

The Marietta MD currently contains approximately 488,843 apartment units as of year-end 2024 with approximately 7,317 new units expected to be delivered in 2025. Completions are expected to average 6,037 units during the 2025 to 2029 forecast period. Absorption is reported at 9,116 units in 2024 and is expected to outpace completions with an average annual absorption of 7,614 units throughout the 2025 to 2029 forecast period. Vacancy rates in the Marietta MD were reported at 8.8% in 2024. They are expected to decrease and average 7.8% throughout the forecast period. Rental rate growth improved to 1.6% in 2024, recovering from a low of –1.3% recorded in 2023. Rental rate growth is expected to increase and average 2.8% throughout the 2025 to 2029 forecast period.

Vacancy and Rent Trends
Marietta, GA MD

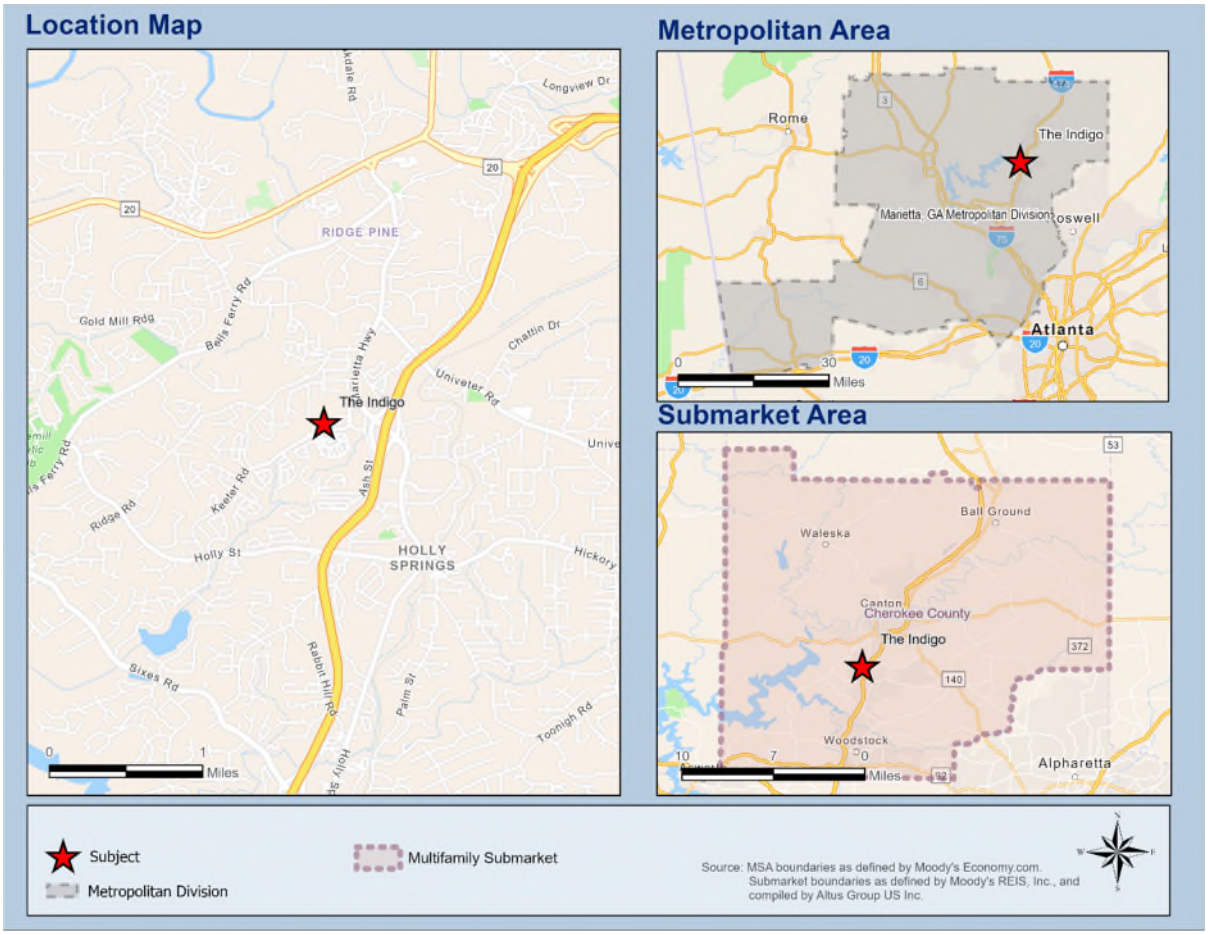


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Vacancy	4.90%	8.40%	10.40%	11.00%	9.60%	8.00%	8.30%	8.20%	10.30%	11.60%	9.70%	8.00%	6.90%	6.00%	5.70%	4.20%	3.90%	4.50%	4.70%	4.80%	5.70%	4.50%	6.00%	8.30%	8.80%	8.60%	8.20%	8.10%	7.50%	6.70%
Rent Growth	4.40%	2.30%	0.50%	0.60%	-1.30%	1.10%	0.30%	2.70%	2.10%	-1.90%	0.30%	1.30%	2.00%	3.40%	4.00%	8.00%	7.30%	5.00%	6.80%	5.00%	0.50%	16.00%	7.90%	-1.30%	1.60%	1.40%	2.60%	3.30%	3.40%	3.30%

Source: REIS, Inc., compiled by Altus Group US Inc.

The Project Submarket

The Project is located in Canton, GA in Cherokee County. Canton is a northern suburb of Atlanta with easy access to Atlanta via Interstate 575 and Interstate 75.



Population

Population growth surrounding the Project has been approximately 1.9% annually since 2010-2020. This trend is expected to continue at this strong rate from 2025-2030 and is expected to remain stable at 2.1% for a 3-mile radius and 1.6% for a 5-mile radius around the Project. The forecasted growth in the primary and secondary trade areas is slightly above that of the Marietta MD and the nation as a whole.

Population Trends
The Indigo

	Census					Annual Growth Rate		
Geographic Area	**2000**	**2010**	**2020**	**2025**	**2030**	**00-10**	**10-20**	**25-30**
Primary Trade Area (3 Miles)	17,054	36,495	43,986	47,810	53,029	7.9%	1.9%	2.1%
Secondary Trade Area (5 Miles)	42,457	77,427	94,154	101,856	110,499	6.2%	2.0%	1.6%
Cherokee County, GA	141,920	214,346	266,620	298,166	323,811	4.2%	2.2%	1.7%
Marietta, GA Metropolitan Division	932,959	1,173,653	1,340,250	1,429,750	1,499,030	2.3%	1.3%	1.0%
Georgia	8,186,453	9,687,659	10,711,908	11,269,916	11,683,868	1.7%	1.0%	0.7%
Nation	281,421,284	308,745,335	331,449,281	339,887,816	347,149,419	0.9%	0.6%	0.4%

Source: 2000/2010/2020 US Census Bureau, ESRI 2025 & 2030 Projections as compiled by Altus Group US Inc.

Population by Age

An analysis of the age distribution of an area's population is warranted as the ratio of older to younger consumers influences a multifamily property's resident profile. The area surrounding the Project has the highest percentage of the population within the 0-14 age bracket followed by the population within the 25-34 and 35-44 age brackets. Population distribution is reflective of the location of the Project in an area characterized by young families.

Age Trends
The Indigo

	2025 Population By Age								
Geographic Area	% Age 0-14	% Age 15-19	% Age 20-24	% Age 25-34	% Age 35-44	% Age 45-54	% Age 55-64	% Age 65+	Median Age
Primary Trade Area (3 Miles)	19.3	7.0	7.0	14.0	13.9	13.4	11.6	13.8	36.9
Secondary Trade Area (5 Miles)	18.9	7.1	7.0	13.5	13.3	13.6	12.0	14.7	37.7
Cherokee County, GA	17.9	6.6	6.3	12.9	13.1	13.4	12.7	17.1	39.9
Marietta, GA Metropolitan Division	17.8	6.6	6.7	14.3	13.7	13.2	12.2	15.5	38.4
Georgia	17.7	6.7	7.1	14.1	13.2	12.5	12.1	16.5	38.3
Nation	17.1	6.5	6.7	13.6	13.2	12.0	12.1	18.8	39.6

Source: 2000/2010/2020 US Census Bureau, ESRI 2025 & 2030 Projections as compiled by Altus Group US Inc.

Income

Average household income levels for the 3-mile radius around the Project are $125,136. The rate of growth in household income is expected to be 1.6% annually for this area over the next five years. In the 5-mile radius around the Project, households earn, on average, $130,629 with a projected growth rate of 1.7% annually over the next five years.

Average Income Per Household
The Indigo

Geographic Area	2025	2030	Annual Gwth Rate 25-30
Primary Trade Area (3 Miles)	$125,136	$135,763	1.6%
Secondary Trade Area (5 Miles)	130,629	141,826	1.7%
Cherokee County, GA	131,896	143,679	1.7%
Marietta, GA Metropolitan Division	130,569	143,267	1.9%
Georgia	108,989	120,776	2.1%
Nation	116,179	128,612	2.1%

Source: 2000/2010/2020 US Census Bureau, ESRI 2025 & 2030 Projections as compiled by Altus Group US Inc.

The relatively middle-class household incomes result from having a greater relative proportion of households in the $150,000+ income bracket. There is a substantially larger portion of households that earn an income in the brackets of $100,000-$150,000, and $75,000-$100,000 than households in the lower income brackets.

Income Trends
The Indigo

		Households by Income						
Geographic Area	2025 Households	Total $150K+	$100-$150K	$75-$100K	$50-$75K	$35-$50K	$15-$35K	$0-$15K
Primary Trade Area (3 Miles)	16,852	30.1%	23.9%	13.4%	12.0%	5.2%	10.7%	4.7%
Secondary Trade Area (5 Miles)	35,846	30.8%	26.0%	12.3%	12.0%	5.0%	9.4%	4.5%
Cherokee County, GA	108,314	30.7%	25.6%	12.8%	13.0%	5.9%	8.1%	4.0%
Marietta, GA Metropolitan Division	531,898	29.6%	21.8%	12.9%	14.8%	7.6%	8.2%	5.2%
Georgia	4,271,670	21.4%	18.0%	12.7%	15.9%	10.2%	12.8%	9.0%
Nation	132,422,886	23.7%	17.8%	12.5%	15.6%	9.8%	12.2%	8.3%

Source: 2000/2010/2020 US Census Bureau, ESRI 2025 & 2030 Projections as compiled by Altus Group US Inc.

Renter vs. Owner Occupied Households

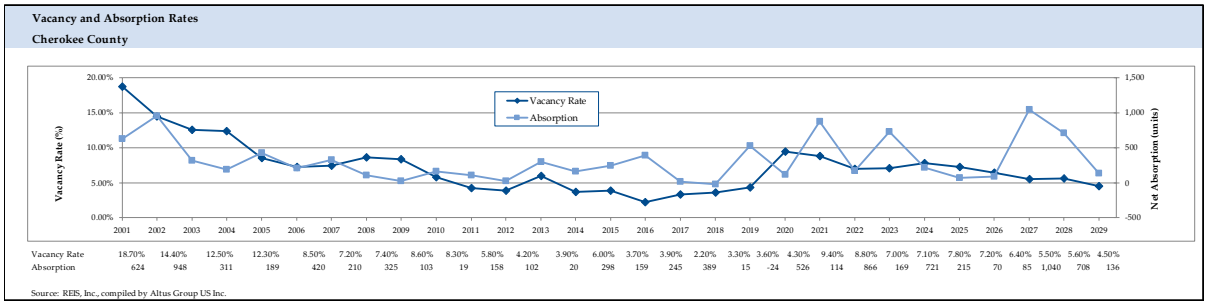
The percentage of renter-occupied units is less than the percentage of owner-occupied households within both the 3- and 5- mile radius of the Project. As compared to 2010, the percentage of homeowners has slightly decreased in the nearby area, and renting has become more popular. Going forward, the projections for 2030 are a slight shift downward for the owner-occupied units and a decrease in vacancies.

Renters The Indigo	2010			2025			2030		
Geographic Area	% Owners	% Renters	% Vacant	% Owners	% Renters	% Vacant	% Owners	% Renters	% Vacant
Primary Trade Area (3 Miles)	69.6	21.5	9.0	67.7	28.5	3.8	65.8	31.2	3.0
Secondary Trade Area (5 Miles)	71.1	21.0	7.9	70.3	25.3	4.4	69.6	26.3	4.1
Cherokee County, GA	73.3	18.9	7.8	74.1	21.3	4.6	73.9	21.6	4.5
Marietta, GA Metropolitan Division	64.7	26.3	9.0	67.1	27.8	5.0	68.0	27.0	5.0
Georgia	57.6	30.1	12.3	59.2	32.1	8.7	60.4	31.0	8.6
Nation	57.7	30.9	11.4	57.9	32.3	9.8	58.8	31.5	9.7

Source: 2000/2010/2020 US Census Bureau, ESRI 2025 & 2030 Projections as compiled by Altus Group US Inc.

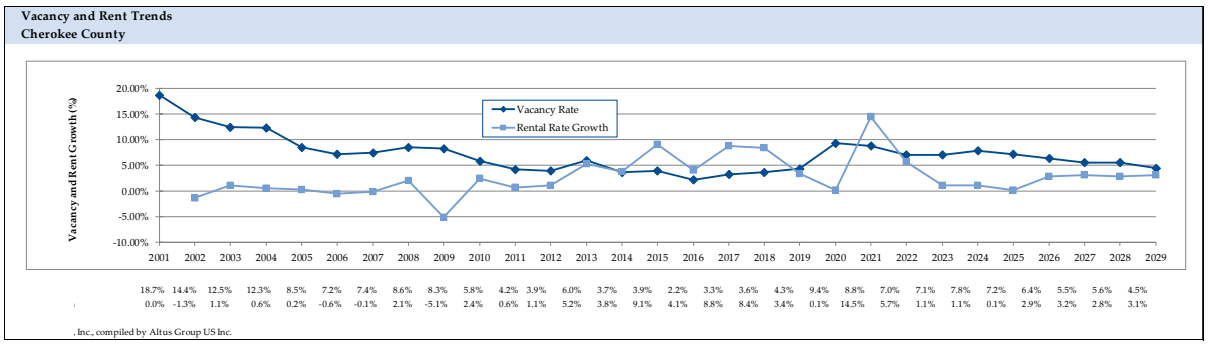
Multifamily Supply and Demand

The Cherokee County submarket currently contains approximately 10,617 apartment units as of year-end 2024 with no new units expected to be delivered in 2025. Going forward, completions are projected to average 352 units total from 2025-2029. Absorption is projected to outpace completions with an average annual absorption of 408 units for the same period. Vacancy rates in Cherokee County submarket were reported at 7.8% in 2024. They are expected to decrease and average 5.8% throughout the 2025 to 2029 forecast period.



Rental Rates

Rental rate growth in Cherokee County was reported to be 1.1% in 2024. Rental growth rates are expected to average 2.4% throughout the 2025 – 2029 forecast period. Rental rates are reported at $1,555 per unit per year in 2024. They are expected to increase and reach $ 1,754 per unit per year in 2029.



DESCRIPTION OF THE PROJECT

Overview

The Project is a 168-unit multifamily property built in 2022 and 2023. The Project is situated on a 8.445-acre site located in the City of Canton, Georgia and has a physical address of 300 Prominence Point Pkwy. The Project includes 3-story tall residential buildings, with a net rentable area of approximately 163,368 square feet. The Project has a total of 260 parking spaces, which includes 9 handicap spaces. As of the date of the Rent Roll, the Project was leased at an occupancy rate of 86.90%.

Environmental Conditions

NV5 did not identify any RECs at the Project. In NV5's opinion, the environmental conditions do not represent a significant environmental concern.

Toxic Mold

Litigation and concern about indoor exposure to certain types of toxic mold has been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions and respiratory problems. People react differently to mold – some people are particularly susceptible to certain types of mold while others do not experience any reaction at all. So-called "toxic" molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, food and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment.

Wind Zone

The Property Condition Assessment does not reference wind or hurricane-susceptible zones. It is not anticipated that the Trust or the Master Tenant will obtain separate wind insurance for the Project but it is anticipated that wind damage will be included in the property insurance policy obtained for the Project.

Seismic Zone

According to the Property Condition Assessment, the Project is located in Seismic Zone 1, which is an area with low potential for damaging ground motion. The Master Tenant does not intend to obtain earthquake insurance. The Trust will have limited earthquake insurance pursuant to certain blanket policies under which the Project will be insured.

Easements, Restrictions and Encroachments

The Project is subject to typical easements for electricity, water, sewer and storm water management. The Project is burdened by CCRs that impose annual assessments and maintenance obligations on various property owners that are subject thereto. The Project benefits from certain easements for access, sanitary sewer lines and stormwater detention pond. According to the ALTA/NSPS Land Title Survey performed by Bock and Clark Corporation (a wholly owned subsidiary of NV5), dated November 20, 2025 (the "Survey"), Buildings 4 and 5 encroach over the setback lines.

Zoning

All improved real estate projects must be built in accordance with applicable zoning regulations, absent an approved variance issued by the applicable governmental authority. According to the Zoning Memorandum, which may be relied upon by the Trust, the Project's use and improvements are legally conforming, and there are no zoning code violations. The number of parking spaces is not in compliance with municipal code, but the governing municipality approved the number of spaces when it approved the development of the Project, along with adjacent retail space. The Zoning Memorandum did not address whether the local municipality had records of past code violations.

Floodplain

According to the Property Condition Assessment which cites to FEMA, the Project is located in Flood Zone X (unshaded), which means an area with minimal risk of flooding that is outside both the 0.2% and 1% annual chance floodplains.

Necessary Improvements and Repairs

The Property Condition Assessment was based on a visual walkthrough of the Project on September 17, 2025. The Property Condition Assessment characterizes the Project as being in overall good condition with respect to the major structural and mechanical systems. However, NV5 recommends immediate repairs to balconies in order to remediate improper waterproofing, and the immediate inspection of a fire sprinkler riser in the pool pump room that has an expired tag, the total cost of which is estimated to be $4,000. There is also some deferred maintenance that NV5 recommends over the next 12 years with respect to paving and concrete, building exterior, pool area, mechanical system and unit appliances. According to the Property Condition Assessment, the remaining useful life of the Project is at least an additional 48 years. NV5 estimates the total cost of such deferred maintenance over the 12-year period to be $346,910 (uninflated) or $426,775 (inflated). The Property Condition Assessment indicated that the estimated requirements for modified capital reserve expenditures are $172 per unit per year (uninflated) or $212 per unit per year (inflated). Based on this, NV5 recommends the establishment of a modified capital reserve of $426,775 for a 12-year hold period, as adjusted for inflation, for such items. In addition, Forum Exchange determined that additional repairs were needed for the balconies and reached an agreement with the Seller with respect to such repairs. The Trust has established reserves of $1,088,761 to pay for such balcony repairs and other capital expenditures.

Compliance with the Americans with Disabilities Act

According to the Property Condition Assessment, NV5 noted that the Project's multifamily use is not defined as a public accommodation; however, the Project's on-site rental office and areas available to non-residents should be ADA compliant. According to the Property Condition Assessment, based on a limited visual survey of accessible areas for general compliance with ADA requirements, no material deficiencies were identified during the completion of the Property Condition Assessment.

Compliance with the Fair Housing Act and the Fair Housing Amendment Act

According to the Property Condition Assessment, no material deficiencies were identified.

Appraised Value

According to the Appraisal, the fair market appraised market value of the Project subject to the Master Lease, as of November 30, 2025 was $37,400,000. The Holders will purchase the Interests in the Trust Project value of $37,321,621 ($38,410,382 less the Operating Reserves in the amount of $1,088,761).

Affordable Housing

The Seller and the City of Canton entered into an agreement ("Workforce Housing Agreement") whereby the Seller agreed to designate 17 units at the Project as "Workforce Housing Units," which are units reserved for households earning between 60% and 120% of the Area Median Income ("AMI"), as defined and published annually by the U.S. Department of Housing and Urban Development for the region. If the Trust fails to comply with these AMI requirements, the City may take enforcement action consistent with applicable law.

Description of Form of Apartment Lease

Units in the Project are currently leased to tenants pursuant to a National Apartment Association form Apartment Lease Contract which includes the following basic terms. Tenants pay for all utilities that serve the respective units, which are water, electricity, sewer, gas, trash, cable TV and internet. The lease term is typically 12 months or less and tenants must provide landlord with at least 60 days' notice prior to termination or move out. Rent is due on the 1st of each month and a late charge in the amount of 10% of the current rent due is assessed if rent is not paid on or before the 5th of each month. Some tenants are required to pay a security deposit or maintain a deposit

insurance policy. If tenant provides notice of termination prior to the end of the term of the lease, the tenant remains obligated to pay for the remainder of the term. Tenants may maintain renter's insurance for their personal property but are required to maintain personal liability insurance. Pets are permitted for a one-time fee and a deposit, and landlord does impose certain breed restrictions.

DESCRIPTION OF THE MASTER LEASE

General

The Trust entered into the Master Lease with the Master Tenant, which is included in the Digital Investor Kit. The entire Master Lease should be reviewed before investing. The following is only a summary of some of the significant provisions of the Master Lease and is qualified in its entirety by reference thereto.

Term

The Trust leased the entire Project to the Master Tenant for a term of 20 years pursuant to the Master Lease. The Master Lease will not automatically terminate upon the sale of the Project by the Trust or upon the exercise of the FMV Option.

Rent

During the term of the Master Lease, the Master Tenant will pay Base Rent to the Trust monthly in arrears based upon the following annual schedule:

Lease Period	Annual Base Rent
Year 1	$2,049,274
Year 2	$2,049,274
Year 3	$2,049,274
Year 4	$2,049,274
Year 5	$2,049,274
Year 6	$2,369,910
Year 7	$2,369,910
Year 8	$2,369,910
Year 9	$2,369,910
Year 10	$2,369,910
Year 11	$2,740,713
Year 12	$2,740,713
Year 13	$2,740,713
Year 14	$2,740,713
Year 15	$2,740,713
Year 16	$3,169,534
Year 17	$3,169,534
Year 18	$3,169,534
Year 19	$3,169,534
Year 20	$3,169,534

Taxes

The Master Tenant is responsible for all taxes for the Project.

Insurance

The Master Tenant will be responsible for all insurance for the Project.

Utilities

The Master Tenant is responsible for all utilities for the Project.

Casualty and Condemnation Restoration

The Master Tenant is responsible for paying any expenses related to repairing or restoring the Project after a casualty or condemnation, including any capital repair expenses related to the structures and foundations resulting from such casualty or condemnation. In the event of a casualty, the Master Tenant will be entitled to use all available insurance proceeds to restore the Project. If insurance proceeds are insufficient to complete the restoration, the Master Tenant will fund any excess costs and expenses needed to complete the restoration. In the event that a condemnation proceeding results in the taking of part of the Project and the Master Lease is not terminated, the Trust will make available to the Master Tenant all condemnation proceeds and the Master Tenant will fund any excess costs and expenses needed to complete the restoration. If a casualty occurs with damage exceeding 30% of the fair market value of the Improvements (as defined in the Master Lease) immediately prior to such damage or destruction, as determined by the architect, the Master Tenant may elect, within 60 days of such damage by written notice, to terminate the Master Lease, and the Trust shall receive and retain all insurance proceeds from any loss of profits or rental insurance for periods after the termination. In addition, if less than two years remain in the term of the Master Lease, then the Trust also may elect, within 60 days of such damage by written notice, to terminate the Master Lease. In case of (i) a Taking (as defined in the Master Lease) of 25% or more of (a) the Improvements or (b) the parking areas within the Project or (ii) if access to all of the Project's parking areas are obstructed for at least six consecutive months as a result of such Taking, the Master Lease may be terminated at the election of the Master Tenant.

Operating Expenses

The Master Tenant is obligated to pay all costs associated with the operation, maintenance, repair and leasing of the Project, including all operating costs, costs of repairs and maintenance and costs of capital improvements.

Capital Improvements

Pursuant to the Master Lease, except with respect to the Landlord Capital Expenditures, the Master Tenant is responsible for the Capital Expenditures. Notwithstanding the foregoing, the Master Tenant is prohibited from making any modifications to the Project other than minor nonstructural modifications or as required by law. The Landlord Capital Expenditures shall not exceed the amount of the Operating Reserve ($1,088,761).

Subleases

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

Defaults and Remedies

The Master Tenant will be in default under the Master Lease upon (i) a failure to pay Base Rent or any Additional Rent (as defined in the Master Lease) or any required amounts when due, which failure is not cured within 10 days after the landlord delivers written notice of such failure, (ii) a failure to observe or perform any non-monetary terms and conditions of the Master Lease, which failure is not cured within 30 days after written notice, unless such failure cannot be cured within 30 days and the Master Tenant promptly and diligently cures such failure, including additional time to cure such failure beyond 90 days to the extent that such failure was not the result of an affirmative act by the Master Tenant, (iii) the leasehold being taken on execution or other process of law in an action against the Master Tenant, (iv) the filing of a voluntary petition in bankruptcy or an adjudication of bankruptcy or insolvency, (v) any levy or attachment on the Master Lease or the leasehold of Master Tenant and such attachment is not vacated within 120 days, (vi) the dissolution or termination of the Master Tenant, (vii) the Master Tenant's general assignment for the benefit of creditors, and (viii) any failure of a material representation or warranty made by the Master Tenant under the Master Lease which is not remedied within 30 days after written notice.

Upon the Master Tenant's default under the Master Lease, the Trust will have the right to (i) terminate the Master Lease with 10 days prior written notice, (ii) terminate the Master Tenant's right to occupy the Project and reenter and take possession of the Project with 10 days prior written notice, (iii) assume the Master Tenant's obligations under the Master Lease and require that the Master Tenant reimburse the Trust for the cost incurred by the

Trust to satisfy the Master Tenant's obligations and (iv) exercise all other remedies available to the Trust at law or in equity.

Assignment

The Master Lease provides that the Master Tenant may not sell, assign, transfer, mortgage, pledge or otherwise dispose of the Master Lease or any interest of the Master Tenant in the Master Lease except with the Trust's prior written consent in its sole and absolute discretion, except for an assignment or other transfer to an entity that is a successor in interest to the Master Tenant or an entity that has acquired all or substantially all of the Master Tenant's assets.

Indemnification

The Master Tenant is required to indemnify the Trust and its shareholders, officers, directors and employees from any and all claims, demands, causes of actions, liabilities, damages, losses, fines, costs and expenses (including reasonable attorneys' fees and expenses) actually suffered or incurred by the Trust in connection with anything arising out of (i) any injury, illness or death to any person or damage to any property in, upon or relating to the Project, (ii) the occupancy of the Project by the Master Tenant and (iii) any failure by the Master Tenant to comply with the Master Lease; provided, however, that in no such indemnity applies to any damages as a result of the negligence or willful misconduct of the Trust. In addition, the Master Tenant is required to indemnify the Trust from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against the Trust by reason of the acts of the Master Tenant which arise out of the gross negligence, willful misconduct or fraud of the Master Tenant or the Master Tenant's breach of the Master Lease.

Master Tenant Capitalization

The Master Tenant is a Delaware limited liability company that was formed on September 25, 2025. The Operating Partnership is the sole member of the Master Tenant. The Master Tenant's sole source of income from which it will satisfy its obligations pursuant to the Master Lease, including the payment of rent to the Trust, is expected to be from the operation of the Project.

Guaranty

The Operating Partnership has entered into an unconditional guaranty of the Master Tenant's obligations under the Master Lease. If the Master Tenant fails to duly and punctually pay any amount or perform or observe any terms, covenant or condition of the Master Lease, then the Operating Partnership will be obligated to pay, perform or observe the same on demand. The Operating Partnership may not assign its rights and obligations under the Master Lease Guaranty without the Trust's consent except for an assignment or other transfer to an entity that is a successor in interest to the Operating Partnership or an entity that has acquired all or substantially all of the Operating Partnership's assets.

ACQUISITION TERMS

Acquisition of the Project

Purchase of the Project. The Depositor deposited into the Trust (i) $37,321,621 for the acquisition of the Project and (iii) the Operating Reserves and in exchange they received all of the Class 2 beneficial interests in the Trust representing all of the beneficial interests in the Trust. The Trust purchased the Project from the Seller.

As-Is Purchase of the Project. The Trust acquired the Project "as-is" with limited representations and warranties from Seller, many of which are qualified to Seller's actual knowledge, including with respect to environmental matters. The Trust will sell Interests to the Holders "as is" with no representations or warranties, including with respect to environmental matters, the existence of hazardous materials, or matters affecting the condition, use and ownership of the Project. As a result, if defects in the Project or other matters adversely affecting the Project are discovered, the Holders may not be able to pursue a claim for any or all of their damages against the Seller, the Depositor or the Trust.

Acquisition of the Beneficial Interests

Purchase of Interests by the Holders; Redemption of Class 2 Beneficial Interests. Proceeds from the Offering will be used to redeem, on a proportionate basis, the Class 2 beneficial interests held by the Depositor. If the Maximum Offering Amount is raised, the Trust will redeem all of the Class 2 beneficial interests held by the Depositor for $41,864,176. If the Maximum Offering Amount is not raised, any Class 2 beneficial interests that remain outstanding will be converted to Interests and transferred to a newly formed entity controlled by the Operating Partnership or the Advisor or an Affiliate.

Closing Arrangements. Each prospective Holder will be required to return to the Trust the Subscription Documents (attached as Exhibit B). Prospective Holders may be accepted or rejected by the Trust at any time, and if a prospective Holder's Subscription Documents are not accepted within 30 days of their delivery to the Trust, they will be deemed rejected. The Trust will notify each prospective Holder upon their conditional approval by the Trust of their participation in the Offering. Within two business days of such notification, the prospective Holder must fund 100% of the purchase price of the Interest to be acquired in accordance with the wire instructions provided in the closing statement (which is a part of the Subscription Documents). Once 100% of the purchase price of a prospective Holder's Interest is received by the Trust, the Trust or its agents will contact the prospective Holder to schedule a closing date. Failure by the prospective Holder to fund 100% of the purchase price of the Interest within two business days of the Trust's notification of conditional approval shall result in the termination of such approval.

No purchase requests for Interests will be closed unless and until the effective date of the Conversion Notice that the Trust has been converted into an investment trust. Prospective Holders cannot acquire the Interests if the Trust does not approve such purchase. If approved by the Trust, the Holder must deliver the full amount of the purchase price for the Interest and satisfy certain other closing conditions set forth in the Subscription Documents in order to be admitted to the Trust.

Fees and Expenses. Purchasers of Interests will be required to pay certain fees and expenses in connection with the acquisition of the Interests including fees charged by their qualified intermediaries and their own tax and legal counsel.

Method of Purchase. Prospective Holders will be required to follow the procedures described in this Memorandum. See "Method of Purchase."

BUSINESS PLAN

The investment objectives of the Trust will be to (i) preserve the Holders' capital investment and (ii) make monthly distributions of available cash sourced from Master Lease rent payments less applicable fees, expenses and reserves. An investment in the Interests involves substantial risks.

The Trust may only sell the Project after it has held the Project for two years following the Offering Termination Date and if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before two years after the Offering Termination Date if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project. The Trust will expire on November 21, 2045. The Trust must dissolve upon a Transfer Distribution. A "Transfer Distribution" will occur if the Trust Manager makes a determination, in writing, that dissolution of the Trust is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iii) all or any portion of the Project becomes subject to a casualty, condemnation or similar event or (iv) the Trust Manager determines it is necessary to take a Prohibited Action (as defined below) in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value.

It is anticipated that any sale of the Project will be subject to the Master Lease.

PLAN OF DISTRIBUTION

Rule 506(b)

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

General Description

The Interests are Class 1 Beneficial Interests in the Trust, which will not be represented by certificates. If a prospective Holder elects to purchase Interests and the Trust accepts the purchase, it will become a Holder in the Trust upon payment in full of the purchase price. The Trust Manager will have sole authority to make decisions for the Trust. The sole right of the Holders will be to receive distributions from the Trust if, as and when made as provided under the Trust Agreement. See "Summary of the Trust Agreement."

The Trust is offering $41,864,176 of Interests, which represents all of the beneficial interests in the Trust. Each purchaser must purchase a minimum of $250,000 of Interests in the Trust (representing an approximate 0.5972% interest in the Project), except that the Trust may, in its sole discretion, permit certain Holders to make a smaller investment. The Offering Proceeds will be used to redeem, on a proportionate basis, all of the Class 2 beneficial interests held by the Depositor. There can be no more than 1,980 owners of beneficial interests in the Trust.

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

Qualifications of Prospective Holders

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

Sale of Interests

Prospective Holders must follow the procedures described in the "Method of Purchase." There is no assurance that all Interests will be sold, and the Trust reserves the right to refuse to sell Interests to any person, in its sole discretion, and may terminate the Offering at any time.

The Offering and Ownership of the Trust

In order to form the Trust, the Depositor deposited, $37,321,621 for the acquisition of the Project and the Operating Reserves into the Trust, in exchange for all of the Class 2 beneficial interests in the Trust. It is anticipated that the Trust will be a passive owner of the Project. If less than the Maximum Offering Amount is sold in the Offering, any Class 2 beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity controlled by the Operating Partnership or the Advisor or an Affiliate. See "Estimated Use of Proceeds."

The following tables set forth the ownership of the Trust on the basis of outstanding beneficial interests as of the date of this Memorandum and on a fully diluted basis after the closing of the Offering assuming the Maximum Offering Amount is received and accepted.

Outstanding Beneficial Interests as of December 22, 2025

	Class 1	**Class 2**
Holders	0%	0%
Depositor	0%	100%
Total	**0%**	**100%**

Outstanding Beneficial Interests on a Fully Diluted Basis after the Closing of the Offering (Assuming the Maximum Offering Amount is Raised by the Trust)

	Class 1	Class 2
Holders	100%	0%
Depositor	0%	0%
Total	**100%**	**0%**

Marketing of Interests

Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (the "Participating Dealers") who are members of FINRA and through registered investment advisor ("RIAs," and together with the Participating Dealers, the "Selling Group Members"). The Managing Broker-Dealer, a member of FINRA, will act as the Managing Broker-Dealer. Participating Dealers will receive selling commissions (the "Selling Commissions") in an amount up to 6% of the purchase price of the Interests sold by the Participating Dealers; provided, however, that this amount will be reduced in the event a lower commission rate is requested by a Participating Dealer and the commission rate will be the lower agreed upon rate. As a result, certain Holders may acquire Interests net of the Selling Commissions. The Depositor will be responsible for paying all of the Selling Commissions.

The Trust, in its discretion, may accept purchases of Interests at a lower price from the Holders purchasing through an RIA or from the Holders who are Affiliates of Forum Exchange or otherwise in its sole discretion.

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

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

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

Some Holders may be entering into an investor servicing agreement with their Participating Dealer. The fees per annum with respect to such servicing arrangements range from 0%, 0.25% or 0.85%, charged on the product of (i) the Initial DST Asset Value, and (ii) the Holder's percentage interest in the Trust.

Inquiries about purchases should be directed to the Trust Manager whose mailing address is 240 Saint Paul Street, Suite 400, Denver, Colorado 80206 and the telephone number is (303) 501-8888 or Toll-Free: 888-479-4008.

Sales Materials

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

The Trust, the Depositor, the Trust Manager and their Affiliates may also respond to specific questions from broker-dealers and prospective Holders. Information relating to the Offering may be made available to broker-dealers for their internal use. However, the Offering is made only by means of this Memorandum. Except as described herein,

the Trust has not authorized the use of other sales materials in connection with the Offering. The information in such material does not purport to be complete and should not be considered a part of this Memorandum, or as incorporated in this Memorandum by reference or as forming the basis of the Offering.

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

Limitation of Offering

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

THE DEPOSITOR, THE TRUST MANAGER AND THEIR AFFILIATES

Forum Exchange Depositor I LLC, a Delaware limited liability company, is the Depositor. Forum Exchange is the sole member of the Depositor and is a wholly-owned subsidiary of the TRS. The Depositor was formed as a Delaware limited liability company as of September 25, 2025.

Forum Exchange Manager, LLC is the Trust Manager of the Trust. FMREIT Advisors LLC is the sole member of the Trust Manager. The Trust Manager was formed as a Delaware limited liability company as of September 25, 2025. The following are the officers and principals of FMREIT:

Name	Title
Darren Fisk	Chief Executive Officer
Paul McAuliffe	Chief Financial Officer, Treasurer
Edie M. Suhr	President, Chief Operating Officer, General Counsel and Corporate Secretary

For information about the Operating Partnership, FMREIT and the Advisor, and the officers, directors and principals thereof, please see the FMREIT PPM.

PRIOR PERFORMANCE OF CERTAIN AFFILIATES OF THE TRUST MANAGER AND THE DEPOSITOR

For the Prior Performance of Certain Affiliates of the Trust Manager and the Depositor, please see the FMREIT PPM.

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

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

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

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

DUTIES OF THE GENERAL PARTNER OF THE OPERATING PARTNERSHIP

Except as provided in the Operating Partnership Agreement and as required by applicable law, the general partner of the Operating Partnership has full, complete and exclusive discretion to manage and control the business of the Operating Partnership and will make all decisions affecting the business and assets of the Operating Partnership. The general partner of the Operating Partnership may delegate any or all of its powers, rights and obligations, and may appoint, employ, contract or otherwise deal with any person for the transaction of the business of the Operating Partnership, which person may, under supervision of the general partner of the Operating Partnership, perform any acts or services for the Operating Partnership as the general partner of the Operating Partnership may approve.

Unless otherwise provided for in a partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. The Operating Partnership Agreement provides that, in the event of a conflict between the interests of limited partners, on the one hand, and the separate interests of FMREIT's stockholders, on the other hand, the general partner of the Operating Partnership, in its capacity as such, will act in the interests of FMREIT's stockholders and is under no obligation to consider the separate interests of the limited partners in deciding whether to cause the Operating Partnership to take or not to take any actions. The Operating Partnership Agreement further provides that any decisions or actions taken or not taken by the general partner of the Operating Partnership in accordance with the Operating Partnership Agreement will not violate any duties, including the duty of loyalty that the general partner of the Operating Partnership, in its capacity as such, owes to the Operating Partnership and its partners. The Operating Partnership Agreement provides that the general partner of the Operating Partnership will not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the Holders of OP Units in connection with such decisions so long as the general partner of the Operating Partnership has acted in good faith.

The Operating Partnership Agreement provides that the general partner of the Operating Partnership shall not be liable for monetary damages to the Operating Partnership or any Holders of OP Units for losses sustained or

liabilities incurred as a result of errors in judgment or of any act or omission not amounting to willful misconduct or gross negligence and shall not be liable for monetary damages to any Holders of OP Units if the general partner of the Operating Partnership has acted in good faith. The general partner of the Operating Partnership will not be in breach of any duty that the general partner of the Operating Partnership may owe to the Holders of OP Units, the Operating Partnership or any other persons or of any duty stated or implied by law or equity if the general partner of the Operating Partnership acts in good faith and abides by the terms of the Operating Partnership Agreement. The Holders of OP Units may have a more limited right of action against the general partner of the Operating Partnership than they would have absent such an exculpatory provision in the Operating Partnership Agreement.

The Operating Partnership Agreement provides that, the Operating Partnership indemnify and hold harmless (i) any person made a party to a proceeding by reason of its status as the general partner of the Operating Partnership, FMREIT or a director, officer or employee of the general partner of the Operating Partnership, FMREIT or the Operating Partnership, (ii) the Advisor, (iii) the Special Limited Partner (as defined below) or a manager, member, director, officer or employee of the Special Limited Partner and (iv) such other persons (including affiliates of the general partner of the Operating Partnership, FMREIT, the Special Limited Partner or the Operating Partnership) as the general partner of the Operating Partnership may designate from time to time, in its sole and absolute discretion (an "Indemnitee") from and against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including reasonable legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative), that relate to the operations of the Operating Partnership as set forth in the Operating Partnership Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and constituted willful misconduct or gross negligence, (ii) the Indemnitee actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful.

CONFLICTS OF INTEREST

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

Advisor Conflicts of Interests

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

FMV Option

The Operating Partnership, which is the owner of the Master Tenant and which is advised by the Advisor (the sole member of the Trust Manager) has the right to exercise the FMV Option in its sole discretion. The Operating Partnership may exercise the FMV Option at any time during the two-year period beginning two years after the Offering Termination Date. The Operating Partnership will consider the interests of the Operating Partnership and not the interest of the Holders or the Trust. This may result in the Operating Partnership not exercising the FMV Option or the Operating Partnership exercising the FMV Option at a time when the value of the Project is lower than

the purchase price paid by the Holders for their Interests. The Project will be valued by an independent appraisal firm selected by the Trust Manager in its sole discretion and without input from the Holders.

Potential Continued Ownership of Interests

In the event that less than all of the Interests are sold to purchasers, the Depositor's Class 2 beneficial interests in the Trust will be transferred to a separate taxpayer controlled by the Advisor or the Operating Partnership and will convert to Interests. The continued ownership of Interests in the Trust by an Affiliate of the Trust Manager could create a conflict of interest with respect to the Trust Manager's management of the Trust and the management of the Depositor or any entity that owns the Interests. There is no method established for resolving any such conflict.

Obligations to Other Entities

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

Interests in Other Activities

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

Agreements with Affiliates of the Trust Manager or the Master Tenant

The Trust, the Trust Manager and the Master Tenant may enter into agreements for services with their Affiliates, including, without limitation, the Advisor and the Operating Partnership. There can be no assurance that the terms of any such service agreements will be made on market terms.

Acquisition of Other Properties in Market Area

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

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

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

Legal Representation

Counsel to the Trust, the Depositor, the Trust Manager, the Master Tenant and their Affiliates in connection with the Offering is the same, and it is anticipated that such multiple representation will continue in the future. As a result, conflicts may arise in the future and if those conflicts cannot be resolved or the consent of the respective parties cannot be obtained relating to the continuation of the multiple representation after full disclosure of any such conflict, said counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved. Each Holder acknowledges and agrees that counsel representing the Trust, the Trust Manager and its Affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Holders in any respect. Each Holder consents to the Trust Manager

hiring counsel for the Trust which is also counsel to the Trust Manager. In addition, one or more attorneys from DLA Piper LLP (US) may make an investment to acquire Interests pursuant to the Offering; provided, however, such investment in Interests should not be taken as a representation or opinion concerning the operation of the Trust's business, its future success or any other matter related to the investment by any Holder in the Trust.

Resolution of Conflicts of Interest

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

Additional Conflicts of Interest of the Operating Partnership and FMREIT

The Operating Partnership and FMREIT and their Affiliates are subject to additional conflicts of interests. See the FMREIT PPM for a summary of these conflicts of interest.

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

The following is a brief description of the compensation that may be received by the Depositor, the Trust Manager, the Master Tenant and their Affiliates from the Trust or in connection with the use of the proceeds of the Offering to redeem the Class 2 beneficial interests held by the Depositor and in connection with Trust administration and operation of the Project. Much of this compensation will be paid regardless of the success or profitability of the Trust. The increase in the purchase price and the compensation arrangements have been established by the Trust and are not the result of arm's-length negotiations.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
Organization and Offering Stage:		
Redemption of Class 2 Beneficial Interests held by the Depositor:	The Trust will redeem all of the Class 2 beneficial interests held by the Depositor for $41,864,176 which is greater than the amount contributed by the Depositor for all of the Class 2 beneficial interests in the Trust ($38,410,382). The Depositor is responsible for paying certain costs and expenses including: (i) Selling Commissions of $2,511,851, (ii) O&O Costs of $418,642, and (iii) Carrying Costs of $523,302. Notwithstanding the foregoing, in the event that a lower commission rate is agreed to by a Participating Dealer or the Selling Commission is not paid because the Holder's financial advisor is an RIA, the Carrying Costs and O&O Costs with respect to the applicable Holder will be reduced by a proportionate amount pursuant to a purchase price adjustment to the Class 1 Beneficial Interests. As an administrative convenience, the Trust will remit on behalf of the Depositor Carrying Costs directly to the TRS and O&O Costs directly to the Advisor. The estimates of these costs and expenses incurred by the TRS and the Advisor, respectively, are based on certain assumptions made by the Depositor. The actual amount of these costs and expenses may be greater or less than estimated. If actual costs and expenses are less than estimated, the additional amount will be retained by the TRS and/or Advisor, as applicable. If actual costs and expenses are more than estimated, the TRS and/or Advisor, as applicable, will be required to pay for the	The total increase in the purchase price to the Holders (based on the Maximum Offering Amount) will be $3,453,795. The Trust Manager anticipates that the total amount to be retained by the Depositor from the Offering Proceeds after payment of the costs and expenses described herein ($3,453,795) will be approximately $0.

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
	excess amount. The Depositor estimates that the amount retained by it from the proceeds of the Offering (the "Offering Proceeds") after paying the costs and expenses described above will be approximately $0.	
Operating Stage (Trust or LLC):		
Reimbursement of Expenses to the Trust Manager:	Reimbursement by the Trust of reasonable and necessary expenses paid or incurred by the Trust Manager in connection with the administration of the Trust.	Impracticable to determine at this time.
Cash Flow:	The Depositor will receive its share of distributions from the Trust while it owns the Class 2 beneficial interests.	Impracticable to determine at this time.
Management Fee:	The Trust Manager will receive an annual management fee equal to 0.15% of the Initial DST Asset Value ($57,616), paid in equal installments on a monthly basis, for managing the Trust.	$57,616 per year.
Property Revenues in Excess of Rent:	The Master Tenant will be entitled to receive and retain net cash flow generated from the Project and any sublease of the Project during the term of the Master Lease that are in excess of the Base Rent and Additional Rent, if any, payable under the Master Lease.	Impracticable to determine at this time.
Disposition Stage:		
Fee on Sale of Project:	The Trust Manager will receive a disposition fee equal to 1% of the gross proceeds of the sale, exchange or other disposition of the Project to a third-party (but not in the event the FMV Option is exercised).	Impracticable to determine at this time.
Operating Partnership and FMREIT Fees:	In the event that the FMV Option is exercised and the Holders receive OP Units, the Holders will be subject to fees, expenses and allocations applicable to all holders of their class of OP Units as disclosed in the FMREIT PPM. Ongoing investor servicing fees will be paid monthly in arrears to the applicable Participating Dealer with respect to certain classes of OP Units issued in	Impracticable to determine at this time

Form of Compensation	Description	Estimated Amount of Compensation/Increase in Purchase Price
	exchange for Interests, as described above. In the event that a Holder exchanges their OP Units for common stock in FMREIT, the Holder will be subject to the fees, expenses, and allocations applicable to all holders of their class of common stock. See the FMREIT PPM for a summary of these fees and expenses.	

RESTRICTIONS ON TRANSFERABILITY OF THE INTERESTS

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

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

RESTRICTIONS ON TRANSFERABILITY OF OP UNITS

For the restrictions on transferability of OP Units, please see the "Summary of the Partnership Agreement of the Operating Partnership – Assignment of OP Units."

SUMMARY OF THE PURCHASE AGREEMENT

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

"As-Is" Purchase

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

No Tax Advice

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

Termination of the Purchase Agreement

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

SUMMARY OF THE TRUST AGREEMENT

General

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

The Trust

The Trust was formed as a Delaware statutory trust under the laws of the state of Delaware on September 25, 2025 by the Depositor and the Delaware Trustee. The initial Trust Agreement was entered into on September 25, 2025 by the Delaware Trustee and the Depositor. The Trust Manager, the Depositor and the Delaware Trustee entered into the Amended and Restated Trust Agreement on November 21, 2025.

The principal place of business of the Trust is 240 Saint Paul Street, Suite 400, Denver, Colorado 80206 and the telephone number is (303) 501-8888 or Toll-Free: 888-479-4008.

The use of a Delaware statutory trust for an investment in real estate for purposes of a Code Section 1031 exchange is a recent development. The Trust differs from a corporation, limited partnership or limited liability company. Prospective Holders should carefully review with their counsel the protection against liability provided by a Delaware statutory trust.

The Trust Estate

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

Ownership

The Trust is authorized to issue Class 1 Beneficial Interests (which are the Interests offered to prospective Holders) and Class 2 beneficial interests (which are the beneficial interests delivered to and registered to the Depositor) aggregating all of the beneficial interests in the Trust. The Depositor deposited (i) $37,321,621 for the acquisition of the Project and (ii) the Operating Reserves, in exchange for all of the Class 2 beneficial interests in the Trust. The Holders will acquire Class 1 Beneficial Interests in the Trust in exchange for the payment of cash to the Trust, which cash will be used by the Trust to redeem the Depositor's Class 2 beneficial interests on a proportional basis.

Redemption of Class 2 Beneficial Interests

The proceeds of the Offering will be used by the Trust to redeem all of the Depositor's Class 2 beneficial interests on a proportionate basis whereby 1 Class 2 beneficial interest will be redeemed for approximately $41,864,176 (unless a Class 1 Beneficial Interest is sold at a discount and the redemption price will be the reduced amount) paid to the Depositor for each Class 1 Beneficial Interest sold. If less than the Maximum Offering Amount is sold in the Offering, any Class 2 beneficial interests held by the Depositor on the Offering Termination Date will be converted to Interests and the ownership of such Interests will be held by an entity that is a separate taxpayer controlled by the Operating Partnership or the Advisor or an Affiliate. See "Estimated Use of Proceeds" and "Plan of Distribution."

Term

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement, on the first to occur of (i) November 21, 2045, (ii) a Transfer Distribution or (iii) the sale of the Project.

The Delaware Trustee

CSC Delaware Trust Company is the Trust's Delaware Trustee under the Trust Agreement. The Delaware Trustee's principal office is located at 251 Little Falls Drive, Wilmington, Delaware 19808.

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

The Delaware Trustee will be reimbursed for its expenses and held harmless from liability by the Trust, except with respect to the willful misconduct, bad faith, fraud or negligence of the Delaware Trustee or its officers, directors, employees or agents.

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

The Delaware Trustee received an initial set-up fee of $500 and will charge $2,000 per year thereafter as an administrative fee.

The Trust Manager

Forum Exchange Manager LLC is the manager of the Trust. The sole member of the Trust Manager is the Advisor. The agreements between the Trust, the Trust Manager, the Master Tenant and the Depositor are not the result of arm's-length negotiations, and they should not be considered as such. Certain conflicts of interest may arise between these entities and the Holders. See "Conflicts of Interest" and "The Trust Manager."

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

The Trust Manager will be reimbursed by the Trust for its expenses (including reasonable legal fees) and held harmless from liability by the Trust except with respect to the fraud, gross negligence or willful misconduct of the Trust Manager or its officers, directors, employees, agents, managers and owners.

To the fullest extent permitted by law, the Trust will advance to the Trust Manager expenses incurred in its defense of any claims in connection with the Trust Agreement, the Trust or any transaction or document contemplated thereby, subject to repayment in the event a court finds that the Trust Manager was not entitled to indemnification.

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

The Trust Manager will receive an annual fee equal to 0.15% of the Initial DST Asset Value ($57,616), paid in equal installments on a monthly basis. See "Compensation to the Depositor, the Trust Manager, the Master Tenant and Their Affiliates."

The Trust Manager will not owe any duties to the Trust other than those limited duties expressly set forth in the Trust Agreement. In performing its duties under the Trust Agreement, the Trust Manager will be liable for fraud,

gross negligence or willful misconduct. If a prospective Holder has questions about the lack of fiduciary duties of the Trust Manager, prospective Holders should consult their own legal counsel.

FMV Option

The Operating Partnership has an option to acquire the Interests of all of the Holders (the "FMV Option") in exchange for cash or OP Units in the Operating Partnership, in the sole discretion of the Operating Partnership. The FMV Option will be exercised in the sole discretion of the Operating Partnership without approval of the Holders. In limited circumstances, the Operating Partnership, in its sole discretion, may offer cash to certain Holders, including but not limited to those who do not meet the investor suitability requirements for the OP Units. The Operating Partnership may, but will have no obligation to, exercise the FMV Option beginning two years after the Offering Termination Date and ending two years thereafter.

The exercise price for an individual Holder's Interests will be determined by multiplying: (i) a Holder's percentage of Interests in the Trust by (ii) the "Trust Value" (the "Holder Exercise Price"). The "Trust Value" will be (a) the value of the Project determined as described below (taking into consideration the existence of the Master Lease) and other assets of the Trust less (b) the outstanding principal amount of the debt secured by the Project, if any, and other Trust liabilities. In determining the Trust Value, the Project will be valued by an independent appraisal firm selected by the Trust Manager in its sole discretion. Because the value of the Project will be determined subject to the encumbrance of the Master Lease, the value of the Project set forth in the appraisal may differ from the value of the Project if it was not subject to the Master Lease.

The number of OP Units acquired by a holder in connection with the exercise of the FMV Option will be equal to (1) such Holder Exercise Price divided by (2) "OP NAV". The "OP NAV" will equal the most recently disclosed monthly net asset value per OP Unit of the applicable class, as determined in accordance with the valuation procedures approved by FMREIT's board of directors. See the FMREIT PPM for a summary of FMREIT's and the Operating Partnership's net asset value policies.

The exchange of Interests for OP Units is intended to be structured as a tax-deferred contribution and exchange under Code Section 721. The Operating Partnership will be acting in its own best interests when making any decision to exercise the FMV Option.

The class of OP Units a Holder will receive upon exercise of a FMV Option will be determined and disclosed to the Holder prior the sale of the Interests. The classes of OP Units that may be received by Holders upon exercise of the FMV Option include Class I Units, Class S OP Units and Class D OP Units. The particular class of OP Unit to be delivered upon exercise of the FMV Option will be selected by the Selling Group Member responsible for selling such Holder's Interest (the "Selling Group Member of Record") prior to the sale of the Interests. Each of these classes result in different amounts of compensation to the Selling Group Member of Record. This compensation is allocated to the holders of the applicable class of OP Units through a deduction from OP Unit distributions or through adjustments to the NAV per OP Unit in accordance with FMREIT's valuation procedures, and as a result each class of OP Units may have different net distributions and/or NAV per OP Unit.

The Operating Partnership may assign the right to exercise the FMV Option to a subsidiary, an Affiliate or a successor entity of the Operating Partnership, including an entity that acquires all or a significant portion of the Operating Partnership or its assets.

The Holders will have no control regarding the exercise of the FMV Option. The Operating Partnership may not exercise the FMV Option. As a result, the Holders should acquire Interests with the intent to hold the Interests until the Project is sold by the Trust.

Upon the contribution of the Interests to the Operating Partnership, the Operating Partnership will require each Holder to provide information regarding its tax basis. Initially, this will include providing a copy of any related IRS Form 8824 and related depreciation methodologies and other tax information related to the Holder's Interest. In addition, the Operating Partnership will require updated depreciation information from the Holder. In the event updated depreciation information is not provided, the Operating Partnership will estimate such Holder's 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 Holder which may create adverse tax consequences for such Holder. The Holders

should consult their tax advisor concerning determining the Holder's initial tax basis and maintaining the necessary records in order to meet this requirement. In the event the FMV Option is exercised and a Holder receives OP Units, the Holder will not be able to engage in a Section 1031 exchange with respect to a disposition of the OP Units.

Power of Attorney

Each Holder will provide the Trust Manager with a power of attorney to execute any documents required in connection with the exercise of the FMV Option or in connection with converting into the Springing LLC.

Rights of Holders

The sole right of the Holders under the Trust Agreement is to receive distributions from the Trust as a result of the Trust's ownership or sale of the Project. The Holders have no right or power to direct the actions of the Trust, the Delaware Trustee, the Master Tenant or the Trust Manager in any way. In the event that any purchaser of the Project is affiliated with the Trust Manager, the Trust must obtain independent third-party appraisals of the Project and the purchase price must equal or exceed the appraised value. In addition, the Holders have no right or power to (i) contribute additional assets to the Trust, (ii) cause the Trust to negotiate or renegotiate any loans or leases or (iii) cause the Trust to sell all or any portion of its assets and reinvest the proceeds of such sale or sales.

Right to Transfer

Any transfer of the Interests under the Trust Agreement will be subject to (i) compliance with applicable federal and state securities laws and the Trust Agreement, (ii) the delivery to the Trust Manager of the assignee's or transferee's written acceptance and adoption of the Trust Agreement, (iii) the limit on the number of the Holders in the Trust of not more than 1,980 persons and (iv) a prohibition regarding the ownership of Interests by investors subject to ERISA. See "Restrictions on Transferability of the Interests."

Termination and Conversion

The Trust will terminate and dissolve, and distribute all of its assets to the Holders, in accordance with the Trust Agreement on the first to occur of (i) November 21, 2045, (ii) a Transfer Distribution or (iii) the sale of the Project. In the event that the Trust Manager determines that dissolution of the Trust is necessary and appropriate because of a Transfer Distribution, the Trust Manager will transfer title to the Project (or convert the Trust) to the Springing LLC, which will be owned by the Holders at the time of conversion and will be managed by the Trust Manager.

A "Transfer Distribution" will occur if the Trust Manager makes a determination, in writing, that dissolution is necessary and appropriate because one of the following occurs: (i) the Master Tenant has failed to timely pay rent due under the Master Lease after expiration of the applicable notice and cure periods in the Master Lease (and the Trust is prohibited from taking actions that would remedy the situation), (ii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iii) all or any portion of the Trust Estate becomes subject to a casualty, condemnation or similar event or (iv) the Trust Manager determines it is necessary to take a Prohibited Action in order to avoid the loss or potential loss of all or a portion of the Trust Estate or its value. If the Trust transfers the Project (or the Trust converts) to the Springing LLC, the Holders will lose their ability to engage in a future Code Section 1031 exchange upon the sale or other disposition of the Project.

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

Trust Limitations

The Trust may not take any of the following Prohibited Actions: (i) sell, transfer or exchange the Project except as required or permitted under the Trust Agreement; (ii) invest or reinvest any cash held by the Trust (including reserves) in anything other than short-term obligations maturing prior to the next distribution date, and held to maturity, of, or guaranteed by, the United States or any agency or instrumentality thereof, and certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital and surplus of

$100,000,000; (iii) reinvest any monies of the Trust except to make minor nonstructural modifications or repairs to the Project as permitted under the Trust Agreement; (iv) reinvest the proceeds from the sale of the Project; (v) renegotiate, alter or extend the Master Lease, or enter into new leases, except in the case of the Master Tenant's bankruptcy or insolvency; (vi) make any modifications to the Project other than minor nonstructural modifications or as required by law; (vii) accept any capital contributions from any owner or other person (other than from the sale of the Interests which amounts are distributed to the Depositor) or (viii) take any other action that would, in the opinion of tax counsel, cause the Trust to be treated as a business entity for federal income tax purposes, if the effect of the action would be to create a power under the Trust Agreement to "vary the investment of the certificate holders" under Treasury Regulations Section 301.7701-4(c)(1) and the Revenue Ruling.

The Trust may not sell the Project until it has held the Project for at least two years after the Offering Termination Date and if the Trust Manager determines that it is appropriate to do so; provided, however, the Trust may sell the Project before such two year period if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

Distributions of Cash From Operations

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

Distributions Upon Dissolution

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

Property Rights

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

Reports to Holders

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

Amendments

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

Fees and Expenses

The Trust will be responsible for paying certain administrative fees and expenses related to the Trust.

SUMMARY OF THE SPRINGING LLC LIMITED LIABILITY COMPANY AGREEMENT

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

In General

In connection with the transfer by the Trust of the Project to the Springing LLC (or the conversion of the Trust into the Springing LLC), the Trust will dissolve and the Holders will receive units in the Springing LLC in proportion to their Interests in the Trust in full redemption of, and complete exchange for, the Interests. The Trust Manager, or one of its Affiliates, will be the manager of the Springing LLC. No Interests will remain outstanding after a Transfer Distribution, and the Holders will own 100% of the units in the Springing LLC.

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

Authority and Responsibilities of the Trust Manager

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

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

The Trust Manager and its Affiliates will be entitled to receive an annual fee in the amount equal to 0.15% of the Initial DST Asset Value ($57,616), paid in equal installments on a monthly basis. The Trust Manager and its Affiliates will not be reimbursed for overhead expenses incurred in connection with the Springing LLC. The Springing LLC will pay directly or reimburse the Trust Manager as the case may be, for all costs and expenses of the Springing LLC's operations, formation and termination. Any fee due to a real estate broker shall be paid by the Springing LLC. In addition, the Trust Manager will receive a fee equal to 1% of the gross proceeds of the sale, exchange or other disposition of the Project to a third-party (but not in the event the FMV Option is exercised).

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

The Trust Manager will be prohibited from resigning or withdrawing as the manager or doing anything that would require its resignation or withdrawal without the vote of members holding more than 50% of the units entitled to vote (a "Majority Vote"). The Trust Manager may be removed only for "cause" by a Majority Vote. Upon termination, removal, or withdrawal of the Trust Manager as the manager of the Springing LLC, the Trust Manager will be paid all earned but unpaid fees and other compensation in cash at or before the date of withdrawal.

Power of Attorney

Each Holder will provide the Trust Manager with a power of attorney to execute any documents required in connection with the exercise of the FMV Option or in connection with converting into the Springing LLC.

FMV Option

The Operating Partnership will continue to have the right to exercise the FMV Option after the transfer of the Project (or conversion of the Trust) to the Springing LLC. In such case, the limitation on waiting until two years after the Offering Termination Date will not apply.

Indemnification of Trust Manager

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

Rights and Obligations of Members

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

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

Distributions and Tax Matters

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

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

Transfer of Units

No transfer of a unit or any interest in the Springing LLC may be made unless the Trust Manager, in its sole discretion, has consented in writing to such transfer. In addition, no transfer may be made (i) if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded partnership for federal income tax purposes, (ii) to any person who does not possess the required financial qualifications, (iii) to any minor or to any person who lacks the capacity to contract for themselves under applicable law, (iv) if the transfer will result in more than 1,980 members, (v) if the transfer was not made by a written instrument of assignment executed by the assignor of such units and accepted by the Trust Manager or (vi) if the transfer will result in employee benefit plans (as defined

in the LLC Agreement) owning 25% or more of the units. The Trust Manager, with advice of counsel, must determine that the transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act or any state securities laws relied upon by the Springing LLC and the Trust Manager in offering and selling the units or otherwise violate any federal or state securities laws. A transferee will not become a substituted member in the Springing LLC unless the Trust Manager consents and all of the following conditions are satisfied: (i) a duly executed and acknowledged written instrument specifying the number of units being assigned and the intention that the transfer take place has been filed with the Springing LLC, (ii) a transfer fee sufficient to cover all reasonable expenses required in connection with the transfer has been paid by or for the account of the transferee and (iii) all agreements and other instruments have been executed, acknowledged and delivered which the Trust Manager deems necessary to make the transferee a substituted member in the Springing LLC.

Meetings of the Members

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

Termination and Winding Up

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

(i) the happening of any event of dissolution specified in the Springing LLC's Certificate of Formation;

(ii) a determination by the Trust Manager to terminate the Springing LLC;

(iii) the entry of a decree of judicial dissolution;

(iv) the sale of the Project held by the Springing LLC;

(v) the death, insanity, withdrawal, retirement, resignation, expulsion, insolvency or dissolution of the Trust Manager unless the business of the Springing LLC is continued by the consent of the remaining members within 90 days following the occurrence of such event; or

(vi) the expiration of the term of the Springing LLC.

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

DESCRIPTION OF FMREIT

For information regarding:

(i) Capitalization of FMREIT;

(ii) Capitalization of the Operating Partnership;

(iii) Investment Strategy, Objectives and Policies;

(iv) Risk Factors;

(v) Management;

(vi) The Advisor and the Advisory Agreement;

(vii) Compensation;

(viii) Net Asset Value Calculation and Valuation Procedures;

(ix) Description of Capital Stock;

(x) FMREIT's Charter and Bylaws; and

(xi) other material information regarding FMREIT, please see the FMREIT PPM and the FMREIT financials.

DESCRIPTION OF THE OPERATING PARTNERSHIP

General

The Operating Partnership was formed as a Delaware limited partnership to directly or indirectly own real property, debt and other investments that will be acquired and actively managed. FMREIT and the Operating Partnership will utilize an UPREIT structure generally to enable the Operating Partnership to acquire real property in exchange for OP Units from owners who desire to defer taxable gain that would otherwise normally be recognized by them upon the disposition of their real property or the transfer of their real property to FMREIT in exchange for shares of common stock or cash. FMREIT holds, and intends to hold, substantially all of its assets through the Operating Partnership and its subsidiary entities. The Operating Partnership intends to make future acquisitions of real properties using the UPREIT structure.

FMREIT GP LLC, a wholly owned subsidiary of FMREIT, is the sole general partner of the Operating Partnership.

Except as provided in the Operating Partnership Agreement and as required by applicable law, the general partner of the Operating Partnership has the exclusive power to manage and conduct the business of the Operating Partnership. 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 Operating Partnership Agreement and as required by applicable law. Under the Operating Partnership Agreement, the general partner of the Operating Partnership may not be removed, with or without cause, as general partner by the limited partners. FMREIT'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, FMREIT has delegated to the Advisor authority to make decisions related to the management of FMREIT's 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 FMREIT's assets, in accordance with its investment objectives, guidelines, policies and limitations, subject to oversight by FMREIT's board of directors.

The limited partners and the Special Limited Partner have expressly acknowledged, and any future limited partners of the Operating Partnership (including the Contributing Limited Partners) will expressly acknowledge, that FMREIT, through FMREIT GP LLC, is acting on behalf of the Operating Partnership, itself and FMREIT's stockholders collectively. Neither FMREIT nor its board of directors is under any obligation to give priority to the separate interests of the limited partners of the Operating Partnership or FMREIT's 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 FMREIT's stockholders on the one hand and the Operating Partnership's limited partners on the other, FMREIT will endeavor in good faith to resolve the conflict in a manner not adverse to either its stockholders or the Operating Partnership's limited partners, provided, however, that for so long as FMREIT owns a controlling interest in the Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either FMREIT's stockholders or the Operating Partnership's limited partners may be resolved in favor of FMREIT's stockholders. FMREIT will not be liable under the Operating Partnership Agreement to the Operating Partnership or to any of its limited partners for monetary damages for losses sustained, liabilities incurred or benefits not derived by such limited partners in connection with such decisions, provided that FMREIT has acted in good faith.

The Operating Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable FMREIT to (1) satisfy the requirements for qualification as a REIT for United States federal income tax purposes, unless FMREIT otherwise ceases to qualify as a REIT, (2) avoid any material United States 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.

Assets and Financial Information regarding the Operating Partnership

For a list of the assets held by the Operating Partnership and financial information regarding the Operating Partnership, please see the Digital Investor Kit.

Special Limited Partner Interest

So long as the Advisory Agreement has not been terminated, the Special Limited Partner will hold a special limited partnership interest in the Operating Partnership that entitles it to receive an allocation from the Operating Partnership equal to 12.5% of the Total Return, subject to a 5% Hurdle Amount and a loss carryforward, with a catch-up (the "Performance Participation Allocation"). Such allocation will be measured on a calendar year basis, made annually and accrued monthly.

This Performance Participation Allocation is calculated on a class-specific basis as the lesser of (1) 12.5% of (a) the annual total return amount for such class of Fund Interests (defined below) less (b) any loss carryforward for such class of Fund Interests, and (2) the amount equal to (x) the annual total return amount for such class of Fund Interests, less (y) any loss carryforward for such class of Fund Interests, less (z) the amount needed to achieve an annual total return amount equal to 5% of the NAV per Fund Interest of such class at the beginning of such year (the "Hurdle Amount"). The foregoing calculations are calculated on a per Fund Interest basis and multiplied by the weighted average Fund Interests of the applicable class outstanding during the year. "Fund Interests" means FMREIT's outstanding shares of common stock, along with the OP Units, which may be held directly or indirectly by the Advisor, Forum Exchange and third parties. In no event will the Performance Participation Allocation be less than zero. Accordingly, if the annual total return amount exceeds the Hurdle Amount plus the amount of any loss carryforward for the applicable class of Fund Interests, then the Special Limited Partner will earn a Performance Participation Allocation equal to 100% of such excess, but limited to 12.5% of the annual total return amount that is in excess of the loss carryforward.

The "annual total return amount" referred to above is calculated on a class-specific basis and means all distributions paid or accrued per Fund Interest of the applicable class (excluding distributions related to Class F's allocation of a portion of the Performance Participation Allocation as further described in the FMREIT PPM) plus any change in NAV per Fund Interest of such class since the end of the prior calendar year, adjusted to exclude the negative impact on annual total return resulting from FMREIT's payment or obligation to pay, or distribute, as applicable, the Performance Participation Allocation as well as ongoing distribution fees (i.e., any ongoing class-specific fees).

The "loss carryforward" referred to above will track any negative annual total return amounts for the applicable class of Fund Interests from prior years and offset the positive annual total return amount for such class of Fund Interests for purposes of the calculation of the Performance Participation Allocation.

For purposes of determining the "annual total return amount," the change in NAV per Fund Interest will be determined based on a good faith estimate of what FMREIT's NAV per Fund Interest would be as of that date (if the NAV had been calculated in accordance with FMREIT's valuation procedures); provided, that, if the Advisory Agreement is terminated with respect to a liquidity event, the Performance Participation Allocation will be due and payable in connection with such liquidity event and the annual total return amount will be calculated as set forth above with respect to a year in which FMREIT completes a liquidity event.

The Performance Participation Allocation will be payable in cash or cash equivalent NAV amounts of OP Units of a class elected by the Special Limited Partner (provided that the Special Limited Partner may not elect to receive Class F OP Units (as defined below)), at the election of the Special Limited Partner. If the Special Limited Partner elects to receive such distributions in OP Units, the number of OP Units to be issued to the Special Limited Partner will be determined by dividing an amount equal to the value of the Performance Participation Allocation by the NAV per OP Unit. The Special Limited Partner may request the Operating Partnership to redeem such OP Units from the Special Limited Partner at a later date. Any such redemption requests will be satisfied prior to redemption requests of limited partners and will not be subject to redemption limits, including any pro rata satisfaction limitations, or to any early redemption deduction. In the event the Performance Participation Allocation is paid in cash to the Special Limited Partner as an allocation and distribution, such amount will not be deductible to the Operating Partnership although it will reduce the cash available for distribution to other OP Unit holders.

Distribution Reinvestment Plan

The Holders of OP Units will have the opportunity to enroll as participants in the Operating Partnership's distribution reinvestment plan. As a participant, the distributions attributable to the class of OP Units owned by an OP Unit holder will be automatically reinvested in shares of FMREIT's common stock having the same class

designation. The per share price for shares issued pursuant to the Operating Partnership's distribution reinvestment plan will be equal to the transaction price in effect on the distribution date, which generally will be equal to the NAV per share of the applicable class. Shares of common stock issued pursuant to the distribution reinvestment plan will be issued pursuant to an exemption from registration under the Securities Act and will be restricted securities. The general partner of the Operating Partnership may amend, suspend or terminate the distribution reinvestment plan for any reason upon 10 days' notice to the participants.

For more information regarding the Operating Partnership and the terms of the Operating Partnership Agreement, see Summary of the Operating Partnership Agreement and the FMREIT PPM.

DESCRIPTION OF OP UNITS

OP Units

OP Units represent an interest as a limited partner in the Operating Partnership. The Operating Partnership may issue additional OP Units and classes of OP Units with rights different from, and superior to, those of limited partnership units of any class, without the consent of the limited partners or the stockholders. The Holders of OP Units will not have any preemptive rights with respect to the issuance of additional units.

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

The Operating Partnership, in addition to the special limited partnership interest and the general partnership interest, has classes of OP Units that correspond to FMREIT's six classes of common stock: Class T OP Units, Class S OP Units, Class D OP Units, Class I OP Units, Class C-S OP Units, Class C-I OP Units, Class F-S OP Units and Class F-I OP Units.

Class T, S, D, I, C-S, C-I, F-S and F-I OP Units

In general, Class T OP Units, Class S OP Units, Class D OP Units, Class I OP Units, Class C-S OP Units, Class C-I OP Units, Class F-S OP Units and Class F-I OP Units correspond on a one-for-one basis with FMREIT's Class T shares, Class S shares, Class D shares, Class I shares, Class C-S shares, Class C-I shares, Class F-S shares and Class F-I shares. When FMREIT receives proceeds from the sale of shares of its common stock, it will contribute such proceeds to the Operating Partnership and receive OP Units that correspond to the classes of FMREIT shares sold.

In general, each Class T OP Unit, Class S OP Unit, Class D OP Unit, Class I OP Unit, Class C-S OP Unit, Class C-I OP Unit, Class F-S OP Unit and Class F-I OP Unit will share in distributions from the Operating Partnership when such distributions are declared by the general partner of the Operating Partnership, which decision will be made in FMREIT's sole discretion. In addition, a portion of the items of income, gain, loss and deduction of the Operating Partnership for United States federal income tax purposes will be allocated to each OP Unit, regardless of whether any distributions are made by the Operating Partnership.

For each OP Unit, investors generally will be required to contribute money or property, with a net equity value determined by the general partner of the Operating Partnership. The Holders of OP Units will not be obligated to make additional capital contributions to the Operating Partnership. Further, these holders will not have the right to make additional capital contributions to the Operating Partnership or to purchase additional OP Units without the consent of the general partner of the Operating Partnership, which decision will be made in FMREIT's sole discretion.

The class of OP Units a Holder will receive upon exercise of a FMV Option will be determined and disclosed to the Holder prior to the sale of the Interests. The classes of OP Units that may be received by Holders upon exercise of the FMV Option include Class S OP Units, Class D OP Units and Class I OP Units. The particular class of OP Unit to be delivered upon exercise of the FMV Option will be selected by the Selling Group Member of Record prior to the sale of the Interests. Each of these classes result in different amounts of compensation to the Selling Group Member of Record. This compensation is allocated to the holders of the applicable class of OP Units through a deduction from OP Unit distributions or through adjustments to the NAV per OP Unit in accordance with FMREIT's valuation procedures, and as a result, each class of OP Units may have different net distributions and/or NAV per OP Unit. In the event the FMV Option is exercised, the applicable Participating Dealer will receive: (a) if Class D OP Units are delivered, an annual investor servicing fee of 0.25% per annum of the NAV of the Class D OP Units held or (b) if Class S OP Units are delivered, an annual investor servicing fee of 0.85% per annum of the NAV of the Class S OP Units held. In each case, this fee will be based on the monthly NAV per OP Unit calculated in accordance with FMREIT's valuation procedures, as they may be amended from time to time. The cost of these investor servicing fees will be allocated to the applicable OP Unit holders and will reduce the NAV or, alternatively, the net distributions payable, with respect to the OP Units of each such class.

Non-Certificated Interests

The Operating Partnership will not issue the OP Units in certificated form. Information that would otherwise have been required to appear on the OP Unit certificates will instead be furnished to the limited partners upon request and without charge.

The Operating Partnership will maintain a ledger that contains the name and address of each limited partner and the number of OP Units that the limited partner holds. With respect to uncertificated OP Units, the Operating Partnership will continue to treat the limited partner registered on the Operating Partnership's stock ledger as the owner of the OP Units until the new owner delivers a properly executed transfer form to the Operating Partnership, which form the Operating Partnership will provide to any registered limited partner upon request.

SUMMARY OF THE OPERATING PARTNERSHIP AGREEMENT

General

The rights and obligations of the Holders of OP Units (including, OP Units acquired in exchange for Interests upon exercise of the FMV Option) will be governed by the Operating Partnership Agreement, a copy of which is provided in the Digital Investor Kit. Any prospective investors should review the entire Operating Partnership Agreement before subscribing. The following is merely a summary of some of the significant provisions of the Operating Partnership Agreement and is qualified in its entirety by reference thereto. Capitalized terms used in this section and not defined herein are defined in the Operating Partnership Agreement.

The character and general nature of the business to be conducted by the Operating Partnership is the acquisition and operation of multifamily real estate investments (including the Project), owned indirectly, in whole or in part, by the Operating Partnership via special purpose entities in which the Operating Partnership is the sole member.

General Partner and Limited Partners

FMREIT GP LLC, a Delaware limited liability company, is the general partner of the Operating Partnership. The Contributing Limited Partners and such other persons who are issued OP Units from time to time will become limited partners of the Operating Partnership (the "Holders of OP Units").

Special Limited Partner

Forum Special Limited Partner LLC, a Delaware limited liability company (the "Special Limited Partner"), holds a special limited partnership interest in the Operating Partnership. In respect of its special limited partnership interest, the Special Limited Partner is entitled to its Performance Participation Allocation in the form of distributions from the Operating Partnership. The Class F-S OP Units and Class F-I OP Units (together, the "Class F OP Units") are entitled to a percentage of the Special Limited Partner's Performance Participation Allocation. The percentage of the Performance Participation Allocation that each individual Class F OP Unit will be entitled to equals such percentage that bears the same ratio to one Class F OP Unit as 0.658305% bears to 1,000,000 Class F OP Units.

Term and Dissolution

The Operating Partnership has a perpetual duration, although it may dissolve upon the happening of certain events.

Capital Contributions and Issuances of Additional OP Units

The general partner of the Operating Partnership is authorized to cause the Operating Partnership to issue additional OP Units for any purpose and at any time without the approval of any limited partner. The general partner of the Operating Partnership can issue OP Units for less than fair market value, so long as the general partner of the Operating Partnership concludes in good faith that such issuance is in the best interests of FMREIT and the Operating Partnership. Any additional partnership interests issued by the Operating Partnership may be issued in one or more classes or series with designations, preferences and other rights that are senior to any limited partner interests.

Distributions of Cash From Operations

The Operating Partnership will distribute cash from operations as follows:

(i) First, to the Special Limited Partner and the holders of Class F OP Units until the Special Limited Partner and the holders of Class F OP Units have received an amount equal to the Performance Participation Allocation; and

(ii) Thereafter, to the general partner of the Operating Partnership and the Holders of OP Units in proportion to their percentage interests in an amount determined by the general partner of the Operating Partnership in its sole discretion.

Due to FMREIT's decision to elect REIT status, FMREIT, and consequently, the general partner of the Operating Partnership and the Operating Partnership, are required to distribute at least 90% of their taxable income.

Distributions Upon Liquidation

If the Operating Partnership is liquidated, all classes of OP Units will automatically convert to Class I OP Units. Upon liquidation of the Operating Partnership, after payment of, or adequate provision for, debts, including any partner loans, obligations and establishment of reserves of the Operating Partnership, and after payment of any accrued but undistributed Performance Participation Allocation to the Special Limited Partner and the Holders of Class F OP Units, any remaining assets of the Operating Partnership shall be distributed to the Holders of OP Units.

Allocation of Profit

The Operating Partnership will use "target allocations" so that income will be allocated, after certain special allocations, to the partners so that their capital account balance reflects what the partner would receive, adjusting for certain special allocations, if the Operating Partnership were liquidated.

Redemptions of OP Units

Holders of OP Units will generally have the right, after holding the applicable OP Units for at least one year (or such shorter period as consented to by the general partner of the Operating Partnership in its sole discretion), to cause the Operating Partnership to redeem all or a portion of their OP Units for, at the sole discretion of the general partner of the Operating Partnership, but subject to restrictions on ownership in order to comply with REIT rules, shares of FMREIT's common stock ("REIT Shares"), cash or a combination of both. If the general partner elects to redeem OP Units for REIT Shares, FMREIT will generally deliver one share of the corresponding class of REIT Shares for each such OP Unit redeemed, and such transaction shall be treated, for federal income tax purposes, as a transfer by the Holder of such tendered OP Units to FMREIT in exchange for REIT Shares. If the general partner of the Operating Partnership elects to redeem OP Units for cash, the cash delivered will equal the then-current NAV per unit of the applicable class of OP Units (subject to any redemption fees withheld) (the "Cash Amount"), which will equal the then-current NAV per share of the corresponding class of shares. If the general partner of the Operating Partnership determines to satisfy the redemption, in whole or in part, with REIT Shares, the redeeming Holder of OP Units will have the ability to rescind its redemption request with respect to the OP Units to be redeemed for REIT Shares.A Holder of OP Units may not deliver more than two exchange notices during each calendar year and may not exercise the exchange right for less than 1,000 OP Units or, if such holder owns less than 1,000 OP Units, all of the OP Units held by such Holder.

Notwithstanding the above, a Holder of OP Units is not entitled to exercise their right of redemption if the delivery of REIT Shares to such holder (regardless of whether or not the general partner of the Operating Partnership would in fact exercise its right to cause the delivery of such REIT Shares in lieu of the Cash Amount) would (i) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (ii) result in FMREIT being "closely held" within the meaning of Section 856(h) of the Code, (iii) cause FMREIT to own, directly or constructively, 10% or more of the ownership interests in a tenant of FMREIT's, the Operating Partnership's or a subsidiary's real property, (iv) in the good faith opinion of the board of directors of FMREIT, otherwise disqualify FMREIT as a REIT, or (v) in the opinion of counsel for FMREIT, constitute or result in a violation of Section 5 of the Securities Act, or cause the acquisition of REIT Shares by such partner to be "integrated" with any other distribution of REIT Shares for purposes of complying with the registration provisions of the Securities Act. The general partner of the Operating Partnership, in its sole and absolute discretion, may waive this restriction on redemption; provided, however, that in the event such restriction is waived, such holder will be paid the Cash Amount. In addition, the general partner of the Operating Partnership may, in its reasonable discretion, place certain other restrictions on the ability of the Holders of OP Units to exercise these redemption rights.

Voting Rights of Holders of OP Units

Although they are not permitted to take part in the management or control of the business of the Operating Partnership, the Holders of OP Units have the right to vote on the following matters:

(i) Election to continue the Operating Partnership and to select a substitute general partner of the Operating Partnership following an event of bankruptcy or the death, withdrawal, removal or dissolution of the sole remaining general partner of the Operating Partnership (without the general partner of the Operating Partnership continuing its business); and

(ii) Certain limited amendments to the Operating Partnership Agreement described in "Summary of the Operating Partnership Agreement – Amendments" below.

Transferability of OP Units

With certain exceptions, the limited partners may not transfer their interests in the Operating Partnership, in whole or in part, without written consent of the general partner of the Operating Partnership.

Liabilities of Holders of OP Units

Unless otherwise agreed to in writing, no Holder of OP Units (including the general partner of the Operating Partnership in its capacity as such Holder) will be liable for any debts, liabilities, contracts or obligations of the Operating Partnership, and generally a Holder of OP Units will not have liability for the obligations of the Operating Partnership after exhaustion of Operating Partnership assets. A Holder of OP Units will be liable to the Operating Partnership only to make payments of its capital contributions except as required by Delaware law. A Holder of OP Units will not have an obligation to restore any deficit in its capital account upon liquidation of the Operating Partnership or otherwise.

Liabilities of the General Partner

The general partner of the Operating Partnership will not be liable for monetary damages to the Operating Partnership or any Holders of OP Units for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission not amounting to willful misconduct or gross negligence.

Amendments

The general partner of the Operating Partnership's consent will be required for any amendment of the Operating Partnership Agreement. The general partner of the Operating Partnership, without the consent of any other partner, may amend the Operating Partnership Agreement in any respect or merge or consolidate the Operating Partnership with any other partnership or business entity as set forth in the Operating Partnership Agreement; provided, however, that the following amendments (and other merger or consolidation) will require the approval of a majority of the Holders of OP Units: (i) certain amendments affecting the operation of the redemption right in a manner adverse to the Holders of OP Units; (ii) any amendment that would adversely affect the rights of Holders of OP Units to receive distributions (other than with respect to the issuance of certain additional OP Units); (iii) any amendment that would alter the Operating Partnership's allocation of profit and loss to Holders of OP Units (other than with respect to the issuance of additional OP Units); or (iv) any amendment that would impose on the Holders of OP Units any obligation to make additional capital contributions to the Operating Partnership.

Tax Matters

The general partner of the Operating Partnership will be the "partnership representative" for the Operating Partnership and will, at the Operating Partnership's expense, cause to be prepared and timely filed after the end of each taxable year of the Operating Partnership all federal and state income tax returns required of the Operating Partnership for such taxable year. The general partner of the Operating Partnership will use its best efforts to supply within 120 days after the end of each fiscal year of the Operating Partnership to each person who held OP Units at any time during such year the tax information necessary for such holder to file its individual tax returns as shall be reasonably required by law.

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

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

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

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

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

Nature of Interests

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

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

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

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

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

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

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

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

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

The Trust should not be viewed merely as an agent of the Holders because, unlike the trusts in Bollinger and Revenue Ruling 92-105, 1992-2 C.B. 204, the Holders have no right or power to direct the actions of the Trust, the Trust Manager or the Master Tenant in connection with the management or operation of the Trust or the Project. Specifically, the Holders have no right or power to contribute additional assets to the Trust, cause the Trust to negotiate or renegotiate loans or leases, or cause the Trust to reinvest the proceeds of a sale of its assets. The Trust Agreement provides that the Trust's sole purpose is to acquire, lease and dispose of the Project. These provisions evidence an intent that the Trust will engage in activities on its own behalf rather than as an agent of the Holders. Finally, because the Trust is a DST, the Holders may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Based on the above, the Trust should be recognized as an entity separate from the Holders for federal income tax purposes and the Trust, the Delaware Trustee and the Trust Manager should not be viewed as agents of the Holders for federal income tax purposes.

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

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

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

The trust agreement provided that interests in the DST were freely transferable. The DST terminated on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but did not terminate on the bankruptcy,

death or incapacity of any owner or on the transfer of any right, title or interest of an owner. The trust agreement further provided that interests in the DST would be of a single class, representing undivided beneficial interests in the assets of the DST.

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

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

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

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

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

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

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

- renegotiate or refinance the loan used to purchase Blackacre (other than in the case of the bankruptcy or insolvency of Party Z);

- invest cash received to profit from market fluctuations; or

- make more than minor nonstructural modifications to Blackacre that were not required by law.

The Trust Agreement. The powers and authority granted to the Trust Manager in the Trust Agreement are intended to fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Trust Agreement authorizes the Trust Manager to (i) comply with the Master Lease, (ii) make, or cause to be made, repairs necessary to maintain the Project, (iii) collect rents and make distributions, (iv) enter into any agreements for the purposes of enabling a Holder to complete a like-kind exchange, (v) notify the relevant parties of any default under the Transaction Documents, and (vi) enter into a new lease solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant or finance any debt secured by the Project. Additionally, the Trust Agreement expressly denies the Trust Manager any power or authority to take any action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c) or of each Holder as a "grantor" within the meaning of Code Section 671. Many of the prohibited actions are factual in nature (i.e., whether or not more than a minor nonstructural modification, other than as required by law was performed at the Project). Counsel is relying on the Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

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

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

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

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

Revenue Ruling. The Master Tenant is responsible for all operating and capital expenditures related to the Project other than the Trust Obligations.

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

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

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

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

Risk of Loss. If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether "rent" payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Master Lease provides that the rent includes Base Rent payable in all events, as well as Additional Rent. The Trust does not have any obligation to repair or maintain the Project, except with respect to the Trust Obligations. The Master Tenant is responsible for the payment of the day-to-day operating expenses and the ongoing maintenance of the Project. Counsel has relied on the Certificate which includes representations that the

terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project.

The Master Tenant has limited capitalization. However, the Master Lease is unconditionally guaranteed by the Operating Partnership. The Operating Partnership has significant capital and assets. Because the Operating Partnership has guaranteed the obligations of the Master Tenant pursuant to the Master Lease, the Master Tenant should have sufficient capital to fulfill its obligations thereunder.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The assets of the Master Tenant consist only of the Master Lease. We have relied on the Certificate which includes representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease and the guaranty provided by the Operating Partnership. If the Master Lease is not respected as a true lease, the Master Tenant will be treated as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in the assets of the Trust. We have received the Certificate which contains representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.

Revenue Procedure. Revenue Procedure 2001-28, 2001 C.B. 1156 sets forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes. Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified in the Certificate that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of one year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has a term of 20 years. The Property Condition Assessment indicates that the Project has a remaining useful life of not less than 48 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the term of the Master Lease.

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

It is possible that the IRS may assert that the redemption of the Class 2 beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class 2 beneficial interest owner otherwise will be identical to the rights of the Holders. Counsel has indicated that it believes that the redemption right should be treated as existing simply to facilitate an investment in an Interest. The redemption simply replaces the Class 2 beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class 2 beneficial interests. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, counsel has indicated that it believes that the formal mechanism by which the Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

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

Holders Treated as "Grantors" of the Trust. In order for the Holders to own an undivided direct interest in the Project, the Trust must be classified as a grantor trust. A "grantor" of a trust includes any person to the extent

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

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

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

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

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

Treatment as Real Estate.

Other Securities. The provisions of Code Section 1031 do not apply to "(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest." This phrase has not been defined precisely; the exact connotation associated with the term "other securities" is not clear. The exclusion in Code Section 1031 for "other securities" was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities. There are other Sections of the Code that define "securities" under the Code including Code Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term "securities." However, it is not clear whether the definitions in these Sections of the Code apply or whether a broader view should be taken. In G.C.M. 35242, the IRS indicated after discussing the definition of "securities" in Code Sections 165(g)(2) and 1236(c), that "we believe it persuasive that Congress has consistently defined the term 'securities' in a limited sense." The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were "securities" under Code Section 1031. This occurred even though the SEC believed they were securities under securities law. Further, in Plow Realty Co. of Texas, 4 T.C. 600 (1945), mineral deeds were not securities under the predecessor to Code Section 543 even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a "security" under applicable federal and state securities laws.

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

> Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, *B* and *C* are each considered to own an undivided fractional interest in Blackacre for federal income tax purposes. See Rev. Rul. 85-13.
>
> Accordingly, the exchange of real property by *B* and *C* for an interest in *DST* through a qualified intermediary is the exchange of real property for an interest in Blackacre, and not the exchange of real property for a certificate of trust or beneficial interest under § 1031(a)(2)(E).

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

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

Taxable Boot. Amounts used to establish reserves or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as "boot" which may be taxable to a Holder acquiring an Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately $1,088,761. The amount of reserves held by the Trust will fluctuate over time. As a result, the reserves held by the Trust when a prospective Holder acquires an Interest may vary from the amounts set forth herein. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders, over the cost to the Depositor, would not be considered as an interest in real estate and may be treated as "boot" which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest, which will be zero, is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. In the event any item is determined to be "boot," the taxpayer will have current income for any such "boot" up to the amount of gain on the exchange of the real property. No opinion of counsel is being provided with respect to the amount of taxable "boot" in the transaction.

No Financing. The Trust did not obtain any financing with respect to the Project. Prospective Holders that are utilizing the Interests as replacement property in a Code Section 1031 exchange should consider whether such purchaser will have sufficient basis in the replacement property given the lack of financing. It is possible that any prospective Holder whose relinquished property was financed will likely need to acquire additional replacement property that is highly leveraged, utilize separate funds to make up the difference in equity invested or pay taxes on a portion of the sale of the relinquished property.

Other Section 1031 Exchange Issues.

Identification of Property. The Treasury Regulations require a purchaser of property who is participating in a Code Section 1031 exchange to identify the replacement property. There are several alternate methods under

which one may identify replacement property. Each prospective Holder should consult with its own tax consultant regarding how to identify replacement property.

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

Opinion.

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

Certain Tax Consequences Regarding Ownership of an Interest

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

Under the 20% QBI Deduction, (i) each beneficiary of a grantor trust, like the Trust, will be treated as if the beneficiary directly carried on the activities of trust, to the extent of the portion of the trust treated as owned by the beneficiary, and (ii) the deduction is only available for income that a taxpayer derives from carrying on a trade or business. The Treasury Regulations do not define what is a trade or business, but instead incorporate the standard for deducting ordinary and necessary expenses paid or incurred in carrying on a trade or business under Code Section 162. Because the application of this standard to rental real estate activities is unclear, the IRS issued a safe harbor under which a rental real estate enterprise may be treated as a trade or business solely for purposes of the 20% QBI Deduction; however, property leased under a triple net lease is expressly not eligible for the proposed safe harbor. The activities of the Trust will be limited to leasing the Project to the Master Tenant under the Master Lease. Although the Trust may not qualify under the safe harbor described above, it is possible that the Holders will still qualify for the 20% QBI Deduction. The Holders should contact their own tax advisors regarding qualification for the 20% QBI Deduction.

It is anticipated that if the FMV Option is exercised and the Interests are contributed to the Operating Partnership, the Operating Partnership will satisfy the requirements to be eligible for the safe harbor and will be treated as carrying on a trade or business for purposes of the 20% QBI Deduction. Although it is generally anticipated that an investment in the Operating Partnership by a Contributing Limited Partner may benefit from the 20% QBI Deduction, it is impossible to predict whether the deduction will benefit the Contributing Limited Partners to any material extent.

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset "portfolio income," i.e., interest, dividends, royalties, salary or other

active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include (i) trade or business activities in which the taxpayer does not materially participate and (ii) rental activities. Thus, a Holder's share of the Project's income and loss will, in all likelihood, constitute income and loss from passive activities and will be subject to such limitation. In the event the Interests are contributed to the Operating Partnership, the income and loss from the Operating Partnership will be subject to these limitations.

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

Certain taxpayers ("real estate professionals") can deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (i) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates and (ii) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates. In the case of a joint return, 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 its personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer.

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

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

Similar rules will apply if the Interests are contributed to the Operating Partnership.

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

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

Income in Excess of Cash Receipts. It is possible that a Holder's income from the Project may exceed the Holder's cash flow from the Project and such Holder's tax liability on that income may even exceed the cash flow. This may occur as a result of the payments of capital expenditures or in the event there is little or no depreciation as a result of the investor's adjusted tax basis in the Interest.

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

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

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

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

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

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

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

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

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

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

In addition to the material federal income tax considerations described above, prospective Holders should consider the state tax consequences of an investment in the Operating Partnership. A Contributing Limited Partner's distributive share of the income or loss of the Operating Partnership generally will be required to be included in determining the Contributing Limited Partner's reportable income for state and local tax purposes. It is anticipated that Operating Partnership will own real property in various states. Consequently, Contributing Limited Partners may generate state source income from multiple states. In such case, the Contributing Limited Partners may be required to file a state income tax return and pay income tax in the states where such real estate is located. Further, the Operating Partnership may be required to withhold distributions of certain net income to non-residents of certain states.

This Memorandum does not analyze or discuss state or local tax consequences to the Contributing Limited Partners. Each prospective Holder should consult its own tax advisor regarding the tax consequences of the purchase of Interests.

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

Although each Holder is purchasing an Interest, it is possible the IRS may take the view that an increase in the price of an Interest over the cost to the Depositor for the Trust Estate is not to be treated as a sale of real estate, but instead as a nondeductible capitalized item.

Management Fees. The management fees paid to the Trust Manager should be deductible as ordinary and necessary business expenses to the extent that the fees represent ordinary and necessary expenses incurred in a trade or business and do not exceed the reasonable value of the services for which they are paid. Because the determination of whether these fees qualify as ordinary and necessary business expenses is inherently factual, there is no assurance that this determination may not be challenged by the IRS or that this determination would be upheld if challenged by the IRS. Notwithstanding the above, certain expenses, including the asset management fees, may not be deductible. Prospective Holders should consult their own tax advisors regarding the deductibility of any asset management fees paid by the Trust.

Tax Consequences Related to the FMV Option

Step Transaction Doctrine. If the FMV Option is exercised, the acquisition of an Interest subject to the FMV Option may be challenged by the IRS under "step transaction" principles which would treat the acquisition of Interests and the OP Units as a single transaction. In such case, a Holder would be treated for federal income tax purposes as having acquired the OP Units and not the Interests. As a result, the Holder would be deemed to never have held an undivided interest in the Project. Thus, the OP Units, and not the Interests, would be deemed to be the "replacement property" for purposes of Code Section 1031. The OP Units are partnership interests (as opposed to an interest in real estate) and would not qualify as "replacement property" for a Code Section 1031 exchange. DLA Piper

LLP (US) issued an opinion that the "step transaction" doctrine should not be applicable to the FMV Option because there is no legal or economic compulsion requiring the FMV Option to be exercised.

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

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

Contribution of Interests.

Contribution of Property Interests to the Operating Partnership. If the FMV Option is exercised, the Contributing Limited Partners will contribute their Interests in the Projects to the Operating Partnership and will receive OP Units in exchange for such Interests. Code Section 721(a) provides that no gain or loss will be recognized either to a partnership or to any of its partners upon a contribution of property in exchange for an interest in a partnership. Although it is intended that the contribution of the Interests will be on a tax-free basis under Code Section 721, it is possible that under certain conditions the contribution of the Interests could result in taxable gain. Whether Code Section 721 will apply to the contribution of the Interests by a Contributing Limited Partner depends, in part, upon the following: (i) the Contributing Limited Partner not receiving any cash or property other than the OP Units, (ii) the Contributing Limited Partner contributing the Interests solely in such Contributing Limited Partner's capacity as a partner in the Operating Partnership, (iii) no portion of the OP Units being issued to the Contributing Limited Partner as compensation for services, (iv) the Operating Partnership not making any distributions or transfers of cash or property that could be deemed to be a disguised sale under applicable Treasury Regulations, (v) a Contributing Limited Partner is deemed to receive a constructive distribution under Code Section 752(b) resulting from a reduction in its share of partnership liabilities in excess of its tax basis in the OP Units it receives and (vi) the Operating Partnership is treated as an "investment company" under Code Section 721(b). To the extent that any of the foregoing conditions are not satisfied, the contribution of Interests in exchange for Units could be a taxable transaction to the Contributing Limited Partner.

Potential Gain Recognition as a Result of Relief from Liabilities. If the FMV Option is exercised, the Holders will contribute their Interests to the Operating Partnership in exchange for OP Units. 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. Pursuant to Code Section 752(a), any increase in a partner's individual liabilities by reason of the assumption by such partner of partnership liabilities will be treated as a contribution of money by such partner to the partnership. Further, pursuant to Code Section 752(b), any decrease in a partner's individual liabilities by reason of the assumption by the partnership of such individual liabilities will be treated as a distribution of money to the partner by the partnership. In connection with the contribution of the Interests, the Operating Partnership will assume or take subject to the pro rata portion of the obligations under the debt secured by the Project. Thus, each Contributing Limited Partner will be treated as receiving a distribution of money by the Operating Partnership which will result in a corresponding reduction in the Contributing Limited Partner's basis in the Operating Partnership. However, each Contributing Limited Partner will be allocated nonrecourse liabilities equal to the sum of (i) the partner's share of partnership minimum gain, (ii) the amount of any taxable gain that would be allocated to the Contributing Limited Partner under Code Section 704(c) if the Operating Partnerships disposed of all of its property subject to one or more nonrecourse liabilities of the Operating Partnership in full satisfaction of the liabilities and for no other consideration; (iii) excess nonrecourse liabilities in an amount of up to the amount of built-in gain allocable to the Contributing Limited Partner pursuant to Code Section 704(c) in excess of that described in (ii) above and (iv) the Contributing Limited Partner's share of the remaining excess nonrecourse liabilities as determined in accordance with the Contributing Limited Partner's share of partnership net income. Thus, if the

adjustments described above result in a reduction in excess of the Contributing Limited Partner's tax basis in the Interest, such Contributing 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 a Contributing Limited Partner's share of Operating Partnership liabilities, prospective Holders are strongly encouraged to consult their tax advisors regarding the application of these rules to their particular circumstances.

Potential Treatment of the Operating Partnership as an "Investment Company". Code Section 721(b) provides that the nonrecognition provisions of Code Section 721(a) will not apply to any contributions of property made to an "investment company" as defined in Code Section 351. Pursuant to Code Section 351, an investment company is an entity (i) that is a REIT, (ii) that is a regulated investment company or (iii) where, at the time of the transfer or at the time of any future change in circumstances that were contemplated at the time of the transfer, 80% or more of the value of the company's assets are held for investment and consist of certain types of stocks or securities (including money, stock and equity interest in corporations, evidences of indebtedness, options, forward or future contracts, notional principal contracts, derivatives, foreign currency, interests in REITs, interests in regulated investment companies, interests in publicly traded partnerships, interests in precious metals or interests in entities that own the foregoing items) (collectively, the "Investment Company Securities"). Pursuant to Code Section 721(b), a partnership will be considered an investment company if the partnership would be considered an investment company under Code Section 351 if the partnership were a corporation. The determination of whether a partnership is an investment company is made immediately following the transfer, but also considers any plan in existence at the time of the transfer. The general partner of the Operating Partnership has certified that the assets of the Operating Partnership will principally be interests in real estate. Thus, it is anticipated that 80% of the assets held by the Operating Partnership will not consist of Investment Company Securities. Consequently, the Operating Partnership should not be treated as an investment company for purposes of Code Section 721(b).

Potential Application of Disguised Sale Rules. Code Section 707(a)(2)(B) and the Treasury Regulations thereunder (the "Disguised Sale Rules") generally provide that a partner's contribution of property to a partnership and a simultaneous or subsequent transfer of money or other consideration by the partnership to the partner within two years of such contribution will be presumed to be a sale, in whole or in part, of such property by the partner to the partnership unless the facts and circumstances clearly establish the transfer does not constitute a sale. The Disguised Sale Rules provide that payments to partners that constitute "operating cash flow distributions" generally are not presumed to be a part of a sale of property to the partnership even if they occur within such two-year period. Distributions to a partner during a particular year qualify as operating cash flow distributions for this purpose if the total amount of distributions to such partner does not exceed the product of the partnership's net cash flow from operations for the year multiplied by the partner's percentage share of overall profits for that year. It is not contemplated that the Operating Partnership will make any extraordinary distributions that would cause the contribution of the Interests by the Holders to be treated as disguised sales for Federal income tax purposes.

The general rule under the Disguised Sale Rules is that the assumption of a liability by a partnership from a partner in connection with the contribution of property will be treated as a distribution of consideration to the contributing partner as part of a disguised sale of the property to the extent that the liability assumed is greater than the contributing partner's share of the liabilities immediately after the contribution. However, the assumption by a partnership of a "qualified liability" in connection with a contribution of property by a partner is excluded from the general rule and does not cause the contributing partner to be treated as receiving consideration from the partnership so long as the contributing partner does not receive any other consideration that would give rise to a disguised sale of the contributed property. Qualified liabilities include, among other things, liabilities (i) incurred in the ordinary course of the trade or business in which the contributed property was used or held if all the assets related to that trade or business are transferred to the partnership and (ii) properly allocable to capital expenditures with respect to the contributed property. The Operating Partnership anticipates that all liabilities assumed by the Operating Partnership will be treated as qualified liabilities.

The Operating Partnership does not anticipate that any part of the contribution of the Interests in exchange for OP Units will be treated as a disguised sale of property. If, however, the Disguised Sale Rules were to apply for any reason, then a Contributing Limited Partner will be treated as selling a portion of its Interest in a taxable transaction, and receiving a portion of its OP Units in a tax-deferred transaction. A Contributing Limited Partner would recognize gain to the extent of the excess of any cash received plus the liabilities allocable to the portion of the

Interest deemed sold over the Contributing Limited Partner's adjusted tax basis in the portion of the Interest deemed to have been sold in the disguised sale.

Tax Basis in OP Units. Assuming no part of the contribution of Interests in exchange for OP Units will be treated as a disguised sale or other taxable event as described above, each Contributing Limited Partner's tax basis in the OP Units received upon exercise of the FMV Option is exercised will equal such Contributing Limited Partner's adjusted tax basis in the Interests held immediately before the contribution of Interests, increased or decreased, as appropriate, by any net change in such Contributing Limited Partner's share of liabilities resulting therefrom. To the extent that a Contributing Limited Partner's adjusted basis is reduced, such Contributing Limited Partner can expect that distributions of cash and any deemed distributions resulting from subsequent reductions in allocable liabilities of the Operating Partnership may be taxable sooner than would be the case if such basis reduction had not occurred. Such basis reduction would also affect the Contributing Limited Partner's ability to deduct tax losses allocated to it by the Operating Partnership, if any.

Limited Partners Retain Responsibility for Built-In Gain. If the Operating Partnership decides to sell a Project contributed by a Contributing Limited Partner and the Operating Partnership does not complete a tax-deferred exchange under Code Section 1031 in connection with such sale, the built-in gain attributed to the Project sold will be taxable to the Contributing Limited Partners who contributed the Project.

Code Section 704(c). Pursuant to Code Section 704(c), if a Contributing Limited Partner transfers property to the Operating Partnership in exchange for OP Units, the Operating Partnership tax items must be allocated in a manner such that the Contributing Limited 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 FMREIT to the Operating Partnership of cash proceeds received by FMREIT from the offering of its stock. Such allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among partners. The general purpose underlying Code 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 Limited Partners in the same tax position that they would have been in if the Contributing Limited Partner (or in the case of contribution of cash, the pre-existing partners) had contributed property with (or the pre-existing property of the Operating 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 between the fair market value and the adjusted tax basis of the contributed property at the time of contribution.

If the FMV Option is exercised by the Operating Partnership, the Interests conveyed to the Operating Partnership in exchange for OP Units (in particular, Interests of a Holder acquired as "replacement property" in a Code Section 1031 exchange) would likely constitute property with unrealized built-in gain and, thus, be subject to Code Section 704(c).

Under the Operating 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 the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Code Section 704(c) to use a different method for allocating depreciation deductions.

No Tax Indemnity. The Operating Partnership will not reimburse and/or pay damages with respect to any federal, state and local taxes incurred by Contributing Limited Partners in connection with the direct or indirect sale or disposition of the Project by the Operating Partnership. The Operating Partnership will not offer "tax protection agreements" or any similar arrangement pursuant to which a Contributing Limited Partner would be reimbursed for such amounts. Purchasers will have no control over whether or not the Operating Partnership sells or otherwise disposes of the Project 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 the Project.

Tax Consequences Related to the Operating Partnership

Status as a Partnership. Treasury Regulations provide that a limited partnership will be classified as a partnership for federal income tax purposes as long as an election is not made to treat the partnership as an association taxable as a corporation. It is not anticipated that such an election will be made with respect to the Operating Partnership.

If the Operating Partnership is treated as a partnership for federal income tax purposes, each partner in the Operating Partnership will be required to include in income its distributive share of the Operating Partnership's income, gain, loss, deductions or credits. Consequently, each partner in the Operating Partnership will be subject to tax on its distributive share of Operating Partnership income, whether or not the Operating Partnership actually distributes cash in an amount equal to the income.

If for any reason the Operating Partnership is treated as a corporation for tax purposes, the Operating Partnership would be required to pay income tax at the corporate tax rates on its taxable income, thereby reducing the amount of cash available for distribution to partners of the Operating Partnership. In addition, any distribution by the Operating Partnership to the partners would be taxable to them as dividends, to the extent of current and accumulated earnings and profits, or treated as gain from the sale of their Operating Partnership interests, to the extent such distributions exceeded both current and accumulated earnings and profits of the Operating Partnership and the Contributing Limited Partner's tax basis for its OP Units.

Anti-Abuse Rules. Generally, partnerships are not liable for income taxes imposed by the Code. The Treasury Regulations issued under Code Section 701 set forth broad "anti-abuse" rules applicable to partnerships. These rules authorize the Commissioner of the IRS to recast transactions involving the use of partnerships either to reflect the underlying economic arrangement or to prevent the use of a partnership to circumvent the intended purpose of any provision of the Code. The examples included with the regulations promulgated under Code Section 701 include an "umbrella partnership real estate investment trust" ("UPREIT") partnership structure as a non-abusive partnership structure. If any of the transactions entered into by the Operating Partnership were to be re-characterized under these rules, or the Operating Partnership were to be recast as a taxable entity under these rules, it could have a material adverse effect on the limited partners. The application of the "anti-abuse" rules is a question of fact. Consequently, counsel has expressed no opinion as to the applicability of the "anti-abuse" rules to the Operating Partnership.

Publicly Traded Partnerships. Certain publicly traded partnerships are taxed as corporations for federal income tax purposes. Publicly traded partnerships are defined as partnerships whose interests are (i) traded on an established securities market or (ii) readily tradable on a secondary market or the substantial equivalent thereof. The OP Units will not be traded on an established securities market. The determination as to whether the Operating Partnership will be considered "publicly traded" will depend on the number and type of subsequent transfers of OP Units. The Operating Partnership Agreement provides that any transfer of OP Units will not be effective unless and until its general partner determines that such transfer will not cause the Operating Partnership to be considered a publicly traded partnership under the applicable IRS guidelines. It is unclear whether the general partner will be able to effectively limit possible transfers. However, a partnership, even though "publicly traded," will not be treated as a corporation for tax purposes if 90% or more of its gross income consists of "qualifying income." Qualifying income includes interest, dividends, real property rents, gain from the disposition of real property and income and gains from certain natural resource activities. The Operating Partnership will be engaged in the rental, sale and management of multifamily rental property. The Operating Partnership will attempt to operate so that at least 90% of the Operating Partnership's income will be from rent from real property (and not personal property), interest and the sale of real property. There can be no assurance that the Operating Partnership will meet the 90% "qualifying income" test.

The Operating Partnership and the limited partners will be subject to additional rules if the Operating Partnership is publicly traded but the Operating Partnership is not taxed as a corporation. The net income from publicly traded partnerships not taxed as corporations is not treated as passive income for purposes of the passive loss rules. Each partner in a publicly traded partnership treats the income or loss from the partnership as separate from the income or loss from any other publicly traded partnership and separate from any other income or loss from passive activities. Net income from publicly traded partnerships is treated as portfolio income under the passive loss rules. Net passive income of a publicly traded partnership will be treated as investment income for purposes of the limitation on investment interest expense. Net losses attributable to a partner's interest in a publicly traded partnership are not

allowed against the partner's other income but instead are suspended and carried forward. Such losses can be applied against the net income from the partnership in the next tax year (or the next succeeding tax year in which the holder of the interest in the partnership has net income from the partnership). Upon a complete disposition (within the meaning of the passive loss rules) of the partner's entire interest in a publicly traded partnership, any remaining suspended losses are allowed.

Allocation of Net Income and Net Loss. Net income and net loss will be allocated as set forth in the Operating Partnership Agreement. Although such allocations are permitted under partnership law, the Code and Treasury Regulations require that such allocations satisfy certain requirements. Code Section 702 provides that, in determining income tax, a limited partner must take into income its "distributive share" of the Operating Partnership's income, gain, loss, deduction or credit. The limited partners may specially allocate their distributive shares of such profits and losses, thus redistributing tax liability, by provision in the Operating Partnership Agreement. However, the IRS will disregard such an allocation, and will determine a limited partner's distributive share in accordance with the limited partner's interest in the Operating Partnership, if the allocation lacks "substantial economic effect."

Treasury Regulations on the allocation of items of partnership income, gain, loss, deduction and credit under Code Section 704(b) are concerned with whether an allocation of partnership tax items has "substantial economic effect." Under the Treasury Regulations, an allocation has economic effect only if, throughout the term of the partnership, the partners' capital accounts are maintained in accordance with the Treasury Regulations, liquidation proceeds are to be distributed in accordance with the partners' capital account balances, and any partner with a deficit capital account following the distribution of liquidation proceeds is required to restore the amount of that deficit to the Operating Partnership for payment to creditors or distribution to partners in accordance with their positive capital account balances. If the partners' obligations to restore deficit capital account balances are limited, the partnership agreement must contain a "qualified income offset" provision, as described in the Treasury Regulations.

The Treasury Regulations also require that the economic effect of the allocation be "substantial." In general, the economic effect of an allocation is "substantial" if there is a reasonable possibility that the allocation will affect substantially the dollar amounts to be received by the partners from the partnership, independent of tax consequences. The economic effect of an allocation is not substantial, however, if, at the time the allocation becomes part of the partnership agreement, (i) the after-tax economic consequences of at least 1 partner may, in present value terms, be enhanced compared to such consequences if the allocation were not contained in the partnership agreement and (ii) there is a strong likelihood that the after-tax economic consequences of no partner will, in present value terms, be substantially diminished compared to such consequences if the allocation were not contained in the partnership agreement. In determining the after-tax economic benefit or detriment to a partner, tax consequences that result from the interaction of the allocation of such partner's tax attributes that are unrelated to the partnership will be taken into account.

The Treasury Regulations provide that allocations of loss or deduction attributable to nonrecourse liabilities of a partnership ("nonrecourse deductions") cannot have economic effect because, in the event there is an economic burden that corresponds to such an allocation, the creditor alone bears that burden. Thus, nonrecourse deductions must be allocated in accordance with the partners' interests in the partnership. Allocations of nonrecourse deductions are deemed to be made in accordance with the partners' interests in the partnership if, and only if, the following conditions are satisfied:

(1) Throughout the full term of the partnership, the partners' capital accounts are maintained in accordance with the Treasury Regulations, and upon liquidation of the partnership, liquidating distributions are required to be made in accordance with the positive capital account balances of the partners.

(2) Beginning in the first taxable year in which there are nonrecourse deductions and thereafter throughout the full term of the partnership, the partnership agreement provides for allocations of nonrecourse deductions among the partners in a manner that is reasonably consistent with allocations, which have substantial economic effect, of some other significant partnership item attributable to the property securing nonrecourse liabilities of the partnership.

(3) Beginning in the first taxable year of the partnership in which the partnership has nonrecourse deductions and thereafter throughout the full term of the partnership, the partnership agreement contains a "minimum gain chargeback," as defined in the Treasury Regulations.

(4) All other material allocations and capital account adjustments under the partnership agreement are recognized in accordance with the Treasury Regulations.

The Operating Partnership Agreement requires that the limited partners' capital account balances be maintained in accordance with the Treasury Regulations. The Operating Partnership Agreement contains a "minimum gain chargeback" provision, and the nonrecourse deductions are to be allocated under the Operating Partnership Agreement in a manner that is reasonably consistent with allocations, i.e., in accordance with allocations of net income. Limited partners are not required to restore a deficit capital account balance. The Operating Partnership Agreement, however, contains a "qualified income offset" provision.

Calculation of a Contributing Limited Partner's Adjusted Basis. Each Contributing Limited Partner's adjusted basis in its OP Units will be equal to such Contributing Limited Partner's cash capital contributions and the adjusted basis of any property contributed to the Operating Partnership increased by (i) the amount of its share of the net income and gain of the Operating Partnership, (ii) its share of nonrecourse indebtedness as set forth in Treasury Regulations 1.752-3, if any and (iii) Operating Partnership indebtedness for which the partner assumes liability. A Contributing Limited Partner's share of nonrecourse liabilities is the sum of (i) the Contributing Limited Partner's share of Operating Partnership minimum gain, (ii) the amount of any taxable gain that would be allocated to the Contributing Limited Partner under Code Section 704(c) if the Operating Partnership disposed of all Operating Partnership property subject to one or more nonrecourse liabilities of the Operating Partnership in full satisfaction of the liabilities and for no other consideration and (iii) excess nonrecourse liabilities (those not allocated under section (i) and (ii) above) determined in accordance with the Contributing Limited Partner's share of Operating Partnership profits. Consequently, a Contributing Limited Partner's adjusted basis in its OP Units may be lower than the capital account value allocated to the OP Units.

A Contributing Limited Partner's basis in its OP Units is reduced, but not below zero, by (x) the amount of the Contributing Limited Partner's share of Operating Partnership net loss and expenditures that are neither properly deductible nor properly chargeable to the Contributing Limited Partner's capital account, (y) the amount of individual liabilities assumed by the Operating Partnership and (z) the amount of cash distributions received by the Contributing Limited Partner from the Operating Partnership. For purposes of calculating a Contributing Limited Partner's adjusted basis in its OP Units, any reduction in the amount of Operating Partnership nonrecourse indebtedness will be treated as a cash distribution to such Contributing Limited Partner in accordance with the Contributing Limited Partner's allocable share of such indebtedness and accordingly will reduce the basis in such Contributing Limited Partner's OP Units.

The Treasury Regulations employ an economic risk of loss analysis to determine whether an Operating Partnership liability is a recourse or nonrecourse liability and to determine the Contributing Limited Partners' shares of any liability of the Operating Partnership. Under the Treasury Regulations, an Operating Partnership liability is a recourse liability to the extent that any partner or related person bears the economic risk of loss for that liability. A Contributing Limited Partner's share of any recourse liability of the Operating Partnership equals the portion, if any, of the economic risk of loss for such liability that is borne by the Contributing Limited Partner.

A Contributing Limited Partner bears the economic risk of loss for an Operating Partnership liability to the extent that the Contributing Limited Partner (or a related person) would bear the economic burden of discharging the obligation represented by that liability if the Operating Partnership were unable to do so (reduced by any right of reimbursement). In the case of a limited partnership, such as the Operating Partnership, a Contributing Limited Partner generally will not bear the economic risk of loss for any Operating Partnership liability because the limited partner has no obligation to contribute additional capital to the Operating Partnership unless the Contributing Limited Partner specifically assumes a portion of such indebtedness.

If no Partner bears the economic risk of loss for an Operating Partnership liability, the liability is a nonrecourse liability of the Operating Partnership. An exception to this rule applies in the case of a partner (or related person) who makes a nonrecourse loan to the Operating Partnership. In such a case, the lending or related partner is considered to bear the economic risk of loss for such liability.

To the extent that a Contributing Limited Partner's share of Operating Partnership net loss exceeds the adjusted basis of such Contributing Limited Partner's OP Units at the end of the Operating Partnership year in which such loss occurs, such excess loss cannot be used in that year by the Contributing Limited Partner for any purpose,

but is allowed as a deduction at the end of the first succeeding Operating Partnership taxable year, and subsequent Operating Partnership taxable years, to the extent that the adjusted basis of such Contributing Limited Partner's OP Units at the end of any such year exceeds zero (before reduction by such excess loss from a prior year).

Treatment of Cash Distributions from the Operating Partnership. The Operating Partnership Agreement provides for cash distributions resulting from operations of the Operating Partnership. Cash distributions (including for federal income tax purposes, a Contributing Limited Partner's share of any reduction in nonrecourse indebtedness) made to a Contributing Limited Partner, other than those made in exchange for or in redemption of all or part of a Contributing Limited Partner's OP Units, will generally not affect the calculation of a Contributing Limited Partner's distributive share of net income or net loss from the Operating Partnership. Such distributions are generally first applied against and reduce the Contributing Limited Partner's adjusted basis in its OP Units. To the extent that such distributions are so applied against and reduce the adjusted basis of the Contributing Limited Partner's OP Units, they will not give rise to a realization of income, gain or loss by the Contributing Limited Partner. Cash distributions in excess of a Contributing Limited Partner's adjusted basis in its OP Units will result in the recognition of gain to the extent of such excess. Ordinarily, any such recognized gain will be treated as gain from the sale or exchange of an OP Unit.

Net Income in Excess of Cash Distributions. It is possible that a Contributing Limited Partner's share of the Operating Partnership's net income may exceed the cash distributed to the Contributing Limited Partner with respect to its OP Units and such Contributing Limited Partner's tax liability on the shares may even exceed such distribution.

Tax Elections. The Operating Partnership may make certain elections for federal income tax reporting purposes that could result in various items of Operating Partnership income, gain, loss, deduction and credit being treated differently for tax and Operating Partnership purposes than for accounting purposes.

The Code provides for optional adjustments to the basis of Operating Partnership property for purposes of measuring both depreciation and gain upon distributions of Operating Partnership property (Code Section 734) and transfers of OP Units (Code Section 743) provided that an Operating Partnership election has been made pursuant to Code Section 754. The general effect of such an election is that transferees of OP Units are treated, for purposes of computing depreciation and gain, as though they had acquired a direct interest in the Operating Partnership assets, and the Operating Partnership is treated for such purposes, upon certain distributions to partners, as though it had newly acquired an interest in the Operating Partnership assets and therefore acquired a new cost basis for such assets. Any such election, once made, is irrevocable without the consent of the IRS.

Depreciation. Code Section 168(i)(7) provides that in the case of property transferred to a partnership in a contribution described in 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 property being contributed by a Contributing Limited Partner to the Operating Partnership in exchange for OP Units. However, an acquirer of OP Units that obtains a Code Section 743(b) adjustment by reason of such acquisition 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.

Treatment of Gain or Loss on Disposition of Units. It is not expected that any public market will develop for the OP Units. Furthermore, Contributing Limited Partners may not be able to liquidate their OP Units promptly at reasonable prices.

Any gain or loss realized by a Contributing Limited Partner upon the sale or exchange of its OP Units will generally be treated as capital gain or loss, provided that such Contributing Limited Partner is not deemed to be a "dealer" in such securities. However, any portion of the gain that is attributable to unrealized receivables (which includes, for these purposes, depreciation recapture) or inventory items will generally be treated as ordinary income. If the Contributing Limited Partner's holding period for the OP Units sold or exchanged is more than one year, the portion of any gain realized that is capital gain will be treated as long-term capital gain.

A transferor limited partner must notify the Operating Partnership of a sale or exchange of its OP Units involving Operating Partnership unrealized receivables or inventory. Once the Operating Partnership is so notified, it

must report to the IRS the transferor and the transferee on the sale or exchange. Penalties will apply to the failure by the transferor partner to report to the Operating Partnership, and the failure by the Operating Partnership to report to the IRS the transferor and the transferee.

In determining the amount realized upon the sale or exchange of OP Units, a Contributing Limited Partner must include, among other things, the Contributing Limited Partner's share of Operating Partnership indebtedness. Therefore, it is possible that the gain realized on a Contributing Limited Partner's sale of Units 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. In addition, a Contributing Limited Partner will recognize taxable income in an amount equal to the built-in gain, as adjusted, attributable to the contributed Interests. The Contributing Limited Partners will not be able to defer any of the gain realized under Code Section 1031.

An exchange of the OP Units into shares of stock of FMREIT will be treated as a taxable sale.

Transfers of Units. For federal income tax purposes, items of income, gain, loss, deduction or credit of the Operating Partnership may be allocated to a Contributing Limited Partner only if they are received, paid or incurred by the Operating Partnership during that portion of the year in which the Contributing Limited Partner is treated as a partner of the Operating Partnership for tax purposes.

If any Contributing Limited Partner's interest in the Operating Partnership changes at any time during the Operating Partnership's taxable year, each Contributing Limited Partner's share of each item of Operating Partnership income, gain, loss, deduction and credit is to be determined by using any method prescribed by Treasury Regulations that takes into account the varying interests of the Contributing Limited Partners in the Operating Partnership during the taxable year. Treasury Regulations generally provide that where partners' interests vary during the year, partnership items can be allocated under one of two methods – either an interim closing of the books or a daily proration. However, specifically enumerated "extraordinary items," including gains from sales of assets, may not be prorated and must be allocated among the partners based upon their interests in the partnership as of the beginning of the day on which the extraordinary income item is taken into account by the partnership. The Treasury Regulations also permit partnerships to select among daily, semi-monthly or monthly conventions as to when changes in partners' interests should apply. For example, under the monthly convention, a change in the partners' interests that occurs between the 1st and 15th days of a month is deemed to occur on the first day of the month; a change between the 16th and last day of the month is deemed to occur at the end of the last day of the month.

The net income or net loss allocable to any OP Units transferred during any year will be allocated among the persons who were the holders thereof during such year in proportion to the number of months that each such holder was recognized as the owner of such OP Units during the year applying the monthly convention. A holder who acquires an OP Unit during the first 15 days of a month will receive allocations of net income and net loss relative to such month. A holder who acquires an OP Unit on or after the 16th day of the month will be treated for income tax allocation purposes as acquiring the OP Units on the 1st day of the following month. A Contributing Limited Partner will be required to report a share of the Operating Partnership's net income or net loss during the period of such holder's ownership on its personal income tax return even though the Contributing Limited Partner receives no distributions with respect to such period of ownership and/or the amount distributed to such Contributing Limited Partner has no relationship to the amount that it is required to report.

Accrual Method of Accounting. Code Section 461(a) provides that the amount of any deduction allowed under the Code will be taken for the taxable year that is the proper taxable year under the method of accounting used in computing taxable income. Consistent with Code Section 448, the Operating Partnership will use the accrual method of accounting in calculating its income. In general, an accrual basis taxpayer may deduct an expense in the year that its obligation for the payment is absolutely fixed and the amount thereof can be determined with reasonable accuracy. The liability must also be binding and enforceable, and there must be reasonable belief on the part of the debtor that the liability will be paid and there must be economic performance of the particular item or transaction underlying the liability and deduction. If the liability arises out of another person's providing services to the Operating Partnership, economic performance occurs as the services are provided. If the liability arises out of another person's providing property to the Operating Partnership, economic performance occurs as the property is provided. If the liability arises out of the Operating Partnership's use of property, economic performance occurs as the Operating Partnership uses the property. If the liability requires the Operating Partnership to provide property or services, economic performance occurs as the Operating Partnership provides the property or services. If the IRS determines

that the accounting method used by the Operating Partnership does not clearly reflect income, the income of the Operating Partnership, and consequently the Contributing Limited Partners, could be substantially and adversely impacted.

The Operating Partnership will not be able to change its method of accounting in the future without the consent of the IRS. The IRS can withhold its permission and, even if it granted permission for a change in accounting method, the IRS would require conditions and adjustments to the Operating Partnership's income that could be disadvantageous to the Contributing Limited Partners.

Partnership Tax Returns. The federal income tax returns of the Operating Partnership may be audited by the IRS and such an audit may result in adjustments to the various items reported by the Operating Partnership. For example, various deductions claimed by the Operating Partnership on its returns of income could be disallowed in whole or in part on audit, thereby resulting in an increase in the net income or a reduction in the net loss of the Operating Partnership. The disallowance of such deductions in whole or in part could increase a Contributing Limited Partner's taxable income without the receipt of any additional cash distributions from the Operating Partnership.

Partnership Audit Rules. Unless a partnership elects otherwise, taxes arising from audit adjustments are required to be paid by the partnership itself rather than by its partners. The general partner of the Operating Partnership will have the authority to utilize, and intends to utilize, any exceptions available under the new provisions so that the Contributing Limited Partner, to the fullest extent possible, rather than the Operating Partnership itself, will be liable for any taxes arising from audit adjustments to the Operating Partnership's taxable income. However, there can be no assurance that the general partner of the Operating Partnership will be able to do so under all circumstances. Furthermore, it is unclear how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. The Operating Partnership will designate its general partner to be the partnership representative, and in this role, the general partner will have the sole authority to act on behalf of the Operating Partnership with respect to dealings with the IRS under the partnership audit rules. The partnership agreement requires each Contributing Limited Partner to indemnify and hold harmless the Operating Partnership and the general partner from any liability with respect to a Contributing Limited Partner's share of any tax adjustment (including interest and penalties) whether or not the Contributing Limited Partner is a Contributing Limited Partner in the adjustment year.

Alternative Minimum Tax

Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax. The alternative minimum tax applies to designated items of tax preference. The limitations and thresholds related to the payment of the alternative minimum tax are subject to change on an annual basis. The Holders should consult with their tax advisors regarding the alternative minimum tax thresholds to determine if it will apply to such Holder's investment in Interests (or in any potential OP Units). The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income.

For more information concerning tax preferences and the alternative minimum tax, prospective Holders should consult their own tax advisors.

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations, (ii) any substantial understatement of income tax or (iii) any substantial valuation misstatement.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless or intentional disregard. Counsel for the Trust is rendering an opinion with respect to the treatment of Interests as interests in real estate for income tax purposes. However, the opinion is not intended to be used by any taxpayer to avoid penalties, and may not be relied upon by the Holders of Interests to avoid penalties. This opinion is not applicable to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder and each Holder should consult with its own independent tax advisor.

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

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

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and that the taxpayer acted in good faith.

In addition to the penalties described above, a new penalty has recently been added with respect to understatements resulting from listed or reportable transactions. A reportable transaction is a transaction that the IRS has identified as having the potential for tax avoidance or evasion. A listed transaction is a reportable transaction which the IRS has specifically identified as a tax avoidance transaction. The penalty is equal to 20% of the portion of the underpayment to which the penalty applies if the taxpayer disclosed the understatement and 30% of the portion of the underpayment to which the penalty applies if the taxpayer did not disclose the understatement. A taxpayer may avoid the payment of the penalty if (i) there was reasonable cause for the understatement and the taxpayer acted in good faith, (ii) the relevant facts affecting the taxpayer's tax treatment were adequately disclosed, (iii) there is, or was, substantial authority for the taxpayer's treatment of the item and (iv) the taxpayer reasonably believed that the treatment of the items on the return was more likely than not proper. A taxpayer may not rely on the opinion from a disqualified tax advisor. A disqualified tax advisor includes a (i) material advisor who participates in the organization, management, promotion or sale of the transaction or is related to any person who so participates, (ii) is compensated directly or indirectly by a material advisor with respect to the transaction, (iii) has a fee arrangement with respect to the transaction that is contingent on intended tax benefits being sustained or (iv) has a disqualifying financial interest with respect to the transaction. In the event the Interests are determined to be a reportable transaction, and the taxpayer fails to include information regarding such reportable transaction, the taxpayer will be subject to a maximum penalty in the amount of $10,000 if the taxpayer is an individual and $50,000 in any other case. In the event the Interests are determined to be a listed transaction, the maximum penalty increases to $100,000 in the case of an individual and $200,000 in any other case.

The tax opinion issued to the Trust with respect to the Interests was prepared by a disqualified tax advisor. As a result, the Holders may not rely on such opinion to avoid the payment of penalties.

3.8% Net Investment Income Tax

Under the Health Care and Education Reconciliation Act of 2010, for each tax year beginning after December 31, 2012, a taxpayer who is an individual will be assessed an additional tax equal to 3.8% of the lesser of: (i) the taxpayer's "net investment income" for the taxable year or (ii) the excess of (x) the taxpayer's modified adjusted gross income for the taxable year over (y) (a) for a taxpayer filing jointly with a spouse (or for a surviving spouse), $250,000, (b) for married taxpayer filing a separate return, $125,000 or (c) in any other case, $200,000. For purposes of the additional tax, "net investment income" includes, among other things: (i) net income in the form of interest, dividends, annuities, royalties and rents that do not arise in the ordinary course of a trade or business (but including net income from a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities) and (ii) net gains (to the extent taken into account in computing taxable income) on the disposition of property other than property held in a trade or business (but including net gains realized on the disposition of property held in a trade or business that is a passive activity with respect to the taxpayer or a trade or business of trading in financial instruments or commodities).

State and Local Taxes

In addition to the material federal income tax considerations described above, prospective Holders should consider the state tax consequences of an investment in an Interest. A Holder's share of income or loss generally will

be required to be included in determining the Holder's reportable income for state and local tax purposes. The Project is located in Georgia. Each Holder that is not currently filing an income tax return in Georgia must now file an income tax return in Georgia with respect to such Holder's income or loss from the Project and pay tax on its respective state income, if any. Georgia's current tax rate is 5.39% on Georgia income.

If the Interests are contributed to the Operating Partnership, a Contributing Limited Partner's distributive share of the income or loss of the Operating Partnership generally will be required to be included in determining the Contributing Limited Partner's reportable income for state and local tax purposes. It is anticipated that the Projects will be located in various states. Consequently, Contributing Limited Partners may generate state source income from multiple states. In such case, the Contributing Limited Partners may be required to file a state income tax return and pay income tax in the states where the Operating Partnership's properties are located. Further, the Operating Partnership may be required to withhold distributions of certain net income to non-residents of certain states.

This Memorandum does not analyze or discuss state or local tax consequences to the Holders or, if the Interests are contributed to the Operating Partnership, the Contributing Limited Partners. Each prospective Holder should consult its own tax advisor regarding the tax consequences of the purchase of an Interest in both the state where they reside and where the Project is located. If a Holder receives OP Units in the Operating Partnership, the state income consequences will be different than described above. In such case, a holder of an OP Unit may have to file a state income tax return in each state in which the Operating Partnership owns a property.

Limitation on Deduction for State and Local Taxes. Itemized deductions of individuals for state and local taxes are subject to limitations. These limitations do not apply to property taxes that are incurred in carrying on a trade or business or an activity for the production of income.

It is anticipated that state and local income taxes incurred by the Holders as a result of an acquisition of an Interest will be subject to these limitations.

Investor Servicing Fee

The Investor Servicing Fee is likely to be treated as an investment expense. As such, the Investor Servicing Fee would be treated as a miscellaneous itemized deduction under Code Section 67 that is not deductible.

Tax Consequences Related to FMREIT

For a summary of the material federal income tax considerations associated with an investment in common stock of FMREIT, including a discussion of the federal income tax requirements for FMREIT to qualify as a real estate investment trust, see "Material U.S. Federal Income Tax Considerations" in the FMREIT PPM. DLA Piper LLP (US) did not prepare the FMREIT PPM and, therefore, is not expressing any opinion with respect to the accuracy or completeness of the discussion of tax issues in the FMREIT PPM.

Prospective Holders should note that a number of issues discussed in this Memorandum, including issues on which counsel has expressed an opinion, have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. In addition, the foregoing discussion does not provide any information regarding the tax consequences that may be applicable to non-United States investors, and any such foreign investors should consult with their own tax advisors. Prospective Holders are urged to consult their own tax counsel regarding the tax consequences of an investment in an Interest.

REPORTS

The Trust Manager will keep proper and complete records and books of account for the Trust and the Holders. These books and records will be kept at the Trust Manager's principal place of business. Each Holder will at all times, during normal business hours, have the right to inspect, examine and copy from them; provided, however, no Holder will have access to the name, address or investment information of any other Holder. The Trust will prepare and send to each Holder unaudited, periodic reports and an annual report containing an unaudited Trust-level year-end balance sheet and income statement. In addition, the Trust will send each Holder such tax information as may be necessary for the preparation of such Holder's tax returns.

LITIGATION

There are no legal actions pending against the Trust nor, to the actual knowledge of the Trust, are any such actions contemplated that would have a material effect on the Trust's business, financial condition or operations.

LEGAL OPINION

DLA Piper LLP (US) rendered a tax opinion to the Trust with respect to certain issues set forth in this Memorandum. Except as to matters stated in the opinion, which are based on the law in effect as of the date of the opinion, the issuance of the opinion should not in any way be construed as implying that counsel has approved or passed upon any other matter for the Trust. DLA Piper LLP (US) will be paid for providing such opinion.

ADDITIONAL INFORMATION

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

Prospective Holders are entitled to review copies of other material contracts relating to the Interests described in this Memorandum and copies of the Trust's organizational documents.

EXHIBIT A

FINANCIAL FORECAST OF OPERATIONS FOR THE PROJECT

This Exhibit A contains forward-looking statements that involve risks and uncertainties. These statements are only predictions and are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in these forward-looking statements. The forward-looking statements included in this Exhibit are based upon the Trust Manager's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Although the Trust Manager believes that the expectations reflected in such forward-looking statements set forth in this Exhibit are based on reasonable assumptions, the actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those described in this Memorandum. Any assumptions underlying the forward-looking statements set forth in this Exhibit could be inaccurate. Prospective Holders are cautioned not to place undue reliance on any forward-looking statements contained in this Exhibit. The actual results may differ significantly from the results discussed in the forward-looking statements.

The Financial Forecast of Operations for the Project in this Exhibit are forward-looking statements and represent estimates for the Project over the approximate 20-year period beginning November 21, 2025 (the "Financial Forecast").

The Financial Forecast is based, in part, upon specific assumptions described in this Exhibit and this Memorandum. These estimates and assumptions represent the Trust Manager's best judgment as to what the actual experiences of the prospective Holder will be. Because of the impossibility of making meaningfully precise, predictive assumptions, some of the assumptions may not accurately reflect operations of the Project in all years. Changes in these assumptions could cause actual operating results to vary substantially from those which have been forecasted. If such assumptions are incorrect, the Financial Forecast would likewise be incorrect. No assurance can be given that the assumptions will prove to be correct. Prospective Holders should closely review the more detailed information set forth in this Exhibit and this Memorandum.

This Exhibit has been prepared by the Trust Manager and no independent public accountants or other third parties have examined, compiled, reviewed or agreed upon the procedures used to prepare the Financial Forecast. The Financial Forecast has not necessarily been prepared with the guidelines of the American Institute of Certified Public Accountants or any other accounting profession self-regulatory or governing body. **There is no assurance that the Project will perform as set forth in the Financial Forecast.** The ability to achieve the results set forth in the Financial Forecast is subject to a number of risks including, without limitation, those described in the Risk Factors in this Memorandum.

ASSUMPTIONS

Analysis Period	20 years
Rental Growth Rates	2.95%, which occurs pursuant to rent bumps in years 5, 10 and 15 of the Master Lease
Operating Expenses	The Trust Manager has assumed that the operating expenses will be $70,116 in year one and $69,616 per year thereafter with a 0% increase over the hold period. The Trust Manager has assumed that there will be only $10,000 of other expenses (excluding the Management Fee and the Delaware trustee fees) at the Project per year.
Asset Management Fee	$57,616 per year.
Capital Reserves	The Trust Manager assumed upfront capital reserves to be funded at an amount equal to $1,088,761 in cash.

For additional information, see “Estimated Use of Proceeds” in this Memorandum.

Forum Exchange I DST
Financial Forecast

	20 Year																			
	Year - 1	**Year - 2**	**Year - 3**	**Year - 4**	**Year - 5**	**Year - 6**	**Year - 7**	**Year - 8**	**Year - 9**	**Year - 10**	**Year - 11**	**Year - 12**	**Year - 13**	**Year - 14**	**Year - 15**	**Year - 16**	**Year - 17**	**Year - 18**	**Year - 19**	**Year - 20**
DST Cash Flow Projections																				
Master Lease Rent	$ 2,049,274	$ 2,049,274	$ 2,049,274	$ 2,049,274	$ 2,049,274	$ 2,369,910	$ 2,369,910	$ 2,369,910	$ 2,369,910	$ 2,369,910	$ 2,740,713	$ 2,740,713	$ 2,740,713	$ 2,740,713	$ 2,740,713	$ 3,169,534	$ 3,169,534	$ 3,169,534	$ 3,169,534	$ 3,169,534
Ongoing Fees & Expenses																				
DST Management Fee	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)	(57,616)
Trustee Fees	(2,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Other Expenses	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Sub-total Fees & Expenses	$ (70,116)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)	$ (69,616)
Capital Expenditures	(1,088,761)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves Utilized	1,088,761	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DST Cash Flow	$ 1,979,159	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918

	Year - 1	**Year - 2**	**Year - 3**	**Year - 4**	**Year - 5**	**Year - 6**	**Year - 7**	**Year - 8**	**Year - 9**	**Year - 10**	**Year - 11**	**Year - 12**	**Year - 13**	**Year - 14**	**Year - 15**	**Year - 16**	**Year - 17**	**Year - 18**	**Year - 19**	**Year - 20**
Investor Cash Flow Projections																				
No ISF[1]: No Selling Commission																				
Investor Servicing Fee - 0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distribution	$ 1,979,159	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918
Cash on cash return	*5.04%*	*5.04%*	*5.04%*	*5.04%*	*5.04%*	*5.85%*	*5.85%*	*5.85%*	*5.85%*	*5.85%*	*6.80%*	*6.80%*	*6.80%*	*6.80%*	*6.80%*	*7.89%*	*7.89%*	*7.89%*	*7.89%*	*7.89%*
No ISF[1]: Max. Selling Commission																				
Investor Servicing Fee - 0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distribution	$ 1,979,159	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 1,979,659	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,300,294	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 2,671,098	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918	$ 3,099,918
Cash on cash return	*4.73%*	*4.73%*	*4.73%*	*4.73%*	*4.73%*	*5.49%*	*5.49%*	*5.49%*	*5.49%*	*5.49%*	*6.38%*	*6.38%*	*6.38%*	*6.38%*	*6.38%*	*7.40%*	*7.40%*	*7.40%*	*7.40%*	*7.40%*
ISF of 0.25%[1]: Max. Selling Commission																				
Investor Servicing Fee - 0.25%	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)	(96,026)
Cash Flow Available for Distribution	$ 1,883,133	$ 1,883,633	$ 1,883,633	$ 1,883,633	$ 1,883,633	$ 2,204,268	$ 2,204,268	$ 2,204,268	$ 2,204,268	$ 2,204,268	$ 2,575,072	$ 2,575,072	$ 2,575,072	$ 2,575,072	$ 2,575,072	$ 3,003,892	$ 3,003,892	$ 3,003,892	$ 3,003,892	$ 3,003,892
Cash on cash return	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*5.27%*	*5.27%*	*5.27%*	*5.27%*	*5.27%*	*6.15%*	*6.15%*	*6.15%*	*6.15%*	*6.15%*	*7.18%*	*7.18%*	*7.18%*	*7.18%*	*7.18%*
ISF of 0.85%[1]: Max. Selling Commission																				
Investor Servicing Fee - 0.85%	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)	(326,488)
Cash Flow Available for Distribution	$ 1,652,670	$ 1,653,170	$ 1,653,170	$ 1,653,170	$ 1,653,170	$ 1,973,806	$ 1,973,806	$ 1,973,806	$ 1,973,806	$ 1,973,806	$ 2,344,609	$ 2,344,609	$ 2,344,609	$ 2,344,609	$ 2,344,609	$ 2,773,430	$ 2,773,430	$ 2,773,430	$ 2,773,430	$ 2,773,430
Cash on cash return	*3.95%*	*3.95%*	*3.95%*	*3.95%*	*3.95%*	*4.71%*	*4.71%*	*4.71%*	*4.71%*	*4.71%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*5.60%*	*6.62%*	*6.62%*	*6.62%*	*6.62%*	*6.62%*

	Year - 1	**Year - 2**	**Year - 3**	**Year - 4**	**Year - 5**	**Year - 6**	**Year - 7**	**Year - 8**	**Year - 9**	**Year - 10**	**Year - 11**	**Year - 12**	**Year - 13**	**Year - 14**	**Year - 15**	**Year - 16**	**Year - 17**	**Year - 18**	**Year - 19**	**Year - 20**
Master Tenant Cash Flow																				
Sub-tenant Gross Rents	$ 3,287,423	$ 3,564,205	$ 3,680,197	$ 3,797,961	$ 3,933,396	$ 4,056,150	$ 4,167,187	$ 4,281,505	$ 4,399,201	$ 4,520,375	$ 4,645,130	$ 4,773,573	$ 4,905,813	$ 5,041,962	$ 5,182,136	$ 5,326,456	$ 5,474,485	$ 5,626,297	$ 5,781,964	$ 5,941,558
Operating Expenses	(1,452,227)	(1,495,149)	(1,522,938)	(1,567,919)	(1,600,742)	(1,641,783)	(1,689,671)	(1,724,088)	(1,755,650)	(1,806,941)	(1,889,947)	(1,931,910)	(1,974,851)	(2,018,794)	(2,063,763)	(2,109,782)	(2,156,870)	(2,205,052)	(2,254,353)	(2,304,800)
Sub-total	1,835,196	2,069,056	2,157,259	2,230,042	2,332,655	2,414,367	2,477,517	2,557,418	2,643,551	2,713,434	2,755,183	2,841,663	2,930,962	3,023,168	3,118,374	3,216,673	3,317,615	3,421,245	3,527,611	3,636,759
Capital Expenditures	(12,000)	(10,040)	(10,241)	(10,446)	(10,655)	(10,868)	(11,085)	(11,307)	(11,533)	(11,763)	(11,999)	(12,239)	(12,483)	(12,733)	(12,988)	(13,248)	(13,513)	(13,783)	(14,058)	(14,340)
Property Cash Flow	$ 1,823,196	$ 2,059,016	$ 2,147,018	$ 2,219,597	$ 2,322,000	$ 2,403,500	$ 2,466,432	$ 2,546,111	$ 2,632,019	$ 2,701,671	$ 2,743,184	$ 2,829,425	$ 2,918,479	$ 3,010,435	$ 3,105,386	$ 3,203,426	$ 3,304,102	$ 3,407,463	$ 3,513,553	$ 3,622,419
Master Lease Rent	$ (2,049,274)	$ (2,049,274)	$ (2,049,274)	$ (2,049,274)	$ (2,049,274)	$ (2,369,910)	$ (2,369,910)	$ (2,369,910)	$ (2,369,910)	$ (2,369,910)	$ (2,740,713)	$ (2,740,713)	$ (2,740,713)	$ (2,740,713)	$ (2,740,713)	$ (3,169,534)	$ (3,169,534)	$ (3,169,534)	$ (3,169,534)	$ (3,169,534)
Master Tenant Cash Flows	$ (226,078)	$ 9,742	$ 97,744	$ 170,322	$ 272,726	$ 33,590	$ 96,522	$ 176,201	$ 262,109	$ 331,761	$ 2,471	$ 88,712	$ 177,765	$ 269,722	$ 364,673	$ 33,892	$ 134,569	$ 237,929	$ 344,020	$ 452,886
% of Sub-tenant Gross Rents	*-6.88%*	*0.27%*	*2.66%*	*4.48%*	*6.93%*	*0.83%*	*2.32%*	*4.12%*	*5.96%*	*7.34%*	*0.05%*	*1.86%*	*3.62%*	*5.35%*	*7.04%*	*0.64%*	*2.46%*	*4.23%*	*5.95%*	*7.62%*

[1] Investor Servicing Fee governed by an Investor Servicing Fee Agreement between the Holder and their financial intermediary. Amounts assume that 100% of offering is sold to Holders purchasing with the referenced Investor Servicing Fee and paying the Selling Commission assumed for that level of Investor Servicing Fee.

EXHIBIT B

SUBSCRIPTION DOCUMENTS

CLASS 1 BENEFICIAL INTERESTS IN
FORUM EXCHANGE I DST
SUBSCRIPTION DOCUMENT

Please read carefully the Confidential Private Placement Memorandum for Class 1 Beneficial Interests (the "Interests") in Forum Exchange I DST, a Delaware statutory trust (the "Trust"), and all Exhibits, amendments and supplements thereto (the "Memorandum") before deciding to subscribe. All capitalized terms used herein, and not defined herein, shall have the meanings set forth in the Memorandum.

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

This private offering (the "Offering") of the Interests in the Trust, is limited to a Purchaser who certifies that he/she is an Accredited Investor ("Accredited Investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, the "Securities Act") and meets all of the qualifications set forth in the Memorandum. If you meet these qualifications and desire to purchase an Interest, then please complete, execute and submit the documents contained in this subscription package (this "Subscription Document") to:

Forum Exchange I DST
240 Saint Paul Street, Suite 400
Denver, Colorado 80206
Attention: Legal Department
Email: legal@forumig.com

Reservations for Interests are made on a "first come, first served" basis. The Trust, in its sole discretion, reserves the right to accept or reject this, or any other, offer to purchase Interests, in whole or in part, at any time prior to closing. If the Trust rejects your subscription for Interests, or, if prior to the closing of the purchase of Interests the Trust terminates the Offering for any reason or no reason, you will not be able to acquire Interests. If your subscription for Interests is not accepted within 30 days after your delivery to the Trust of this Subscription Document, the subscription will be deemed rejected. The Purchaser acknowledges and agrees that it has sought advice of its own counsel, financial professionals and advisors regarding an investment in Interests, including, if applicable, with respect to the tax aspects of a tax-deferred exchange under Section 1031 of the Code.

If applicable, and after being notified of the acceptance by the Trust of your subscription for Interests, you will need to instruct your 1031 exchange qualified intermediary/accommodator (the "Accommodator") to wire the amount of your purchase price for the Interests (the "Purchase Price") to the Trust pursuant to the instructions provided on the closing statement for the Purchaser's Interests provided to the Purchaser and in the form attached hereto as Exhibit D (the "Closing Statement").

Osage Exchange LLC ("Osage") is the Trust's program manager with respect to the Offering and will facilitate the closing of the Interests. Representatives of Osage are available to provide guidance through the closing process and to answer any questions you may have regarding the closing of your Interest. You can contact Osage at (855) 210-6572 or by e-mail at ForumExchange@osage1031.com.

Important Note: The person or entity actually making the decision to purchase an Interest should complete or review and execute this Subscription Document. For example, certain custodial accounts may be held by a fiduciary, but the account holder may maintain control and discretion over the assets in the custodial account. In such a situation, the account holder with control must complete and execute this Subscription Document (this also applies to trusts and similar arrangements).

I. PURCHASER QUESTIONNAIRE

As further consideration to induce the Trust to accept this Subscription Document, I hereby make the following acknowledgments, representations and warranties with the full knowledge that the Trust will expressly rely on the following in making a decision to accept or reject this Subscription Document:

1. General Information.

Name of Purchaser: _____
(The name of the Purchaser must match the relinquished property owner if this is a 1031/1033 exchange)

NOTE: Please be sure to reduce "Amount of Equity to be Invested" by any Qualified Intermediary fees intended to be paid from your exchange proceeds.

Amount of Equity to be Invested:$_____

The amount of Equity to be invested equals the sum of:

(i) *1031/1033 proceeds (net of Qualified Intermediary fees): $*_____

plus

(ii) *Cash/additional cash investment: $*_____

Relinquished Property Information:

What type of exchange is this? ☐ Section 1031 ☐ Section 1033

Date Relinquished Property Sold: _____

Relinquished Property Tax Basis: $_____

Section 1031 / 1033 Proceeds: $_____

Relinquished Debt: $_____

My Primary State of Residence (or if entity, state of primary business): _____

Selling Commissions: _____%

2. Vesting Information.

Ownership of the Interests is to be vested as follows (*please indicate by marking the appropriate box and print names exactly as you would like title to be vested*):

INDIVIDUALS

Name: _____

Social Security No.: _____ Date of Birth: _____

Name of Spouse or Co-investor: _____

Social Security No.: _____ Date of Birth: _____

Please check one:

☐ A Single Man / Woman ☐ A Married Man / Woman, as His / Her sole and separate property

☐ Joint Tenants (with right of survivorship) ☐ Husband and Wife, as community property

☐ Tenants in Common ☐ Other: _____

TRUST

Please check one: ☐ Grantor/Revocable ☐ Irrevocable ☐ Business Trust

Please enclose a COMPLETE copy of the trust documents, as amended to date.

Name of Trust: _____

Date of Trust: _____ Trust Tax ID Number (if applicable): _____

State of Trust Formation: _____

Individual Trustee

Trustee Name: _____

SSN: _____

Trustee Name: _____

SSN: _____

Entity Trustee

Trustee Name: _____

Trustee Signatory Name: _____

Signatory Title: _____

Entity Tax ID Number: _____

CORPORATION

Please enclose a **COMPLETE** copy of (i) the Articles of Incorporation, as amended to date and (ii) the Bylaws, as amended to date.

Name of Corporation: _____

Corporate Tax ID Number: _____ State of Corporate Formation: _____

Name of Signatory: _____

Title: ☐ President ☐ Vice President ☐ Secretary ☐ Other _____

PARTNERSHIP

Please enclose a **COMPLETE** copy of the partnership agreement, as amended to date.

Name of Partnership: _____

Partnership Tax ID Number: _____ State of Partnership Formation: _____

Individual General Partner

Name: _____ Title: General Partner

Name: _____ Title: General Partner

Entity General Partner

Name of Entity: _____ Title: General Partner

Signatory Name: _____

Signatory Title: _____

LIMITED LIABILITY COMPANY

Please enclose a **COMPLETE** copy of the operating agreement, as amended to date.

Name of LLC: _____

LLC Tax ID Number: _____ State of LLC Formation: _____

Individual Manager/Member

Name: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Name: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Entity Manager/Member

Name of Entity: _____

Title: ☐ Manager ☐ Managing Member ☐ Member ☐ Other _____

Signatory Name: _____

Signatory Title: _____

3. Contact Information.

Please send all correspondence to (check one): ☐ Home Address ☐ Business/Other Address
(*At least one street address (i.e. no P.O. Box) is required to send documents via overnight delivery*)

Home Address:

Name: _____

Address: _____

City / State / Zip: _____

Phone: Home: (_____)_____

Cell Phone: (_____)_____

Email Address: _____

Business/Other Address (if applicable):

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (_____)_____

Email Address: _____

4. Distributions

☐ **Direct Deposit**. My distributions should be directly deposited into my bank account (attach voided check and please also complete financial institution information below).

☐ **Check Mailed to Financial Institution**. My distributions should be sent to my financial institution listed below (complete financial institution information below).

☐ **Check Mailed to Purchaser**. My distributions should be sent to the person or entity/address set forth in paragraph (3) above.

Financial Institution Information

Name of Financial Institution	
Mailing Address	
Account Type	
Account No.	
ABA Routing No.	

5. Accredited Investor Certification, United States Person Certification and Tax Representation.

United States Citizen Certification: I hereby represent and warrant that I am a United States Person: (check as appropriate)

☐ 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 federal income tax regardless of its source; and

☐ a trust if (a) it is subject to the primary supervision of a United States court and one or more United States persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

Accredited Investor Certification: I hereby represent and warrant that:

If a natural person (including most revocable grantor trusts) (check as appropriate):

☐ I have an individual net worth, or joint net worth with my spouse or spousal equivalent, in excess of $1,000,000 exclusive of the value of my primary residence.

For purposes of determining net worth, exclude the value of your primary residence as well as the amount of indebtedness secured by your primary residence, up to the fair market value. Any amount in excess of the fair market value of your primary residence must be included as a liability. In the event the indebtedness on your primary residence was increased in the 60 days preceding the completion of this Purchaser Questionnaire, the amount of the increase must be included as a liability in the net worth calculation. For purposes of determining the joint "net worth" of natural persons, joint net worth can be the aggregate net worth of the 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 Interests be purchased jointly. For purposes of this definition, "spousal equivalent" means a cohabitant occupying a relationship generally equivalent to that of a spouse.

☐ I had an individual income in excess of $200,000, or joint income with my spouse or spousal equivalent in excess of $300,000, in each of the 2 most recent years and I have a reasonable expectation of reaching the same income level in the current year.

☐ I hold, in good standing, 1 or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status and which the SEC has posted as qualifying hereunder.

For purposes of determining the above, as of the date of the Memorandum, the SEC has posted the following qualifying professional certifications: holders in good standing of FINRA Series 7, Series 65, and Series 82 licenses.

If other than a natural person (check as appropriate):

☐ A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), a Massachusetts or similar business trust, a partnership or a limited liability company, not formed for the specific purpose of acquiring an Interest, with total assets in excess of $5,000,000.

☐ A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring an Interest and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in an Interest.

☐ A broker-dealer registered pursuant to section 15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

☐ An investment company registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") or a business development company as defined in section 2(a)(48) of the Investment Company Act.

☐ An investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") or registered pursuant to the laws of a state.

☐ An investment adviser relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act.

☐ An insurance company as defined in section 2(a)(13) of the Securities Act of 1933, as amended (the "Securities Act").

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

☐ A private business development company as defined in section 202(a)(22) of the Investment Advisers Act.

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

☐ A Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act.

☐ An entity that is not listed in Rule 501(a)(1), (2), (3), (7) or (8) not formed for the specific purpose of acquiring an Interest, owning Investments (as defined in Rule 2a51-1(b) under the Investment Company Act) in excess of $5,000,000.

☐ A "family office" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act (a) with assets under management in excess of $5,000,000, (b) that is not formed for the specific purpose of acquiring the securities offered and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

☐ A "family client" as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements under the "family office" above and whose prospective investment in the issuer is directed by such family office as required pursuant to clause (c) in such definition.

☐ An entity in which all of the equity owners are Accredited Investors.

☐ A grantor revocable trust where the grantors meet the qualifications under "If a natural person" above.

Tax Representation: I have read the entire Memorandum, including the portion relating to federal income tax consequences, and I acknowledge that I (i) understand that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Code Section 1031 and the related "1031 exchange" rules, are complex and vary with the facts and circumstances of each individual Purchaser, (ii) understand and am aware that there are substantial uncertainties regarding the treatment of an Interest as real estate for income tax purposes, (iii) have read the entire Memorandum and fully understand that there is a significant risk that an Interest will not be treated as real estate for income tax purposes, (iv) have independently obtained advice from my legal counsel and/or accountant regarding any tax-deferred exchange under Code Section 1031, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange, (v) understand that the Trust will not obtain a ruling from the IRS that an Interest will be treated as an undivided interest in real estate for federal income tax purposes and (vi) understand that the opinion of counsel issued to the Trust is only counsel's view of the anticipated tax treatment and that there is no guaranty that the IRS will agree with such opinion.

Pennsylvania Resident Representation: I acknowledge and understand (i) that I am prohibited from selling the Interests for a period of 12 months after the date of purchase, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, (ii) that the Interests have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom, and (iii) that no subsequent resale or other disposition of the Interests may be made within 12 months following their initial sale in the absence of an effective registration, except in accordance with waivers established by rule or order of the Pennsylvania Securities Commission, and thereafter only pursuant to an effective registration or exemption.

6. 1031 Exchange Qualified Intermediary/Accommodator Information and Authorization.

I/we, the undersigned, hereby provide the following information pertaining to my/our Qualified Intermediary/Accommodator for this acquisition. I/we request and authorize my/our Qualified Intermediary/Accommodator to furnish the Trust any information requested regarding my/our 1031 exchange.

The following Qualified Intermediary/Accommodator is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Name: _____

Company: _____

Address: _____

City / State / Zip: _____

Phone: Business: (_____) _____

Cell Phone: (_____) _____

Email Address: _____

Is escrow closed (check one)? ☐ Yes ☐ No

7. Release of Information to Registered Representative and Broker-Dealer.

Approval of Release:

I/we hereby authorize the Trust and its affiliates, as well as any master tenant, property manager or asset manager, to release the following information and related documentation to the registered representative named below and such registered representative's broker-dealer:

- ☐ Ongoing information related to the operation and performance of any assets held by the Trust.

- ☐ Tax reporting information related to my/our Interests.

The Trust and its affiliates, as well as any master tenant, property manager or asset manager, shall be authorized to release such information and documentation throughout the holding period of the Interests, which shall include the release of information regarding the eventual sale of my/our Interests.

Disapproval of Release:

If I/we have not checked any of the boxes above, the Trust, its affiliates, and any master tenant, property manager or asset manager, shall not be authorized to release any ongoing information to the registered representative named below or such registered representative's broker-dealer. I/we acknowledge that my/our registered representative and/or broker-dealer will receive all information regarding my/our initial purchase of the Interests.

Please note that you may revoke your authorization to release information to the registered representative by providing written notice of such revocation to the Trust.

Notwithstanding anything to the contrary contained herein, I/we acknowledge that all information regarding initial purchase of the Interests will be provided to my/our registered representative.

NOTE: Even if you elect to release financial information regarding your investment to your registered representative and broker-dealer, in no event will the names and contact information for other holders be shared with any other holder or with any registered representative or broker-dealer.

8. Broker-Dealer Representations and Warranties.

Name of Purchaser			
Broker/Dealer Firm Name			
Registered Representative			
Representative CRD Number			
Branch Office Address			
City/State		Zip Code	
Branch Telephone No.			
E-Mail Address			

Purchaser suitability requirements have been established by the Trust and fully disclosed in the Memorandum under "Who May Invest." Before recommending the purchase of an Interest, we have reasonable grounds to believe, on the basis of information supplied by the investor concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that: (i) the Purchaser is an Accredited Investor as defined in Section 501(a) of Regulation D; (ii) the Purchaser meets the purchaser suitability requirements set forth in the Memorandum; (iii) the Purchaser has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity, (iv) the Interests are otherwise a suitable purchase for the Purchaser and (v) we have a pre-existing relationship with the Purchaser which was not established through any form of general solicitation or, if the pre-existing relationship was established through general solicitation, such pre-existing relationship complies with Rule 506(b) of Regulation D and was established prior to the contemplation of the Offering as set forth in FINRA Notice to Members 05-18. We will maintain in our file documents disclosing the basis upon which the suitability of the Purchaser was determined as well as documents establishing a pre-existing relationship with the Purchaser.

We verify that the above subscription either does not involve a discretionary account or, if so, that the Purchaser's prior written approval was obtained relating to the limited liquidity and marketability of the Interests during the term of the purchase.

We hereby certify that the Registered Representative is not or has not been subject to any disqualified or disclosure events as set forth in Rule 506(d) and Rule 506(e) of Regulation D.

We affirm the Broker-Dealer and Registered Representative are properly licensed in the state of residence of the Purchaser.

We have executed, and have caused the Purchaser to execute, the Investor Servicing Agreement set forth on Exhibit A authorizing and directing the Trust, or its agent, to withhold the amount set forth on Exhibit A from the distributions made by the Trust to the Purchaser and to pay such amounts directly to the Broker-Dealer. For U.S. federal income tax purposes, any such payment shall be treated as (i) a distribution to the Purchaser, and (ii) a payment by Purchaser to the Broker-Dealer pursuant to the terms of Exhibit A. We hereby indemnify and hold the Trust and its affiliates harmless with respect to any amounts paid to the Broker-Dealer in accordance with these instructions and Exhibit A.

Except as otherwise stated, the representations and warranties made herein are made as of the date hereof and shall be continuing representations and warranties. In the event that the Registered Representative or Broker-Dealer becomes aware that any of these representations or warranties becomes untrue or is incorrect, it shall promptly notify the Trust in writing of the fact which makes such representation or warranty untrue or incorrect.

Signature of Registered Representative	Date
Printed Name Registered Representative	
Signature of Registered Supervisory Principal	Date
Printed Name of Registered Supervisory Principal	

9. Registered Investment Advisors

Name of Purchaser			
Investment Advisor			
Advisor CRD Number			
Firm Name			
Office Address			
City/State		Zip Code	
Telephone No.			
E-Mail Address			

9.1 Suitability. Purchaser suitability requirements have been established by the Trust and fully disclosed in the Memorandum under "Who May Invest."

9.2 FMV Option. If FMREIT Operating Partnership LP (the "Operating Partnership") exercises the FMV Option as set forth in the Amended and Restated Trust Agreement of the Trust, and the Operating Partnership provides partnership units in the Operating Partnership (the "OP Units") to holders of the Interests, the class of OP Units to be received by the Purchaser of Interests is specified in "Election and Acknowledgement Related to FMV Option" executed by the Purchaser.

9.3 No Compensation; Advisor Fee Agreement. The undersigned Registered Investment Advisor (the "Advisor") acknowledges and agrees that no compensation will be paid by the Trust, the Sponsor or any of their respective affiliates to the Advisor with respect to the Purchaser's investment in the Interests or, if the Operating Partnership exercises the FMV Option, the OP Units. In the event that the Purchaser intends to have amounts withheld from its distributions from the Trust in order to pay fees to the Advisor, the Purchaser and the Advisor represent as follows:

☐ I/we hereby authorize and direct the Trust, or its agent, to withhold the amount set forth on Exhibit B from the distributions made by the Trust to the Purchaser and to pay such amounts directly to the Advisor. In furtherance thereof, I/we have executed Exhibit B and provided an executed copy of same to the Trust. For U.S. federal income tax purposes, any such payment shall be treated as (i) a distribution to the Purchaser, and (ii) a payment by Purchaser to the Advisor pursuant to the terms of Exhibit B and the Advisory Agreement (as described in Exhibit B). I/we hereby indemnify and hold the Trust and its affiliates harmless with respect to any amounts paid to the Adviser in accordance with these instructions and Exhibit B.

If you have not checked the box above, neither the Trust nor its agent shall be authorized to withhold any amounts from the distributions made by the Trust to you in order to pay such amounts directly to the Advisor with respect to fees owed by you to the Advisor. Please note that you may revoke your authorization pursuant to this Section 9.3 to withhold distributions made by the Trust by providing written notice of such revocation to the Trust.

9.4 Acknowledgements. The Advisor understands, agrees and acknowledges that (i) the purchase will be effected by the Managing Broker-Dealer in reliance upon the information provided by the Advisor, (ii) the Advisor will coordinate with the Managing Broker-Dealer in providing to the Managing Broker-Dealer all necessary account information for the Advisor's clients, (iii) the Managing Broker-Dealer will treat orders for each purchase as unsolicited orders, (iv) the Trust and the Managing Broker-Dealer will have final approval regarding the investment in Interests by the Advisor's clients and may reject any client in their sole discretion, (v) the Advisor's client is a customer of the Advisor and not a customer of the Managing Broker-Dealer or any of its registered representatives for any purpose including but not limited to SEC Regulation Best Interest or any suitability rules or regulations, (vi) the Managing Broker-Dealer will receive fees, commissions and Investor Servicing Fees as set forth in the Memorandum and (vii) the Advisor is not an agent of the Trust or any affiliate or the Managing Broker-Dealer and shall have no obligation to advise its clients to purchase the Interests.

9.5 Representations and Warranties by the Advisor. The Advisor represents and warrants to the Managing Broker-Dealer, the Depositor and the Trust throughout the term of the Offering as follows:

9.5.1 The Advisor is organized, existing and in good standing under the laws of its state of formation.

9.5.2 The consummation of the transactions contemplated by the Memorandum will not result in a breach or violation of any order, rule or regulation directed to the Advisor by any court or any federal or state regulatory body or administrative agency having jurisdiction over the Advisor or its affiliates.

9.5.3 The Advisor is duly registered as an investment advisor under the Investment Advisers Act of 1940, as amended, or under one or more state securities laws, and has complied with registration, licensing and notice filing requirements of the appropriate regulatory agency in each state in which the Advisor has clients, or is exempt from such registration requirements.

9.5.4 The Advisor has reasonable grounds to believe, on the basis of information supplied by the Purchaser concerning its investment objectives, other investments, financial situation and needs, and other pertinent information that: (a) the Purchaser is an Accredited Investor as defined in Section 501(a) of Regulation D; (b) the Purchaser meets the purchaser suitability requirements set forth in the Memorandum; (c) the Purchaser has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of investment and lack of liquidity; (d) the Interests are otherwise a suitable purchase for the Purchaser; and (e) the Advisor has a pre-existing relationship with the Purchaser which was not established through any form of general solicitation or, if the pre-existing relationship was established through general solicitation, such pre-existing relationship complies with Rule 506(b) of Regulation D and was established prior to the contemplation of the Offering.

9.5.5 The Advisor will maintain in its files, for a period of 6 years following the Offering Termination Date, documents disclosing the basis upon which the suitability of the Purchaser was determined as well as documents establishing a pre-existing relationship with the Purchaser and all other record keeping requirements of federal and state law.

9.5.6 The Advisor's fee arrangement with the Advisor's client (a) is not excessive under applicable law and (b) will not cause the Advisor to be deemed to be engaged in brokerage activities requiring a license as a broker or dealer, where such license has not been obtained.

9.5.7 The Advisor will not act as a broker or dealer or take any action that would require it to register as a broker or dealer, in connection with the purchase of the Interest.

9.5.8 None of (a) the Advisor, (b) any general partner or managing member of the Advisor, (c) any director, executive officer, other officer participating in the Offering, general partner or managing member of the Advisor or (d) any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Interests is subject to disqualification pursuant to Rule 506(d) of Regulation D and does not have any prior "bad actor" events to disclose pursuant to Rule 506(e) of Regulation D.

9.5.9 No agreement has been, or will be, made by the Advisor with any person permitting the resale, repurchase or distribution of any Interests.

9.5.10 The Advisor has, and will maintain, adequate procedures and systems in place to provide for the valuation of illiquid investments, such as the Interests, and acknowledges that the Trust will not provide any valuation.

9.5.11 The Advisor will pay all of its own costs and expenses, including, but not limited to, all expenses necessary for the Advisor to remain in compliance with any applicable federal or state laws, rules or regulations in order to recommend the purchase of Interests, and the fees and costs of the Advisor's counsel.

9.5.12 The Advisor, its employees and affiliates will not use or distribute any unauthorized sales materials or make unauthorized verbal representations concerning the Offering.

9.5.13 The Advisor agrees to promptly notify the Trust, the Depositor and the Managing Broker-Dealer of the commencement of any litigation or proceedings against the Advisor parties in connection with the Offering.

9.5.14 The Advisor will not make any representations to the Purchaser (other than those contained in the Memorandum) and will not make any representations that are in violation of the Securities Act, or any other applicable federal or state securities laws or regulations.

9.5.15 The Advisor has provided the Purchaser with a copy of the Memorandum.

9.5.16 Before recommending the purchase of Interests, the Advisor will inform the Purchaser of all pertinent facts relating to the illiquidity and lack of marketability of the Interests.

9.5.17 The Advisor has and will comply with all applicable laws, regulations and requirements, including but not limited to the Securities Act, the Exchange Act, the Investment Advisers Act and all applicable state law.

9.5.18 The Advisor has performed all inquiries required of the Advisor pursuant to Section 326, Section 352, and other applicable provisions of the USA PATRIOT Act, the Gramm-Leach-Bliley Act and as otherwise required by other applicable laws, rules and regulations.

9.5.19 The Advisor further agrees to provide evidence of compliance with applicable laws, including the Investment Advisers Act of 1940 (the "Investment Advisers Act"), as may be reasonably requested by the Managing Broker-Dealer.

9.5.20 All actions, direct or indirect, by the Advisor and its respective agents, members, employees and affiliates, shall conform to requirements applicable to investment advisors under federal and applicable state securities laws, rules and regulations.

9.5.21 In the event that any of these representations or warranties become untrue, the Advisor will immediately notify the Trust, the Depositor and the Managing Broker-Dealer in writing of the fact which makes the representation or warranty untrue.

9.6 Indemnification. The Advisor agrees to indemnify and hold harmless the Trust, the Depositor and their owners, managers, members, partners, directors, officers, employees, agents, attorneys and accountants and the Managing Broker-Dealer and its owners, managers, members, partners, directors, officers, employees, agents, attorneys and accountants against any and all loss, liability, claim, damage and expense (including legal fees and expenses) whatsoever but limited to actual losses and specifically excluding lost profits and consequential damages arising out of or based upon (i) any breach of this Purchaser Questionnaire by the Advisor, including but not limited to the representations and warranties or (ii) any electronic signatures and/or stamped signatures in any form which have been used, obtained or relied upon by the Advisor with respect to any of the documents related to an Investment in an Interest and/or related to the Offering.

9.7 Third-Party Beneficiary. The Advisor agrees that the Managing Broker-Dealer, the Depositor and the Trust are third-party beneficiaries of this Section 9.

_____ _____

Signature of Investment Advisor Date

_____

Printed Name of Investment Advisor

II. ELECTION AND ACKNOWLEDGEMENT RELATED TO FMV OPTION

As set forth in Section 10 of the Amended and Restated Trust Agreement of Forum Exchange I DST (the "Trust Agreement"), FMREIT Operating Partnership LP, a Delaware limited partnership, has an option to acquire the Interests owned by you. As described in more detail in the Memorandum, pursuant to the Trust Agreement, the Operating Partnership has the right to acquire the Interests in exchange for limited partnership units (the "OP Units") in the Operating Partnership or for cash, at the election of the Operating Partnership. See "Summary of the Offering – FMV Option," "Risk Factors – Risks Related to the FMV Option" and "Summary of the Trust Agreement – FMV Option" in the Memorandum for more information regarding the terms of the FMV Option. **The Operating Partnership may exercise the FMV Option for a 2-year period beginning 2 years after the Offering Termination Date. If the Operating Partnership elects not to exercise the FMV Option, you will not acquire OP Units in exchange for your Interests and you will hold your Interests until the Trust sells or otherwise disposes of the real property owned by the Trust. If the Operating Partnership does not exercise the FMV Option, the Project will be sold by the Trust subject to the Master Lease.**

The Operating Partnership has authorized several classes of OP Units. The classes of OP Units that may be issued to you are Class S OP Units, Class D OP Units or Class I OP Units.

Forum Multifamily Real Estate Investment Trust, Inc. has authorized several classes of common stock ("Common Stock"). Pursuant to the terms of the Partnership Agreement, Class S OP Units, Class D OP Units and Class I OP Units may be redeemed for cash or exchanged for Class S Common Stock, Class D Common Stock or Class I OP Units, respectively, at the sole discretion of the general partner of the Operating Partnership.

Holders of Class S OP Units, Class D OP Units, Class S Common Stock and Class D Common Stock are subject to the costs of Investor Servicing Fees, which will be paid to the Managing Broker-Dealer and may be reallowed to your Broker-Dealer. Please review "Compensation to the Depositor, the Trust Manager, the Master Tenant and their Affiliates" in the Memorandum for more information.

Please review "Compensation to the Depositor, the Trust Manager, the Master Tenant and their Affiliates" in the Memorandum for more information.

The Purchaser acknowledges and confirms that the Purchaser has read information in the Memorandum regarding the FMV Option (including the risks related thereto). The Purchaser further acknowledges and confirms the election (which was made by the broker-dealer or registered investment advisor named in Purchaser's Purchaser Questionnaire) of the class of OP Units the Purchaser will receive if the FMV Option is exercised by the Operating Partnership in exchange for OP Units.

☐ Class S OP Units

☐ Class D OP Units

☐ Class I OP Units

III. PURCHASE AGREEMENT

1. Agreement of Purchase and Sale.

1.1 Purchase, Sale and Purchase Price. In consideration of the covenants herein contained, the Trust hereby agrees to sell, and the Purchaser hereby agrees to purchase, _____ Interest(s) for a total beneficial interest in the Trust of _____% (whether one or more, collectively, the "Purchaser's Interest"), at a purchase price of $_____ (the "Purchase Price").

1.2 Deliveries; Payment. The Purchaser shall pay the Purchase Price as follows:

1.2.1 To maintain the Purchaser's reservation to purchase the Purchaser's Interest, within two Business Days of notification from the Trust that the Purchaser's subscription is accepted by the Trust, the Purchaser shall fund 100% of the Purchase Price per the funding instructions provided on the Closing Statement. In the event the Purchaser fails to deposit the Purchase Price in accordance with this Section 1.2.1, the Trust shall have the right to terminate this Subscription Document. The Trust or its agents shall contact the Purchaser to schedule a closing date (the "Closing Date") only upon receipt by the Trust of 100% of the Purchase Price. Failure to act within two Business Days of the Trust's notification of acceptance of this Subscription Document shall result in a termination of this Subscription Document.

1.2.2 Concurrently with the execution and delivery of this Subscription Document, the Purchaser shall execute, acknowledge (where appropriate) and deposit with the Trust such other documents as may be required by the Trust, if applicable.

2. Closing.

2.1 Closing Conditions.

2.1.1 This Subscription Document and the obligations of the parties hereunder are subject to satisfaction or waiver (by the party in whose favor the condition precedent has been established) of all the conditions precedent set forth below. If any of the following conditions precedent are neither satisfied nor waived by the Closing Date, then the Trust may terminate this Subscription Document in accordance with Section 2.2.

2.1.2 The Manager shall have approved the Purchaser's entering into the Trust Agreement with respect to the purchase of the Purchaser's Interest.

2.2 Closing. The closing shall occur on the Closing Date. If the closing does not occur within 10 Business Days from the Closing Date communicated to the Purchaser by the Trust as set forth in Section 1.2.1, this Subscription Document shall automatically terminate, and the Trust shall promptly return to the Purchaser the full amount of the Purchase Price funded to the Trust. If this Subscription Document is so terminated, the Purchaser and the Trust shall be released from the obligations under this Subscription Document, other than any obligations of the Purchaser that survive the termination of this Subscription Document.

2.3 Trust's Deliveries After Closing. The Trust shall deliver to the Purchaser, within a reasonable time after the Closing Date, a confirmation statement reflecting the Purchaser's purchase of the Purchaser's Interest, which shall serve as evidence of the Purchaser's ownership interest in the Trust.

3. Distribution of Funds and Documents. The Trust will, within a reasonable time after the Closing Date, deliver by electronic mail or other electronic delivery (or by United States mail or personal

pickup, if requested or if Purchaser does not consent to electronic delivery) each document received hereunder by the Trust to the payee or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

4. Purchaser Representations and Warranties.

4.1 PURCHASE AS-IS. AS FURTHER PROVIDED IN THE MEMORANDUM AND EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SUBSCRIPTION DOCUMENT, THE PURCHASER REPRESENTS AND WARRANTS THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTIONS, INVESTIGATIONS AND ANALYSES OF THE PROJECT IN ENTERING INTO THIS SUBSCRIPTION DOCUMENT AND THE PURCHASER IS NOT RELYING IN ANY WAY UPON ANY REPRESENTATIONS, STATEMENTS, AGREEMENTS, WARRANTIES, STUDIES, REPORTS, DESCRIPTIONS, GUIDELINES OR OTHER INFORMATION OR MATERIAL FURNISHED BY THE SELLER, THE DEPOSITOR OR THE MANAGER OR ANY OF THEIR REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER REGARDING ANY SUCH MATTERS AND IS PURCHASING THE PURCHASER'S INTEREST IN AN "AS-IS," "WHERE-IS" CONDITION. THE PURCHASER IS A SOPHISTICATED, EXPERIENCED INVESTOR AND WILL RELY ENTIRELY ON ITS OWN REVIEW OF THE SELLER AND THE PROJECT. THE PURCHASER ACKNOWLEDGES THAT, PRIOR TO THE DATE OF THIS SUBSCRIPTION DOCUMENT, THE PURCHASER HAS HAD THE OPPORTUNITY TO CONDUCT ANY AND ALL PHYSICAL INSPECTIONS OF THE PROJECT AS THE PURCHASER DEEMS NECESSARY, TO REVIEW AND APPROVE EACH OF THE TRANSACTION DOCUMENTS, AND TO REVIEW AND APPROVE ANY OTHER INFORMATION THE PURCHASER HAS REQUESTED. THE PURCHASER ACKNOWLEDGES THAT THE SELLER ONLY RECENTLY ACQUIRED THE PROJECT AND THE SELLER AND THE MANAGER HAVE LIMITED KNOWLEDGE REGARDING THE CONDITION OF THE PROJECT.

4.2 FEDERAL INCOME TAX CONSEQUENCES.

4.2.1 AS FURTHER PROVIDED IN THE MEMORANDUM, THE PURCHASER REPRESENTS AND WARRANTS THAT (i) THE PURCHASER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN AN INTEREST, ESPECIALLY THE TREATMENT OF THE TRANSACTION UNDER CODE SECTION 1031 AND THE RELATED "1031 EXCHANGE" RULES, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER, (ii) THE PURCHASER UNDERSTANDS AND IS AWARE THAT THERE ARE SUBSTANTIAL UNCERTAINTIES REGARDING THE TREATMENT OF AN INTEREST AS REAL ESTATE FOR INCOME TAX PURPOSES, (iii) THE PURCHASER HAS READ THE ENTIRE MEMORANDUM AND FULLY UNDERSTANDS THAT THERE IS A SIGNIFICANT RISK THAT AN INTEREST WILL NOT BE TREATED AS REAL ESTATE FOR INCOME TAX PURPOSES, (iv) THE PURCHASER HAS INDEPENDENTLY OBTAINED ADVICE FROM ITS LEGAL COUNSEL AND/OR ACCOUNTANT REGARDING ANY TAX-DEFERRED EXCHANGE UNDER CODE SECTION 1031, INCLUDING, WITHOUT LIMITATION, WHETHER THE ACQUISITION OF AN INTEREST MAY QUALIFY AS PART OF A TAX-DEFERRED EXCHANGE, (v) THE PURCHASER UNDERSTANDS THAT THE SELLER WILL NOT OBTAIN A RULING FROM THE IRS THAT AN INTEREST WILL BE TREATED AS AN UNDIVIDED INTEREST IN REAL ESTATE FOR FEDERAL INCOME TAX PURPOSES AND (vi) THE PURCHASER UNDERSTANDS THAT THE OPINION OF COUNSEL ISSUED TO THE SELLER (THE "TAX OPINION") IS ONLY COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THAT THERE IS NO GUARANTY THAT THE IRS WILL AGREE WITH SUCH OPINION.

4.2.2 THE PURCHASER ACKNOWLEDGES AND AGREES THAT IN THE EVENT THAT THE PURCHASER AND ANY OTHER PERSON WHO HAS ACQUIRED AN INTEREST IN THE SELLER BRINGS ANY CLAIM OR CAUSE OF ACTION AGAINST DLA PIPER LLP (US) WITH RESPECT TO THE MATTERS SET FORTH IN THE TAX OPINION OR OTHERWISE RELATING TO THE OFFERING, THAT DLA PIPER LLP (US) SHALL HAVE THE RIGHT, AT ITS ELECTION, TO CONSOLIDATE SUCH CLAIMS AND/OR CAUSES OF ACTION INTO ONE CLAIM OR CAUSE OF ACTION AND IN SUCH EVENT DLA PIPER LLP (US) SHALL NOT BE OBLIGATED TO SEPARATELY LITIGATE ANY SUCH CLAIMS OR CAUSES OF ACTION WITH THE HOLDERS OF THE INTERESTS IN THE SELLER. THE PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THE PURCHASER IS RESPONSIBLE FOR ITS INDIVIDUAL TAX CIRCUMSTANCES AND ONLY THE OPINION SET FORTH IN THE TAX OPINION MAY BE RELIED UPON BY THE PURCHASER.

4.3 Commissions. The parties mutually warrant and covenant that, other than commissions and fees described in the Memorandum, to be paid in accordance with one or more separate agreements or allocable to the Purchaser, no brokerage commissions, finder's fees or similar commissions or fees shall be due or payable on account of this transaction. Each party shall indemnify, protect, defend (with legal counsel acceptable to the other) and hold the other harmless from the claims for such commission or finder's fees or similar commissions or fees arising out of the actions of the indemnifying party, including, without limitation, attorneys' fees incurred in connection therewith or to enforce this indemnity, which indemnities shall survive the Closing Date (or if none the purchase of the Interest).

4.4 Additional Purchaser Representations and Warranties. The Purchaser hereby represents and warrants to the Trust that all representations and warranties contained in the Purchaser Questionnaire and all of the following representations and warranties contained in this Section 4.4, are true and correct as of the date of this Subscription Document and as of the Closing Date.

4.4.1 That (i) to the extent applicable, the execution, delivery and performance of this Subscription Document and the Trust Agreement (a) have been duly authorized by the Purchaser, (b) do not require the Purchaser to obtain any consent or approval that have not been obtained and (c) do not contravene or result in a default under (1) any provision of any law or regulation applicable to the Purchaser, (2) the governing documents of the Purchaser or (3) any agreement or instrument to which the Purchaser is a party or by which the Purchaser is bound and (ii) this Subscription Document and the Trust Agreement are valid, binding and enforceable against the Purchaser in accordance with their terms.

4.4.2 The Purchaser acknowledges that it has received, read and fully understands the Memorandum and all attachments and exhibits thereto. The Purchaser acknowledges that it is basing its decision to invest in the Purchaser's Interest on the Memorandum and any exhibits and attachments thereto and the Purchaser has relied only on the information contained in said materials and has not relied upon any representations made by any other person. The Purchaser recognizes that an investment in the Purchaser's Interest is speculative and involves substantial risk and the Purchaser is fully cognizant of and understands all of the risks related to the purchase of the Purchaser's Interest, including, but not limited to, those risks set forth in the section of the Memorandum entitled "Risk Factors."

4.4.3 The Purchaser's overall commitment to investments that are not readily marketable is not disproportionate to its individual net worth, and its investment in the Purchaser's Interest will not cause such overall commitment to become excessive. The Purchaser has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. The Purchaser can bear and is willing to accept the economic risk of losing its entire investment in the Purchaser's Interest.

4.4.4 All information that the Purchaser has provided to the Trust concerning the Purchaser's suitability to invest in the Purchaser's Interest is complete, accurate and correct as of the date of its signature on the last page of this Subscription Document. The Purchaser hereby agrees to notify the Trust immediately of any material change in any such information occurring prior to the Closing Date, including any information about changes concerning its net worth and financial position.

4.4.5 The Purchaser has had the opportunity to ask questions of, and receive answers from, the Trust and its officers, directors, members and employees concerning the Project and the terms and conditions of the offering of the Purchaser's Interest, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. The Purchaser has been provided with all materials and information requested by either the Purchaser or others representing the Purchaser, including any information requested to verify any information furnished to the Purchaser.

4.4.6 The Purchaser is purchasing the Purchaser's Interest for the Purchaser's own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Purchaser's Interest. The Purchaser understands that, due to the restrictions referred to in Section 4.4.9, and the lack of any market existing or to exist for the Purchaser's Interest, the Purchaser's investment in the Purchaser's Interest will be highly illiquid and may have to be held indefinitely.

4.4.7 The Purchaser understands that the Interests are subject to restrictions on distribution, transfer, resale, assignment or subdivision of the Purchaser's Interest imposed by applicable federal and state securities laws. The Purchaser is fully aware that the Purchaser's Interest has not been registered with the Securities and Exchange Commission in reliance on the exemption specified in Regulation D which reliance is based in part upon the Purchaser's representations set forth herein. The Purchaser understands that the Purchaser's Interest has not been registered under applicable state securities laws and is being offered and sold pursuant to the exemptions specified in said laws, and unless it is registered, it may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. The Purchaser further understands that the specific approval of such resales by the state securities administrator may be required in some states.

4.4.8 The Purchaser understands that none of the Trust, the Depositor or the Manager, or their respective officers, directors, employees, members or affiliates, nor any of their respective legal counsel or advisors, represents the Purchaser in any way in connection with the purchase of the Purchaser's Interest and the entering into any of the related agreements associated with the purchase, including, but not limited to, this Subscription Document and the Trust Agreement. The Purchaser also understands that legal counsel to the Trust, the Depositor, the Manager and their affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, the Purchaser. The Purchaser has been afforded the opportunity to retain the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Trust, the Depositor or the Manager both to the Purchaser and all other prospective investors and to evaluate the merits and risks of such an investment on the Purchaser's behalf.

4.4.9 THE PURCHASER'S INTEREST OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CERTAIN STATES AND IS BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE PURCHASER'S INTEREST IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

THE PURCHASER'S INTEREST HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

4.4.10 The Purchaser is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act and has the legal capacity to enter into this Subscription Document and all documents related to the purchase of the Interests.

4.4.11 The Purchaser is not and shall not be (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 133224, 66 Fed. Reg. 49079 (September 25, 2001) and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable enabling legislation or other Executive Orders in respect thereof (such lists are collectively referred to as "Lists"), (ii) owned or controlled by, nor act for or on behalf of, any person or entity on the Lists or (iii) transfer or permit the transfer of any of the Purchaser's Interest to any person who is or whose beneficial owners are listed on the Lists.

4.4.12 The Purchaser (i) has such knowledge and experience in financial and business matters that the Purchaser is personally capable of evaluating the Project and the merits and risks of an investment in the Purchaser's Interest and the Project and has the ability to protect its own interests in connection with such investment, and the Purchaser has not relied on an investment advisor in evaluating such risks and merits or (ii) has employed the services of an independent investment advisor, attorney or accountant to read all of the documents furnished or made available by the Trust or the Manager both to the Purchaser and all other prospective investors and to evaluate the merits and risks of such an investment on the Purchaser's behalf.

4.4.13 Within five days after receipt of a written request from the Trust, the Purchaser agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which the Trust is subject.

4.4.14 The Purchaser acknowledges that the sale of the Purchaser's Interest has not been accompanied by the publication of any advertisement or by any general solicitation as prohibited by Rule 506(b) of Regulation D.

4.4.15 The Purchaser is (i) a citizen or resident of the U.S. (including certain former citizens and former long-term residents), (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of such income or (iv) a trust, if (a) the administration of the trust is subject to the primary supervision of a U.S. court and the trust has one or more U.S. persons with authority to control all substantial decisions or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

4.4.16 The Purchaser is not an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

4.5 Survival. The representations and warranties of the Purchaser set forth herein above shall survive the Closing Date or termination of this Subscription Document.

4.6 Indemnification. The Purchaser hereby agrees to indemnify, defend and hold harmless the Trust, the Depositor, the Manager and all of their shareholders, officers, directors, affiliates, members and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of the Purchaser's failure to fulfill all of the terms and conditions of this Subscription Document or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Purchaser has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Trust, the Depositor or the Manager, or any of their shareholders, officers, directors, members, affiliates or advisors, defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the Purchaser has furnished to any of the foregoing in connection with this transaction.

5. Trust's Representations and Warranties.

5.1 Status. The Trust is a validly formed and existing statutory trust under the laws of the State of Delaware.

5.2 Issuance. When issued, authenticated and delivered by the Trust and paid for by the Purchaser pursuant to the provisions of this Subscription Document and of the Trust Agreement, the Purchaser's Interest will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

6. General Provisions.

6.1 Interpretation. The use herein of (i) the neuter gender includes the masculine and the feminine, (ii) the singular number includes the plural, whenever the context so requires and (iii) the words "I" and "me" include "we" and "us" if the Purchaser is more than one person. Captions in this Subscription Document are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Subscription Document or any of the terms hereof. All exhibits referred to herein and attached hereto are incorporated by reference. This Subscription Document together with the other Transaction Documents contain the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

6.2 Modification. No modification, waiver, amendment, discharge or change of this Subscription Document shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

6.3 Cooperation. The Purchaser and the Trust acknowledge that it may be necessary to execute documents other than those specifically referred to herein to complete the acquisition of the Purchaser's Interest as provided herein. The Purchaser and the Trust agree to cooperate with each other by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the parties' intent evidenced in this Subscription Document.

6.4 Assignment of Subscription Document. The Purchaser shall not assign its rights under this Subscription Document without first obtaining the Trust's written consent, which consent may

be withheld in the Trust's sole and absolute discretion. No such assignment shall operate to release the assignor from the obligation to perform all obligations of the Purchaser hereunder.

6.5 Notices. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be addressed as follows:

If to the Trust:

Forum Exchange I DST
240 Saint Paul Street, Suite 400
Denver, Colorado 80206
Attention: Legal Department
Email: legal@forumig.com

If to the Purchaser, to the Purchaser's Address.

Either party may change such address by written notice to the other party. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be deemed to have been duly given and received (i) upon personal delivery, (ii) as of the third Business Day after mailing by United States mail, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding Business Day after deposit with Federal Express or other similar overnight delivery system.

6.6 Eminent Domain. If, prior to the Closing Date, (i) all of the Project is taken or appropriated by any public or quasi-public authority under the power of eminent domain, (ii) there is a partial taking of the Project that materially and adversely affects the ability to operate the Project or (iii) the Trust, the Depositor or the Manager receives actual notice of any pending or threatened condemnation proceedings that will materially and adversely affect the ability to operate the Project, then the Purchaser may terminate this Subscription Document without further liability hereunder and the parties shall proceed in accordance with Section 2.2.

6.7 Loss or Damage. The Purchaser shall have the right to terminate this Subscription Document in the event of any loss or damage to the Project, without further liability hereunder, and the parties shall proceed in accordance with Section 2.2.

6.8 Periods of Time. All time periods referred to in this Subscription Document include all Saturdays, Sundays and state or United States holidays, unless Business Days are specified, provided that if the date or last date to perform any act or give any notice with respect to this Subscription Document falls on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding Business Day.

6.9 Counterparts. This Subscription Document may be executed in counterparts, all of which when taken together shall be deemed fully executed originals.

6.10 Attorneys' Fees. Except with respect to Section 6.19, if either party commences litigation for the judicial interpretation, enforcement, termination, cancellation or rescission hereof, or for damages for the breach hereof against the other party, then, in addition to any or all other relief awarded in such litigation, the prevailing party therein shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The prevailing party shall be determined by either the officiating judge in the matter or by the presiding judge of the superior court located in Denver, Colorado.

6.11 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Subscription Document shall be joint and several.

6.12 Choice of Law. This Subscription Document shall be construed and enforced in accordance with the internal laws of the state of Colorado, without regard to conflict of laws principles that would result in the application of any other law, except as otherwise provided herein or as to the type of registration of ownership of the Purchaser's Interest, which shall be construed in accordance with the state of principal residence of the Purchaser.

6.13 Venue. Any action relating to or arising out of this Subscription Document shall be brought only in a court of competent jurisdiction located in Denver, Colorado.

6.14 Time. Time is of the essence to this Subscription Document.

6.15 Third Party Beneficiaries. The Purchaser and the Trust do not intend to benefit any party that is not a party to this Subscription Document other than the Depositor and the Manager, each of whom shall be a third-party beneficiary of this Subscription Document with respect to Section 4, and, except as so provided, no party that is not a party to this Subscription Document shall be deemed to be a third party beneficiary of this Subscription Document or any provision hereof.

6.16 Severability. If any term, covenant, condition, provision or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Subscription Document.

6.17 Election to Effect a Code Section 1031 Exchange. In the event the Purchaser so elects, the Trust agrees to accommodate the Purchaser in effecting a tax-deferred exchange under Code Section 1031, as amended. The Purchaser shall have the right to elect a tax-deferred exchange at any time prior to the Closing Date. If the Purchaser elects to effect a tax-deferred exchange, the Trust agrees to execute revised or additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that the Trust shall incur no additional costs, expenses, fees or liabilities, nor shall the closing be delayed, as a result of the exchange. The Purchaser may assign this Subscription Document to an accommodator in order to effect such exchange and thereafter, such assignee will perform the Purchaser's obligations under this Subscription Document.

6.18 Binding Agreement. Subject to any limitation on assignment set forth herein, all terms of this Subscription Document shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

6.19 ARBITRATION OF DISPUTES.

6.19.1 ALL CLAIMS SUBJECT TO ARBITRATION. ANY DISPUTE, CONTROVERSY OR OTHER CLAIM ARISING UNDER, OUT OF OR RELATING TO THIS SUBSCRIPTION DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY AMENDMENT THEREOF, OR THE BREACH OR INTERPRETATION HEREOF OR THEREOF, SHALL BE DETERMINED AND SETTLED BY BINDING ARBITRATION IN DENVER, COLORADO, IN ACCORDANCE WITH APPLICABLE STATE LAW AND THE RULES AND PROCEDURES OF THE AMERICAN ARBITRATION ASSOCIATION. THE PREVAILING PARTY SHALL BE ENTITLED TO AN AWARD OF ITS REASONABLE COSTS AND EXPENSES INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES. ANY AWARD RENDERED THEREIN SHALL BE FINAL AND BINDING ON EACH AND ALL OF THE PARTIES THERETO AND THEIR

PERSONAL REPRESENTATIVES, AND JUDGMENT MAY BE ENTERED THEREON IN ANY COURT OF COMPETENT JURISDICTION.

6.19.2 WAIVER OF LEGAL RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS ARTICLE DECIDED BY NEUTRAL ARBITRATION AS PROVIDED UNDER COLORADO LAW AND THAT THEY ARE KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVING ANY RIGHTS THEY MAY POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR BY JURY TRIAL. THE PARTIES FURTHER ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING THEIR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL EXCEPT TO THE EXTENT SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION. IF EITHER PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER EXECUTION OF THIS SUBSCRIPTION DOCUMENT, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER COLORADO LAW. EACH PARTY'S AGREEMENT TO THIS SECTION IS VOLUNTARY. THE PARTIES HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION TO NEUTRAL ARBITRATION.

6.20 ACCEPTANCE OR REJECTION OF PURCHASER'S OFFER. THIS SUBSCRIPTION DOCUMENT DOES NOT CONSTITUTE AN OFFER OF ANY KIND BY THE SELLER AND SHALL NOT BIND THE SELLER UNLESS DULY EXECUTED AND DELIVERED BY THE MANAGER ON BEHALF OF THE SELLER. TO SUBMIT AN OFFER, THE PURCHASER SHALL DELIVER TO THE SELLER A COMPLETED AND EXECUTED COPY OF THIS SUBSCRIPTION DOCUMENT. THE SELLER SHALL HAVE 30 DAYS TO EITHER ACCEPT OR REJECT THE PURCHASER'S OFFER. IF THE SELLER DOES NOT ACCEPT THE PURCHASER'S OFFER WITHIN SUCH 30-DAY PERIOD, THE OFFER SHALL BE DEEMED REJECTED, AND THIS SUBSCRIPTION DOCUMENT SHALL NOT BECOME EFFECTIVE.

6.21 Legal Counsel. The Purchaser acknowledges and agrees that counsel representing any of the Trust, the Manager, the Depositor and their respective affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented, or to be representing, the Purchaser in any respect. In addition, the Purchaser consents to the Manager hiring counsel for the Project who is also counsel to the Trust and its affiliates.

6.22 Electronic Signatures. Any electronic signature of a party to this Subscription Document and of a party to take any action related to this Subscription Document or any agreement entered into in connection therewith shall be valid as an original signature and shall be effective and binding. Any such electronic signature (including the signature(s) to this Subscription Document) shall be deemed to (i) be "written" or "in writing," (ii) have been signed and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files.

7. Definitions.

"Business Day" means any day other than a Saturday or Sunday or legal holiday in the state where the Project is located.

"Cash" shall mean (i) currency of the United States of America, (ii) cashier's check(s) currently dated and payable to the Trust, as required under this Subscription Document, drawn and paid through a banking or savings and loan institution, tendered to the Trust, as required under this Subscription Document at least one additional Business Day before funds are otherwise required to be delivered under this Subscription Document, or (iii) an amount credited by wire transfer to the Trust's bank account, as required under this Subscription Document.

"Closing Date" means that certain date selected by the Trust in its sole discretion as the date the purchase of the Interests is final.

"Code" means the Internal Revenue Code of 1986, as amended.

"Depositor" means Forum Exchange Depositor I LLC, a Delaware limited liability company.

"Effective Date" shall have the meaning set forth in the introductory paragraph.

"Interest" shall have the meaning set forth in the Recitals.

"Manager" means Forum Exchange Manager LLC, a Delaware limited liability company and the manager of the Trust in accordance with the Trust Agreement. The Manager is acting solely in its capacity as manager of the Trust and not on its own behalf.

"Memorandum" means that certain Confidential Private Placement Memorandum for Class 1 Beneficial Interests in Forum Exchange I DST, dated December 22, 2025, as supplemented or amended.

"OFAC" means the Office of Foreign Asset Control, Department of the Treasury.

"Project" shall have the meaning set forth in the Recitals.

"Purchase Price" shall have the meaning set forth in Section 1.1.

"Purchaser" shall have the meaning set forth in the introductory paragraph.

"Purchaser's Address" shall be the address set forth on the signature page to this Subscription Document.

"Purchaser's Interest" shall have the meaning set forth in Section 1.1.

"Sponsor" means Forum Exchange LLC, a Delaware limited liability company.

"Subscription Document" shall mean this Agreement.

"Transaction Documents" means this Subscription Document and the Trust Agreement, as applicable.

"Trust" means Forum Exchange I DST, a Delaware statutory trust.

"Trust Agreement" means that certain Amended and Restated Trust Agreement of the Trust in the form attached to the Memorandum.

IV. SIGNATURE PAGE

The undersigned hereby certifies that all of the information, representations, warranties and certifications set forth herein are true and correct in all respects and agrees to all of the terms and conditions set forth in this Subscription Document.

The undersigned has received and reviewed, with assistance from such legal, tax, investment, and other advisors and skilled persons as the undersigned has deemed appropriate, the Amended and Restated Trust Agreement of Forum Exchange I DST, dated November 21, 2025, by and among Forum Exchange Depositor I LLC, a Delaware limited liability company, as Depositor, Forum Exchange Manager LLC, a Delaware limited liability company, as Manager, and CSC Delaware Trust Company, as Delaware Trustee (the "Trust Agreement"), as may be further amended or supplemented from time to time, and hereby covenants and agrees to be bound by the Trust Agreement as an Owner.

Executed this ____ day of _____, 20___

If a Natural Person or Grantor Trust:

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second investor): _____

Name (Print): _____

If other than a Natural Person (i.e. LLC, Partnership, Corporation):

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

Purchaser's Address:

_____
Street

_____
City, State, Zip Code

Dated: _____

Electronic Delivery Consent (Optional)

In lieu of receiving paper copies, I (we) authorize the Trust to either (i) make available, on a password protected investor portal, all documents and reports related to my (our) investment in Interests and notify me (us) via e-mail when such reports are available or (ii) provide all documents and reports related to my (our) investment in Interests via e-mail.

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second investor): _____

Name (Print): _____

Consent of Spouse

(For individual Purchasers in community property states; namely, Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.)

I, _____, spouse of _____ have read and approved the foregoing Subscription Document. I hereby appoint my spouse as my attorney-in-fact with respect to the exercise of any rights related to a purchase of a Class 1 Beneficial Interest in Forum Exchange I DST and agree to be bound by the provisions of this Subscription Document, Trust Agreement, and any other document related to the purchase of such Interest insofar as I may have any rights in said Subscription Document or any property subject thereto under the community property laws of the State of _____ or similar laws relating to marital property in effect in the state of our residence as of the date of the signing of this Subscription Document.

Dated: _____, 20___ SIGNATURE:_____

Form **W-9**
(Rev. March 2024)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give form to the requester. Do not send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See ***Specific Instructions*** on page 3.

1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)

2 Business name/disregarded entity name, if different from above.

3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor ☐ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate

☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) . . . . .

Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.

☐ Other (see instructions)

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any)

(Applies to accounts maintained outside the United States.)

3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . . ☐

5 Address (number, street, and apt. or suite no.). See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

			–			–				

or

Employer identification number

		–							

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person** **Date**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9*.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

EXHIBIT A

INVESTOR SERVICING FEE AGREEMENT

This INVESTOR SERVICING FEE AGREEMENT (this "Fee Agreement") is entered into as of [_____] (the "Effective Date") by and between the undersigned (the "Purchaser") and [_____] (the "Broker-Dealer").

WHEREAS, the Purchaser desires to purchase Class 1 Beneficial Interests (the "Interests") in Forum Exchange I DST (the "Trust").

WHEREAS, in connection with the purchase of Interests, the Purchaser has agreed to pay to the Broker-Dealer an investor servicing fee (the "Investor Servicing Fee") as set forth in this Fee Agreement which will be a percentage of the product of (i) the Initial DST Asset Value (as defined in the Confidential Private Placement Offering Memorandum for Interests in the Trust), and (ii) the Purchaser's percentage interest in the Trust (such product, the "ISF Purchase Price").

1. Investor Servicing Fee. From the date the Purchaser acquires an Interest until the date the Purchaser no longer owns such Interest, the Purchaser agrees to pay to the Broker-Dealer the Investor Servicing Fee in an annual amount equal to (select one):

☐ 0.85% of the ISF Purchase Price

☐ 0.25% of the ISF Purchase Price

☐ No Investor Servicing Fee will be paid with respect to the Interests

2. Payment of Investor Servicing Fee. The Investor Servicing Fee shall be paid on a monthly basis in an amount equal to one-twelfth of the amount set forth above (the "Annual Fee Amount") beginning on the date of the first distribution (and prorated for any partial month). The Purchaser hereby instructs SS&C GIDS Inc. (the "Transfer Agent") to withhold the amount of the Investor Servicing Fee from the distributions made by the Trust to the Purchaser and to pay such amounts directly to the Broker-Dealer. Notwithstanding the above, the Purchaser acknowledges and agrees that the payment of the Investor Servicing Fee is an obligation of the Purchaser and if no distributions are made by the Trust to the Purchaser for any month (or if such distributions are less than the amount of the Investor Servicing Fee due) the Purchaser shall be obligated to pay the Investor Servicing Fee from other funds. In no event shall the Trust be liable for, pay, or assume the obligation to pay, the Investor Servicing Fee on behalf of the Purchaser.

3. Purchaser Representations. The Purchaser hereby acknowledges, agrees, represents and warrants that:

3.1 Any and all Annual Fee Amounts agreed to under this Fee Agreement are the sole responsibility of the Purchaser, and the Trust will only pay the amounts directed by the Purchaser as an accommodation. None of the Trust, its agent, its manager or their respective affiliates is undertaking any advisory, fiduciary or other obligations to the Purchaser as a result of making this accommodation.

3.2 I have the full power and authority to execute and deliver this Fee Agreement.

3.3 I acknowledge that for U.S. federal income tax purposes, any such payment shall be treated as (i) a distribution to the Purchaser, and (ii) a payment by the Purchaser to the Broker-Dealer pursuant to the terms of this Fee Agreement.

4. Broker-Dealer Representations. The Broker-Dealer hereby acknowledges, agrees, represents and warrants that:

4.1 I will promptly notify the Trust in the event that these instructions are no longer valid.

4.2 I have the full power and authority to execute and deliver this Fee Agreement.

4.3 I acknowledge that for U.S. federal income tax purposes, any such payment shall be treated as (i) a distribution to the Purchaser, and (ii) a payment by the Purchaser to the Broker-Dealer pursuant to the terms of this Fee Agreement.

4.4 I elect to receive payments as follows (select only one):

☐ Check mailed to the address set forth below

_____
Street

_____
City, State, Zip Code

☐ Direct Deposit

I authorize the Trust or its agent to deposit my payment into my checking or savings account. This authority will remain in force until I notify the Trust in writing to cancel it. In the event that the Trust or its agent deposits funds erroneously into my account, it is authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

_____
Name/Entity Name/Financial Institution

Mailing Address:

_____
Street

_____
City, State, Zip Code

_____
Your Bank's ABA Routing Number

_____
Your Bank Account Number ☐ Checking Account ☐ Savings Account

5. Binding Effect. This Fee Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Governing Law. This Fee Agreement shall be governed by and construed in accordance with the laws of the state of Colorado, without regard to conflicts of law principles.

7. Entire Agreement. This Fee Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, whether written or oral.

8. Amendment. This Fee Agreement may be amended only in writing which is signed by both parties.

IN WITNESS WHEREOF, this Fee Agreement has been entered into as of the Effective Date.

PURCHASER:

If a Natural Person or Grantor Trust:

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second investor): _____

Name (Print): _____

If other than a Natural Person (i.e. LLC, Partnership, Corporation):

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

[Broker-Dealer]

By: _____
Name: _____
Title: _____

EXHIBIT B

REGISTERED INVESTMENT ADVISER PAYMENT AGREEMENT

This REGISTERED INVESTMENT ADVISER PAYMENT AGREEMENT (this "Payment Agreement") is entered into as of [_____] (the "Effective Date") by and between the undersigned (the "Purchaser") and [_____] (the "Advisor").

WHEREAS, the Purchaser desires to purchase Class 1 Beneficial Interests (the "Interests") in Forum Exchange I DST (the "Trust").

WHEREAS, in connection with the purchase of Interests, the Purchaser has agreed to pay to the Advisor an advisory fee (the "Advisor Fee") as set forth in the Advisory Agreement (as defined below).

1. Advisor Fee. The parties represent and warrant that the Purchaser is a party to an agreement with the Advisor (the "Advisory Agreement") which obligates the Purchaser to pay a fee to the Advisor with respect to the Interests in an annual amount equal to ____% of the net asset value of the Interests (the "Advisor Fee"), the payment of which is not contingent on any level of performance or payments by the Trust and remains fixed regardless of the frequency or amount of any payments to the Trust by the Purchaser. From the date the Purchaser acquires an Interest until the date the Purchaser no longer owns such Interests, the Purchaser agrees to allow the Trust to pay Advisor the Advisor Fee (the "Annual Fee Amount") directly as an administrative accommodation to the Purchaser and Advisor.

2. Payment of Advisor Fee. The Advisor Fee shall be paid on a monthly basis in an amount equal to one-twelfth of the Annual Fee Amount. The Purchaser hereby instructs SS&C GIDS Inc. (the "Transfer Agent") to withhold the amount of the Advisor Fee from the distributions made by the Trust to the Purchaser and to pay such amounts directly to the Advisor. Notwithstanding the above, the Purchaser acknowledges and agrees that the payment of the Advisor Fee is an obligation of the Purchaser and if no distributions are made by the Trust to the Purchaser for any month (or if such distributions are less than the amount of the Advisor Fee due) the Purchaser shall be obligated to pay the Advisor Fee from other funds. In no event shall the Trust be liable for, pay, or assume the obligation to pay, the Advisor Fee on behalf of the Purchaser.

3. Purchaser Representations. Purchaser hereby acknowledges, agrees, represents and warrants that:

3.1 Any and all Annual Fee Amounts are the sole responsibility of the Purchaser, and the Trust will only pay the amounts directed by the Purchaser as an accommodation. None of the Trust, its agent, its manager or their respective affiliates is undertaking any advisory, fiduciary or other obligations to the Purchaser as a result of making this accommodation.

3.2 I will promptly notify the Trust in the event that the Advisory Agreement or this Agreement is terminated, the Annual Fee Amount changes or these instructions are no longer valid.

4. Advisor Representations. The Advisor hereby acknowledges, agrees, represents and warrants that:

4.1 I will promptly notify the Trust in the event that the Advisory Agreement or this Payment Agreement is terminated, the Annual Fee Amount changes or these instructions are no longer valid.

4.2 I acknowledge that the Purchaser may change the terms of these instructions by notifying the Trust, including the reduction or the elimination of payments to me in accordance with these instructions, at any time without my approval.

4.3 I represent and covenant that, with respect to each calendar year, in no event will the aggregate amount of (1) the amounts transmitted by the Trust to me pursuant to these instructions and (2) any other payments pursuant to the Advisory Agreement with respect to the Interests by the Purchaser to me, exceed the amount of the advisory fee to which I am entitled in accordance with the terms of the Advisory Agreement and applicable law with respect to such year.

4.4 I represent and covenant that the payment of the Annual Fee Amount to me by the Trust pursuant to these instructions complies with all applicable requirements of the Investment Advisers Act of 1940 and other applicable laws, and no payments made to me in accordance with these instructions will violate any applicable laws or regulations.

4.5 I elect to receive payments as follows (select only one):

☐ Check mailed to the address set forth below

_____
Street

_____
City, State, Zip Code

☐ Direct Deposit

I authorize the Trust or its agent to deposit my payment into my checking or savings account. This authority will remain in force until I notify the Trust in writing to cancel it. In the event that the Trust or its agent deposits funds erroneously into my account, it is authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

_____
Name/Entity Name/Financial Institution

Mailing Address:

_____
Street

_____
City, State, Zip Code

_____
Your Bank's ABA Routing Number

_____
Your Bank Account Number ☐ Checking Account ☐ Savings Account

5. Binding Effect. This Payment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Governing Law. This Payment Agreement shall be governed by and construed in accordance with the laws of the state of Colorado, without regard to conflicts of law principles.

7. Entire Agreement. This Payment Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, whether written or oral.

8. Amendment; Termination. This Payment Agreement may be amended only in writing which is signed by both parties. Notwithstanding the foregoing, the parties acknowledge and agree that the Purchaser may unilaterally terminate this Payment Agreement upon thirty (30) days written notice to the Advisor and the Trust.

IN WITNESS WHEREOF, this Payment Agreement has been entered into as of the Effective Date.

PURCHASER:

If a Natural Person or Grantor Trust:

SIGNATURE: _____

Name (Print): _____

SIGNATURE (of spouse or second investor): _____

Name (Print): _____

If other than a Natural Person (i.e. LLC, Partnership, Corporation):

Name of Entity: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

SIGNATURE: _____

Signatory Name (Print): _____

Signatory Title: _____

[Registered Investment Advisor]

By: _____
Name: _____
Title: _____

EXHIBIT C

THE PROJECT

All that tract or parcel of land lying and being in Land Lot 159 of the 15th District, 2nd Section, City of Canton, Cherokee County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, COMMENCE at a metal bar found at the northwest corner of Land Lot 159, said corner being common to Land Lots 130, 131, 158, and 159; thence along the common line of Land Lots 158 and 159 S00°41'11"W for a distance of 409.21' to a 1/2" rebar found, said point being the **TRUE POINT OF BEGINNING.**

FROM THE TRUE POINT OF BEGINNING AS THUS ESTABLISHED;
thence leaving said Land Lot Line S88°57'52"E for a distance of 358.70 feet to a 1/2" rebar found with cap; thence S01°58'05"E for a distance of 26.21 feet to a 1/2" rebar found (bent); thence N89°06'46"E for a distance of 39.70 feet to a nail found; thence S00°53'50"E for a distance of 215.01 feet to a 1/2" rebar found with cap; thence N89°02'52"E for a distance of 209.08 feet to a 5/8" rebar found; thence S00°53'35"E for a distance of 8.86 feet to a point; thence 89.88 feet along the arc of a curve to the left, said curve having a radius of 65.00 feet and being subtended by a chord of S40°30'32"E, 82.89 feet to a point; thence S80°07'29"E for a distance of 15.08 feet to a point; thence S00°53'35"E for a distance of 222.67 feet to a point; thence S89°05'39"W for a distance of 266.14 feet to a 1/2" rebar found with cap; thence S00°54'21"E for a distance of 283.29 feet to a nail set at the northerly right of way of Prominence Point Parkway (140' right of way); thence along said northerly right of way 5.85 feet along the arc of a curve to the left, said curve having a radius of 2020.00 feet and being subtended by a chord of S79°07'51"W, 5.85 feet to a nail found; thence leaving said northerly right of way N08°12'45"W for a distance of 189.95 feet to a nail set; thence S72°43'12"W for a distance of 417.34 feet to a 1/2" rebar found at the common line of Land Lots 158 and 159; thence along said Land Lot Line N00°40'42"E for a distance of 765.26 feet to a 1/2" rebar found, said point being the **TRUE POINT OF BEGINNING.**

Said tract or parcel of land contains 8.408 acres.

AND

All that tract or parcel of land lying and being in Land Lot 159 of the 15th District, 2nd Section, City of Canton, Cherokee County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, COMMENCE at a metal bar found at the northwest corner of Land Lot 159, said corner being common to Land Lots 130, 131, 158, and 159; thence along the common line of Land Lots 158 and 159 S00°41'11"W for a distance of 409.21' to a 1/2" rebar found; thence leaving said Land Lot Line S88°57'52"E for a distance of 358.70 feet to a 1/2" rebar found with cap; thence S01°58'05"E for a distance of 26.21 feet to a 1/2" rebar found (bent); thence N89°06'46"E for a distance of 39.70 feet to a nail found; thence S00°53'50"E for a distance of 215.01 feet to a 1/2" rebar found with cap; thence N89°02'52"E for a distance of 209.08 feet to a 5/8" rebar found; thence S00°53'35"E for a distance of 8.86 feet to a point; thence 89.88 feet along the arc of a curve to the left, said curve having a radius of 65.00 feet and being subtended by a chord of S40°30'32"E, 82.89 feet to a point; thence S80°07'29"E for a distance of 15.08 feet to a point, said point being the **TRUE POINT OF BEGINNING.**

FROM THE TRUE POINT OF BEGINNING AS THUS ESTABLISHED;
thence S80°07'29"E for a distance of 6.22 feet to a nail set; thence S01°27'46"E for a distance of 221.52 feet to a 1/2" rebar set; thence S89°05'39"W for a distance of 8.32 feet to a point; thence N00°53'35"W for a distance of 222.67 feet to a point, said point being the **TRUE POINT OF BEGINNING.**

Said tract or parcel of land contains 0.037 acres.

Also known as:

All that tract or parcel of land lying and being in Land Lot 159 of the 15th District, 2nd Section, City of Canton, Cherokee County, Georgia, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, COMMENCE at a metal bar found at the northwest corner of Land Lot 159, said corner being common to Land Lots 130, 131, 158, and 159; thence along
the common line of Land Lots 158 and 159 S00°41'11"W for a distance of 409.21' to a 1/2" rebar found, said point being the TRUE POINT OF BEGINNING.

FROM THE TRUE POINT OF BEGINNING AS THUS ESTABLISHED;
thence leaving said Land Lot Line S88°57'52"E for a distance of 358.70 feet to a 1/2" rebar found with
cap; thence S0l0 58'05"E for a distance of 26.21 feet to a 1/2" rebar found (bent); thence N89°06'46"E
for a distance of 39.70 feet to a nail found; thence S00°53'50"E for a distance of 215.01 feet to a 1/2" rebar found with cap; thence N89°02'52"E for a distance of 209.08 feet to a 5/8" rebar found; thence S00°53'35"E for a distance of 8.86 feet to a point; thence 89.88 feet along the arc of a curve to the left,
said curve having a radius of 65.00 feet and being subtended by a chord of S40°30'32"E, 82.89 feet to
a point; thence S80°07'29"E for a distance of 21.30 feet to a nail set; thence S0l 0 27'46"E for a distance
of 221.52 feet to a 1/2" rebar set; thence S89°05'39"W for a distance of 274.46 feet to a 1/2" rebar found with cap; thence S00°54'21"E for a distance of 283.29 feet to a nail set at the northerly right of way of Prominence Point Parkway (140' right of way); thence along said northerly right of way 5.85 feet along the arc of a curve to the left, said curve having a radius of 2020.00 feet and being subtended
by a chord of S79°07'51"W, 5.85 feet to a nail found; thence leaving said northerly right of way N08°12'45"W for a distance of 189.95 feet to a nail set; thence S72°43'12"W for a distance of 417.34 feet to a 1/2" rebar found at the common line of Land Lots 158 and 159; thence along said Land Lot Line N00°40'42"E for a distance of 765.26 feet to a 1/2" rebar found, said point being the TRUE POINT OF BEGINNING.

Said tract or parcel of land contains 8.445 acres.

EXHIBIT D

FORM OF CLOSING STATEMENT

[Attached]

Forum Exchange LLC

Closing Statement

Beneficial Interest in
Forum Exchange I DST

CLOSING DATE:

SELLER: **Forum Exchange I DST**
240 Saint Paul Street, Suite 400
Denver, CO 80206

PURCHASER:
As Qualified Intermediary For:

Investor Name:
Street Address:
City, State, Zip:

PROPERTY ADDRESS:

The Indigo Apartments, 300 Prominence Point Pkwy, Canton, GA 30114

Beneficial Interest in Forum Exchange I DST being Conveyed:

BUYER FUNDING SUMMARY

Purchaser's Exchange Proceeds (net of Qualified Intermediary fees)		$	-
Plus: Cash Investment			-
Equity Investment (Gross Proceeds from Buyer)		$	-
Less: Sales Commission & Reimbursements	Total Fees		-
Net Equity Investment After Sales Commission & Reimbursements		$	-
Real Estate Acquisition Price			37,321,621.00
Reserve Amount			1,088,761.00
Offering Net Equity Investment		$	38,410,382.00
Beneficial Interest Conveyed			**0.0000%**
Beneficial Units Conveyed			-

SELLER FUNDING SUMMARY

Gross Equity Investment			$	-
Waived Sales Commission		-		
Amount of Waived Sales Commission				-
Equity Investment (Gross Proceeds from Buyer)			$	-
Sales Commission	6.00%	-		
Amount to Financial Intermediary				-
O&O Costs	1.00%	-		
Amount to FMREIT Advisors LLC				-
Carrying Costs	1.25%	-		
Amount to FMREIT TRS LLC				-
Net Equity Investment (Net Proceeds to Seller)			$	-
Real Estate Acquisition Price (To Depositor)				-
Reserve Amount (To FMREIT TRS LLC)				-

WIRING INSTRUCTIONS

Bank Name: Banc of California
Bank Address: 11611 San Vicente Blvd, Ste 500
Los Angeles, CA 90049
Account Name: Forum Exchange I DST "Operations"
Account Number:
Routing Number:

QUALIFIED INTERMEDIARY

Purchaser acknowledges this closing statement solely in its capacity as Qualified Intermediary pursuant to its exchange agreement for the benefit of Investor.

Purchaser is not responsible for the accuracy of this closing statement.

Signature:

Name , Exchange Coordinator

EXHIBIT D

EXHIBIT C

TAX OPINION

DLA Piper LLP (US)
4365 Executive Drive, Suite 1100
San Diego, California 92121-2133
www.dlapiper.com

T 858.677.1400
F 858.677.1401

December 22, 2025

Forum Exchange I DST
c/o Forum Exchange Manager LLC
240 Saint Paul Street, Suite 400
Denver, Colorado 80206

Re: Forum Exchange I DST

Ladies and Gentlemen:

You have requested our opinion as counsel to Forum Exchange I DST, a Delaware statutory trust (the "Trust") as to certain of the anticipated federal income tax consequences of a purchase of a Class 1 Beneficial Interest (the "Interest") in the Trust pursuant to the Class 1 Beneficial Interests in Forum Exchange I DST Confidential Private Placement Memorandum dated December 19, 2025, as supplemented or amended (the "Memorandum"). More specifically, you have requested our opinion as to whether a purchaser of an Interest (the "Holder") pursuant to the Memorandum should be considered for federal income tax purposes as owning an undivided interest in all of the assets in the Trust.

This opinion does not apply to the individual tax consequences of any taxpayer, and each taxpayer should consult with its own independent tax advisor with respect to the consequences of a purchase of an Interest.

1. Description of Transaction. The Trust is selling Interests in the Trust which owns the multifamily property commonly known as The Indigo (the "Project"). The Trust was formed pursuant to the Trust Agreement of Forum Exchange I DST dated as of September 25, 2025, (the "Original Trust Agreement"), which was amended and restated pursuant to the Amended and Restated Trust Agreement of Forum Exchange I DST (the "Trust Agreement") by and among Forum Exchange Depositor I LLC, a Delaware limited liability company, as the depositor (the "Depositor"), Forum Exchange Manager LLC, a Delaware limited liability company (the "Trust Manager"), and CSC Delaware Trust Company, a Delaware corporation, as the Delaware Trustee (the "Delaware Trustee").

The Trust Agreement provides that the Trust is governed by the Delaware Trustee and the Trust Manager. The Trust has entered into a master lease agreement (the "Master Lease") with Forum Exchange Master Tenant I LLC, a Delaware limited liability company (the "Master Tenant"). The purposes of the Trust are to (i) acquire the Project and enter into the Master Lease, (ii) hold the Project for investment and to sell, transfer or exchange the Project as required or permitted under the Trust Agreement, (iii) make monthly distributions to the Holders from cash generated by ownership of the Project, (iv) preserve the capital of the owners and (v) take such other actions as the Trust Manager deems necessary to carry out the foregoing as are permitted in the Trust Agreement.

The Trust will hold the Trust's right, title and interest in and to the Project, the Master Lease, and any and all other property and assets (whether tangible or intangible) in which the Trust at any time has any right, title or interest (the "Trust Estate"). The Trust will hold the Trust Estate for investment purposes and will lease the Project only to the Master Tenant. Except for certain limited exceptions set forth in the Trust Agreement, the activities of the Trust with respect to the Trust Estate after the effective date of the Conversion Notice (as defined in the Trust Agreement, the "Conversion Notice") will be limited to activities that are customary services in connection with the maintenance and repair of the Project, and none of the Delaware Trustee, the Holders, the Trust Manager and their respective agents will provide non-customary services, as such term is defined in Internal Revenue Code Sections 512 and 856 and Rev. Rul. 75-374, 1975-2 C.B. 261. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Trust Agreement. Without limiting the generality of the foregoing (i) none of the Delaware Trustee, the Trust Manager, the Holders or the Trust will have any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within the meaning of Treasury Regulations Section 301.7701-4 and not treated as a "business entity" within the meaning of Treasury Regulations Section 301.7701-2 and (ii) the Trust Agreement will be interpreted and enforced so as to be in compliance with the requirements of Rev. Rul. 2004-86, 2004-2 C.B. 191. For federal income tax purposes upon and after the effective date of the Conversion Notice, the Trust is intended to be an investment trust that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1) and not a "business entity."

The Trust Manager may determine, in its sole discretion, that the sale of the Project is appropriate after the Trust has held the Project for 2 years after the Offering Termination Date (as defined in the Trust Agreement); provided, however, the Trust may sell the Project before such date if the Trust Manager has made a determination, in its sole discretion, that an event has occurred which could significantly and adversely affect the Project, including, but not limited to, a condemnation or casualty, which was not contemplated at the time the Trust acquired the Project.

The Trust must dissolve upon a Transfer Distribution. A "Transfer Distribution" will occur if the Trust Manager makes a determination, in writing, that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Estate for the benefit of the Holders because (i) the Master Tenant has failed to timely pay rent due under the Master Lease after the expiration of any applicable notice and cure provisions in the Master Lease, if any, (and in the case of either foregoing clause (i) the Trust Manager is prohibited pursuant to Section 3.2 of the Trust Agreement from taking action that it believes necessary or appropriate to address such situation), (ii) the Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (iii) the Trust Estate or any portion thereof is subject to a casualty, condemnation or similar event, or (iv) the Trust Manager determines that it is necessary to take one of the actions enumerated in Section 3.2.3 of the Trust Agreement to avoid the loss or potential loss of all or a portion of the Trust Estate or its value. Upon a Transfer Distribution, the Trust will dissolve and wind up in accordance with Section 3808 of Chapter 38 of Title 12 of the Delaware Code (the "Act"), and each Holder's percentage share of the Trust Estate will be distributed to such Holder in accordance with the Trust Agreement.

Subject to the requirements of Section 3808 of the Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Holders under the Trust Agreement, the Holders will direct the Trust Manager to transfer title to the assets comprising the Trust Estate, and subject to all Trust liabilities, on behalf of each Holder to a newly formed Delaware limited liability

company (the "Springing LLC") in complete satisfaction of their Interests in order to consummate the dissolution of the Trust.

Notwithstanding the above, if a determination has been made to terminate the Trust, then, provided that (i) the Trust Manager has determined that a conversion of the Trust into a limited liability company would not adversely affect the status of the Trust as an "investment trust" for income tax purposes, and (ii) such alternative form of transaction is entered into to preserve and protect the Trust Estate , the Trust Manager may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into the Springing LLC rather than as a Transfer Distribution. In the case of such a conversion, the Springing LLC shall have the Holders as its members and the Trust Manager as its manager, and the limited liability company interests shall be issued to the Holders in proportion to their respective percentage shares in the Trust Estate.

The Depositor has acquired all of the Class 2 beneficial interests in the Trust, and it is anticipated that all of its Class 2 beneficial interests will be redeemed pursuant to Section 6.3 of the Trust Agreement.

2. Transaction Documents. In the preparation of this opinion, we have examined the following documents ("Transaction Documents"), copies of which have been provided to you:

2.1 Memorandum;

2.2 Original Trust Agreement;

2.3 Trust Agreement;

2.4 Certificate of Trust filed with the Delaware Secretary of State on September 25, 2025;

2.5 Master Lease; and

2.6 Certificate dated December 19, 2025 (the "Certificate").

3. Assumptions. In rendering our opinion we have made, with your consent, the following assumptions:

3.1 All of the facts and statements, and the description of the transaction set forth in Section 1 are true and accurate in all respects and the transaction will occur as set forth in Section 1;

3.2 All statements in the documents and the Certificate set forth in Section 2 are true and accurate and that any representations or warranties made in the Certificate to a person's knowledge, or based on belief or based or intention, or similarly qualified, are true and accurate (including without regard to materiality), and will continue to be true and accurate at all times through the period the DST holds the Project;

3.3 The Trust, the Delaware Trustee and the Trust Manager will operate the Project pursuant to the Trust Agreement;

3.4 The Trust will not engage directly, or through the Delaware Trustee or the Trust Manager, in any activity other than those allowed under the Trust Agreement;

3.5 The purchase price of an Interest does not exceed its fair market value;

3.6 The items of compensation to the Trust Manager and its affiliates are reasonable in amount based on the services actually rendered or to be rendered to or on behalf of the Trust;

3.7 The Trust does not intend to enter into a joint venture or partnership with the Trust Manager;

3.8 The Master Tenant will comply with the terms of the Master Lease;

3.9 No election has been made to treat the Trust as a corporation or partnership for federal income tax purposes;

3.10 The Master Tenant is entering into the Master Lease to generate a profit and anticipates making a profit;

3.11 At least 90% of the value of the Project is attributable to real estate and no more than 10% is attributable to personal property;

3.12 The terms of the Master Lease, considering the Master Lease and all surrounding circumstances, conform with normal business practice and the Master Lease is not designed as a means of basing rent on income or profits of the Project;

3.13 The Master Tenant is adequately capitalized in light of its anticipated obligations under the Master Lease;

3.14 Neither the Trust nor the Delaware Trustee has entered into a written agreement with the Trust Manager or the Holders creating an agency relationship, including with third parties;

3.15 Neither the Trust nor the Delaware Trustee is an agent of the Trust Manager or the Holders;

3.16 The Trust was not formed for tax avoidance purposes; and

3.17 There will be no more than 1980 beneficial interest owners of the Trust.

With your consent, we have not independently verified the facts supporting the assumptions set forth in this Section 3, but we have no reason to believe that the facts supporting the assumptions are untrue.

4. Basis of Opinion. In forming our opinions, we have, with your consent, relied on various representations that you have made to us in the Certificate, on certain factual information set forth in Section 1 and on the assumptions set forth in Section 3. A copy of the Certificate is attached as Exhibit A and made part of this opinion letter. We have reviewed the Certificate with your representative who signed the Certificate on your behalf, and although we have not independently verified the representations, statements and assumptions set forth in the Certificate, in the course of our consideration of these matters,

no facts have come to our attention which have caused us to believe that such representations, statements or assumptions are untrue. In addition, except as to matters we have assumed as provided herein, we have reviewed such other documents and performed such other investigations as we have deemed customary and prudent for purposes of rendering our opinions. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the accuracy of copies, the genuineness of signatures and the capacity of each party executing the documents to execute such documents. We have assumed (i) that the documents reviewed and relied upon by us in preparing this opinion were duly authorized, executed and delivered by and on behalf of the parties thereto, (ii) that such documents are legal, valid and binding obligations of the parties thereto, (iii) that such documents contain the entire agreement of the parties with respect to the subject matter of the documents and that there are no other documents, agreements or understandings relating thereto and (iv) that no other consents or approvals are required.

Our opinions and the legal conclusions expressed herein are based on the facts and representations in existence and on the laws and regulations in effect as of the date hereof, all of which are subject to change prospectively and retroactively.

An opinion of counsel is predicated on all the facts, conditions and assumptions set forth in the opinion and is not a guarantee of the current status of the law, and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts, conditions or assumptions prove incorrect, it is likely that the tax consequences would change. The issues on which we have expressed an opinion herein has not been definitively resolved by statutes, regulations, rulings or judicial opinions. In addition, the opinion issued to the Trust is a "should" opinion. A "should" opinion means that counsel believes that, if properly litigated by competent counsel, an Interest should be treated as an interest in real property. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS or any state taxing authority, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Further, because counsel represents the Trust, the opinion has been rendered to the Trust. The opinion is not intended to be used by any taxpayer to avoid penalties.

When we opine as to a result, we assume that the issues will be adequately briefed and argued by competent counsel through appeals.

As used in this letter, the term "Code" means the Internal Revenue Code of 1986, as amended; "Treasury Regulations" mean the Federal Income Tax Regulations issued under the Code; and "IRS" means the Internal Revenue Service.

5. Discussion.

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

5.2 The Trust Must be Recognized as a Separate Entity. The first determination that has to be made is whether the Trust will be treated as an entity that is separate from its owners for federal

income tax purposes. Whether an organization is an entity separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.[1] An entity that is formed under local law is not always recognized as a separate entity for federal income tax purposes.[2] Generally, when participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, such as investment or profit, and not for tax avoidance, the entity will be recognized for federal tax purposes.[3]

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

5.2.2 No Agent. The next determination that must be made is whether the Trust or the Trust Manager will be viewed as an agent of the Holders. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties.[4] An entity that is formed to act as a mere agent of its owners will not be treated as an entity that is separate from its owners for federal income tax purposes. The Supreme Court in *Commissioner v. Bollinger*[5] held that the owners of a corporation were the owners of the property and the corporation was an agent for the owners. The corporation agreed (i) to hold title to the property as the owners' nominee and agent solely to secure financing, (ii) that the owners had sole control and responsibility for the property and (iii) that the owners were the principal and owner of the property during its financing, construction and operation.

The IRS concluded in Revenue Ruling 92-105[6] that an interest in an Illinois land trust constituted real property and the trust was not treated as a separate entity for federal income tax purposes. The taxpayer in the revenue ruling created an Illinois land trust, was named the beneficiary and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to certain real property to the trust subject to the provisions of an accompanying land trust agreement. Under the land trust agreement, the taxpayer (i) retained exclusive control of the management, operation, rental and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property and (ii) was required to file all tax returns, pay all taxes and satisfy any other liabilities with respect to the real property. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to

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1 Treas. Reg. § 301.7701-1(a)(1).
2 Treas. Reg. § 301.7701-1(a)(3).
3 Rev. Rul. 2004-86, 2004-2 C.B. 191.
4 Rev. Rul. 2004-86, 2004-2 C.B. 191.
5 485 U.S. 340 (1988).
6 Rev. Rul. 92-105, 1992-2 C.B. 204.

the property, the right to manage and control the property, as well as any liability with respect to the property, the IRS concluded that a trust was not established.

The Trust should not be viewed merely as an agent of the Holders because, unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Holders have no right or power to direct the actions of the Trust, the Trust Manager or the Master Tenant in connection with the management or operation of the Trust or the Project.[7] Specifically, the Holders have no right or power to contribute additional assets to the Trust, cause the Trust to negotiate or renegotiate loans or leases or cause the Trust to reinvest the proceeds of a sale of its assets.[8] The Trust Agreement provides that the Trust's sole purpose is to acquire, lease and dispose of the Project. These provisions evidence an intent that the Trust will engage in activities on its own behalf rather than as an agent of the Holders. Finally, because the Trust is a DST, the Holders may avail themselves only of the limited powers and privileges afforded to a beneficial owner under Delaware law. Based on the above, the Trust should be recognized as an entity separate from the Holders for federal income tax purposes and the Trust, the Delaware Trustee and the Trust Manager should not be viewed as agents of the Holders for federal income tax purposes.

5.3 The Trust Treated as an Investment Trust. The next determination is whether the Trust will be treated as a "business entity" or as an "investment trust" that is classified as a trust pursuant to Treasury Regulations Section 301.7701-4(c)(1). In general, the term "trust" refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries.[9] The beneficiaries of such a trust may be the persons who created it and it will be recognized as a trust if it was created for the purpose of protecting or conserving the trust property for beneficiaries who stand in the same relation to the trust as they would if the trust had been created by others for them.[10] Generally, an arrangement will be treated as a trust if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit.[11] An "investment trust" will not be classified as a trust if there is a power under the trust agreement to vary the investment of the certificate holders.[12] An investment trust with a single class of ownership interests, representing undivided beneficial interests in the assets of the trust, will be classified as a trust if there is no power under the trust agreement to vary the investment of the certificate holders.[13] An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, however, an investment trust with multiple classes of ownership interests, in which there is no power under the trust agreement to vary the investment of the certificate holders, will be classified as a trust if the trust is formed to facilitate direct investment in the assets of the trust and the existence of multiple classes of ownership interests is incidental to that purpose.[14] A power to vary the investment of the certificate holders exists where there is managerial power, under the

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7 *See* Trust Agreement at Section 6.2.
8 *See* Trust Agreement at Section 6.2.
9 Treas. Reg. § 301.7701-4(a).
10 Treas. Reg. § 301.7701-4(a).
11 Treas. Reg. § 301.7701-4(a).
12 Treas. Reg. § 301.7701-4(c).
13 Treas. Reg. § 301.7701-4(c).
14 Treas. Reg. § 301.7701-4(c).

trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.[15]

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

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

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

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

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

[15] *See* Commissioner v. North American Bond Trust, 122 F.2d 545, 546 (2d Cir. 1941).

the trustee could engage in ministerial activities to the extent required to maintain and operate the DST under local law.

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

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

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

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

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Party Z, or enter into a lease with a tenant other than Party Z (other than in the case of the bankruptcy or insolvency of Party Z);
- renegotiate or refinance the loan used to purchase Blackacre (other than in the case of the bankruptcy or insolvency of Party Z);
- invest cash received to profit from market fluctuations; or
- make more than minor nonstructural modifications to Blackacre that were not required by law.

5.3.2 The Trust Agreement. The powers and authority granted to the Trust Manager in the Trust Agreement are intended to fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Trust Agreement authorizes the Trust Manager to (i) comply with the Master Lease, (ii) make, or cause to be made, repairs necessary to maintain the Project, (iii) collect rents and make distributions, (iv) enter into any agreements for the purposes of

enabling a Holder to complete a like-kind exchange, (v) notify the relevant parties of any default under the Transaction Documents and (vi) enter into a new lease solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant or finance any debt secured by the Project. Additionally, the Trust Agreement expressly denies the Trust Manager any power or authority to take any action that would cause the Trust to cease to be an investment trust described in Treasury Regulations Section 301.7701-4(c) or of each Holder as a "grantor" within the meaning of Code Section 671. Many of the prohibited actions are factual in nature (i.e., whether or not more than a minor nonstructural modification, other than as required by law was performed at the Project). We are relying on the Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

Although the Trust Agreement grants certain powers to the Trust Manager and/or the Delaware Trustee that are not addressed in the trust arrangement described in the Revenue Ruling, we believe that these powers should not prevent the Trust from being treated as an investment trust. Those powers include (i) the sale of the Project and (ii) the potential liquidation and termination of the Trust as a result of a Transfer Distribution. We believe that neither of these powers permit the Delaware Trustee or the Trust Manager to vary the investments of the certificate holders of the Trust in a manner that results in the Holders improving their investment results based on variations in the market.[16]

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

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

5.3.3 Master Lease. As set forth in the Revenue Ruling, the Trust must be considered an "investment trust." Pursuant to Treasury Regulations Section 301.7701-4(c), an "investment

[16] See, Rev. Rul. 75-192, 1975-1 C.B. 384 (right to reinvest funds in short-term obligations was not a power to vary the investment); Rev. Rul. 78-371, 1973-1 C.B. 384 (trustee could purchase and sell contiguous or adjacent real estate, accept or reject certain contributions of contiguous or adjacent real estate, raze or erect any building or structure, make any improvements to the land contributed to the trust, to borrow money, and to mortgage and lease the trust property held a business entity and not a trust); Rev. Rul. 73-460, 1973-2 C.B. 424 (depositor could direct the trustee, under limited circumstances to accept or reject a "substitution" of new bonds for old bonds proposed by the obligor of such bonds, as the depositor may deem proper; held a trust).

trust" will not be classified as a trust if there is a power to vary the investment of the certificate holders. If the Trust has the power to vary the investment of the certificate holders, the Trust will be considered a business trust for federal income tax purposes. The Revenue Ruling involved a DST that entered into a net lease for the property. The courts have interpreted a net lease, for federal income tax purposes, to mean a lease that is designed to transfer (or minimize) the economic risk of fluctuating operating costs from the lessor to the lessee.[17] Generally, if a tenant is responsible for paying for all expenses related to the property and operating the property, the activities of the trust should be considered to be the mere leasing of property and not the operation of a trade or business.[18] Pursuant to the Master Lease, the Trust must pay for the Trust Obligations (as defined in the Master Lease). Thus, the Master Lease is not identical to the net lease described in the Revenue Ruling. The Master Tenant is responsible for all operating and capital expenditures related to the Project other than the Trust Obligations.

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

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

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

5.4.1 Control of the Use of the Property. Where the property owner controls the use or operation of the property, an agency or financing relationship is more likely to be found. In determining who holds control with respect to the use or operation of property, the IRS and the courts have adopted flexible standards to weigh whether the right to exploit the use of the property for its own benefit

[17] Qantas Airways Limited v. United States, 1997 WL 314403 (Fed. Cl.).
[18] *Id.*

has been sufficiently transferred to the lessee. In *Amerco v. Commissioner*,[19] the Tax Court found that the lessee's day-to-day control over the use and leasing of the trucks, power to set or recommend the terms of leasing the trucks to the public and exclusive control and supervision over all operating expenses was sufficient lessee control to outweigh the lessor's right to require periodic accountings and to enter the premises to determine whether income was reported accurately and the obligation of the lessee to promote the welfare of the lessor. In contrast, in *Meagher v. Commissioner*,[20] the Tax Court found that an agency relationship existed where the lessee was required to use its best efforts to lease the owner's railway cars, maintain adequate records and obtain insurance with the owner as a co-beneficiary. However, in *Meagher*, the Tax Court also focused on the fact that the "rent" due under the purported lease was based on net earnings and no payment was due to the lessor if the property did not generate a net profit. Factors which indicate that the lessee holds powers or obligations which are indicia of property rights, such as the lessee's continuing exclusive right to use and possess the property following a sale of the property by the lessor or an obligation to pay rent regardless of the profit generated by a property can shift the balance towards a finding of a true lease. Although the Master Lease restricts the use of the Project as an apartment complex, the Master Tenant has the exclusive right to use and possess the Project pursuant to the Master Lease. In addition, the Master Tenant has control over the day-to-day operation and maintenance of the Project and is responsible for all costs associated with such operation and maintenance. Further, the Master Tenant has an obligation to pay rent to the Trust regardless of whether the Project generates any profit. In addition, any profits generated by the Master Tenant's operation of the Project will be retained by the Master Tenant.

5.4.2 Risk of Loss. If the property owner bears the risk of loss from the operations or activities conducted at the property, an agency relationship is more likely to be found. In determining who holds the risk of loss, courts have focused on whether "rent" payments are required only if there is a net profit, whether the lessee is entitled to a minimum or maximum fee, or whether the liability of the owner with respect to operating expenses or the activities of the property are limited. The Master Lease provides that the rent includes Base Rent (as defined in the Master Lease) payable in all events as well as Additional Rent. The Trust does not have any obligation to repair or maintain the Project, except with respect to the Trust Obligations. The Master Tenant is responsible for the payment of the day-to-day operating expenses and the ongoing maintenance of the Project. We have relied on the Certificate which includes representations that the terms of the Master Lease are consistent with the market terms of leases similar to the Master Lease and are not merely a disguised attempt to share in the profits or income of the Project.

The Master Tenant has limited capitalization. However, the Master Lease is unconditionally guaranteed by the Operating Partnership. The Operating Partnership has significant capital and assets. Because the Operating Partnership has guaranteed the obligations of the Master Tenant pursuant to the Master Lease, the Master Tenant should have sufficient capital to fulfill its obligations thereunder.

There is limited case law with respect to whether limited capitalization of a lessee effectively shifts the risk of loss to the lessor. The assets of the Master Tenant consist only of the Master Lease. We have relied on the Certificate which includes representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease and the guaranty provided by the Operating Partnership. If the Master Lease is not respected as a true lease, the Master Tenant will be treated

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[19] 82 T.C. 654 (1984).
[20] T.C. Memo. 1977-270 (U.S. Tax Ct.).

as an agent of the Trust and the business activities of the Master Tenant in operating the Project will be attributed to the Trust. In such case, the Interests would likely be considered partnership interests and not interests in the assets of the Trust. We have received the Certificate which contains representations that the Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.

5.4.3 Revenue Procedure. Revenue Procedure 2001-28, 2001 C.B. 1156 sets forth the guidelines the IRS will use in determining whether certain transactions purporting to be leases of property are, in fact, leases or something else for federal income tax purposes.[21] Revenue Procedure 2001-28 provides that the lessor must have an initial investment in the property equal to at least 20% of the cost of the property, the lessor must maintain an investment equal to at least 20% of the cost of the property during the ownership period and the lessor must represent and demonstrate that an amount equal to at least 20% of the original cost of the property is a reasonable estimate of what the fair market value of the property will be at the end of the lease term. The Trust Manager has certified in the Certificate that the above requirements have been met (with respect to the initial investment) and are anticipated to be met (with respect to the continued and residual value). In addition, the IRS has indicated in Revenue Procedure 2001-28 that the lessor must represent and demonstrate that a remaining useful life for the property of the longer of one year or 20% of the originally estimated useful life of the property is a reasonable estimate of what the remaining useful life of the property will be at the end of the lease term. For purposes of determining the lease term, all renewal options or extension periods except renewals or extension periods at the option of the lessee at fair market value at the time of such renewal or extension are included. The Master Lease has a term of 20 years. The Property Condition Assessment indicates that the Project has a remaining useful life of not less than 48 years. Thus, there should be at least 20% of the useful life of the Project left at the end of the term of the Master Lease.

5.5 Multiple Classes of Ownership Interests. The Treasury Regulations provide that a trust arrangement that would be treated as an investment trust with multiple classes of ownership will still be treated as an investment trust if the multiple classes of ownership interests are incidental to the investment purpose of the trust.[22]

It is possible that the IRS may assert that the redemption of the Class 2 beneficial interests gives rise to multiple classes of ownership interests even though the rights of a Class 2 beneficial interest owner otherwise will be identical to the rights of the Holders. We believe that the redemption right should be treated as existing simply to facilitate an investment in an Interest. The redemption simply replaces the Class 2 beneficial interest owner's pro rata ownership interest in the Trust and its underlying assets with that of the Holders. This same result could be accomplished by selling the Class 2 beneficial interests. Because under either scenario the result is the same, and in neither situation is there any variation in the underlying assets owned by the Trust, we believe that the formal mechanism by which the Trust's interests are transferred to the Holders should not affect the tax consequences of the underlying transaction.

This analysis is consistent with the IRS statement in the Revenue Ruling that its conclusions would have been the same regardless of whether the trust property (Blackacre) had been sold directly to Party A, and then contributed to the trust or, as in the facts in the Revenue Ruling, contributed to the trust followed by a

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[21] Rev. Proc. 2001-28, 2001-1 C.B. 1156.

[22] Treas. Reg. § 301.7701-4(c).

sale of an interest in the trust to Party A. Under these circumstances no multiple classes of ownership interests in the Trust should exist.

5.6 Holders Treated as "Grantors" of the Trust. In order for the Holders to own an undivided direct interest in the Project, the Trust must be classified as a grantor trust. A "grantor" of a trust includes any person to the extent such person either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[23] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[24] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust that is treated as a trust.[25] The Revenue Ruling also considered whether the purchase of interests in the trust arrangement by Party B and Party C would be treated as an acquisition of interests in Blackacre which was owned by the trust. The IRS concluded that Party B and Party C should be treated as grantors of the trust when they acquired their interests in the trust from Party A, who had formed the trust.

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

5.7 Holders Treated as Owning an Undivided Interest in the Project. A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code is considered to own the trust asset attributable to that undivided fractional interest of the trust for all federal income tax purposes.[26] A grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party, or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor.[27]

In the Revenue Ruling, the IRS concluded that, because Party B and Party C had the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under Code Section 677 as the owners of an aliquot portion of the trust, and all income, deductions and credits attributable to that portion were includible by Party B and Party C in computing their taxable income. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated Party B and Party C as each owning an undivided fractional interest in Blackacre for federal income tax purposes.[28]

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23 Treas. Reg. § 1.671-2(e)(1).

24 Treas. Reg. § 1.671-2(e)(2).

25 Treas. Reg. § 1.671-2(e)(3).

26 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; Rev. Rul. 85-13, 1985-1 C.B. 184; *see also* Treas. Reg. § 1.1001-2(c), Example 5.

27 I.R.C. § 677(a). For purposes of this provision, a trustee who lacks an economic interest in the assets of a trust is not an adverse party. *See* Treas. Reg. § 1.672(a)-1(a).

28 *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 70-376, 1970-2 C.B. 164 (purchase by grantor or grantor trust did not effect 1033 exchange).

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

5.8 Treatment as Real Estate.

5.8.1 Other Securities. The provisions of Code Section 1031 do not apply to "(B) stocks, bonds or notes, (C) other securities or evidences of indebtedness or interest." This phrase has not been defined precisely; the exact connotation associated with the term "other securities" is not clear.[29] The exclusion in Code Section 1031 for "other securities" was added to preclude brokers, investment houses and bond houses from arranging tax-free exchanges of appreciated securities.[30] There are other Sections of the Code that define "securities" under the Code including Code Sections 165(g) and 1236(c). These Sections of the Code have narrow definitions of the term "securities." However, it is not clear whether the definitions in these Sections of the Code apply, or whether a broader view should be taken.[31] In G.C.M. 35242,[32] the IRS indicated, after discussing the definition of "securities" in Code Sections 165(g)(2) and 1236(c), that "we believe it persuasive that Congress has consistently defined the term 'securities' in a limited sense." The IRS thus concluded in G.C.M. 35242 that they did not believe whiskey warehouse receipts were "securities" under Code Section 1031. This occurred even though the Securities and Exchange Commission believed they were securities under securities law.[33] Further, in *Plow Realty Co. of Texas*,[34] mineral deeds were not securities under the predecessor to Code Section 543 even though they were securities under applicable securities law. Consequently, if these provisions are applied, an Interest should not be considered a security under the tax law definition of security even though an Interest will be a "security" under applicable federal and state securities laws.

5.8.2 Certificate of Trust or Beneficial Interest. The nonrecognition rules of Code Section 1031 do not apply to an exchange of real property for a certificate of trust or beneficial interest.[35] The Revenue Ruling stated:

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

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29 Levine, 567 T.M.2nd, Tax Free Exchanges Under Section 1031.

30 S. Rep. 1113, 67th cong. (1923), 1939-1 (Part -2) C.B. 845-46 (adopting H. Rep. No. 1432, 67th Cong.).

31 G.C.M. 34089 (Apr. 2, 1969) (the IRS initially proposed a broad view).

32 G.C.M. 35242 (Feb. 16, 1973).

33 G.C.M. 35242 (Feb. 16, 1973); *see also* G.C.M. 34500 (May 17, 1971) (IRS concluded that the changes of successfully maintaining that whiskey warehouse receipts are securities under Code Section 1031 are not favorable even though the Securities and Exchange Committee issued a release that indicated that whiskey warehouse receipts may be securities under applicable securities law).

34 Plow Realty Co. of Texas v. Commissioner, 4 T.C. 600 (1945).

35 I.R.C. § 1031(a)(2)(E).

> Accordingly, the exchange of real property by *B* and *C* for an interest in *DST* through a qualified intermediary is the exchange of real property for an interest in Blackacre, and not the exchange of real property for a certificate of trust or beneficial interest under § 1031(a)(2)(E).[36]

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

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

5.10 Taxable Boot. Amounts used to establish reserves or other items that are not attributable to the purchase of real estate will not be treated as an interest in real estate and will be treated as "boot" which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. The reserves of the Trust are approximately $1,088,761. The amount of reserves held by the Trust will fluctuate over time. As a result, the reserves held by the Trust when a prospective Holder acquires an Interest may vary from the amounts set forth herein. Further, the IRS could take the position that the increase in the purchase price of the Interests paid by the Holders over the cost to the Depositor would not be considered as an interest in real estate and may be treated as "boot" which may be taxable to a Holder acquiring its Interest as replacement property for real property in an exchange under Code Section 1031. In addition, to the extent that the portion of the debt allocated with the purchase of an Interest, which will be zero, is less than the Holder's debt on the property exchanged, such difference will constitute "boot" and may be taxable depending on the Holder's basis in the property exchanged. Like-kind exchanges cannot be entered into under Code Section 1031 for any asset other than real estate. Consequently, Code Section 1031 will not apply, and such amounts will be treated as "boot," to the extent a Holder is disposing of property that does not qualify as real estate or to the extent the Project consists of property other than real estate. The Trust acquired certain personal property in connection with the purchase of the Project. The Trust Manager has not valued such personal property. In the event any item is determined to be "boot," the taxpayer will have current income for any such "boot" up to the amount of gain on the exchange of the real property. No opinion is being provided with respect to the amount of taxable "boot" in the transaction.

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[36] Rev. Rul. 2004-86, 2004-2 C.B. 191.

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

6. Opinion. Based on our review of the Transaction Documents, it is our opinion that (i) after the effective date of the Conversion Notice, the Trust should be treated as an investment trust described in Treasury Regulations Section 301.7701-4(c)(1), that is classified as a "trust" for federal income tax purposes, (ii) the Holders should be treated as owning an undivided beneficial interest in the Trust's assets, including the Project, in proportion to their Interests for purposes of Code Section 1031.

Our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the acquisition of an Interest will, in light of the facts and circumstances applicable to a specific Holder, constitute a purchase of like-kind replacement property that qualifies for non-recognition of gain under Code Section 1031. Furthermore, our opinion does not address, and should not be viewed as expressing any opinion concerning, whether the Project acquired by the Trust is being held for investment or primarily for sale. In the event the Project is considered as held primarily for sale, the Project will not qualify as replacement property under Code Section 1031.

No opinion is being rendered on state income taxes or other taxes that may be imposed on the Trust, state income treatment of an Interest or other state income tax consequences to Holders arising from the ownership of an Interest.

7. Qualifications. This opinion relates solely to federal income tax law in effect on the date hereof. We express no opinion with respect to laws becoming effective after the date hereof or the effect or applicability of the laws of other jurisdictions. There can be no assurance that legislative changes may not significantly alter the statutory basis for this opinion. We express no opinion on any matters other than those expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion relates only to matters as of the date hereof, and we express no opinion with respect to any transaction, transfer, conveyance, obligation or performance occurring after the date hereof. This opinion does not apply to the individual tax consequences of a Holder and application of the Code Section 1031 rules to the Holder. Each Holder should consult with its own tax advisor. Further, this opinion is based on the documents attached hereto and does not reflect any changes that may be required by any lender.

This opinion is solely for your information and assistance with respect to the sale of the Interests. Accordingly, the Trust may only circulate this opinion in connection with the sale of the Interests to potential Holders. This opinion may be relied upon by Holders in connection with their purchase of Interests, but may not be relied upon, circulated, quoted or otherwise referred to by other persons in connection with any other transaction or arrangement, including with respect to any subsequent sale of the

Interests by the Holders. Further, each potential Holder understands that each Holder will be responsible for such Holder's individual circumstances and only the opinion set forth herein may be relied upon by a Holder. Each potential Holder is encouraged to review the entire contents of the Memorandum including, but not limited to, this opinion with its tax advisor in determining whether to purchase an Interest. This opinion may not be relied upon by any other person or for any other purposes, nor may it be quoted from or referred to or copies delivered to any other person without prior written consent. No opinion is rendered as to whether this opinion may be used to avoid tax penalties and if it is used, whether a taxpayer will be successful in avoiding any penalties. This opinion is not applicable as to any individual tax consequences of a Holder or the individual application of the Code Section 1031 rules to such Holder. Our willingness to render the opinion set forth herein neither implies, nor should be viewed as implying, any approval or recommendation of an investment in the Project.

Sincerely,

DLA Piper LLP (US)

DLA Piper LLP (US)

EXHIBIT A

CERTIFICATE

SECURITIES & TAX CERTIFICATE

The undersigned, for the purpose of stating certain facts upon which DLA Piper LLP (US) ("DLA") may rely in rendering its opinion (the "Opinion") and in connection with the preparation of the Confidential Private Placement Memorandum for Class 1 Beneficial Interests in Forum Exchange I DST dated December 22, 2025 as amended or supplemented (the "Memorandum"), and the offer and sale of Class 1 beneficial interests (the "Interests") in Forum Exchange I DST, a Delaware statutory trust (the "Trust"), hereby certify, warrant and represent as follows:[1]

1. The Trust, Forum Exchange Manager, LLC (the "Trust Manager"), Forum Exchange Depositor I LLC (the "Depositor") and Forum Exchange Master Tenant I LLC (the "Master Tenant") make the representations set forth below. The Trust Manager is the manager of the Trust. The Trust, the Trust Manager, the Depositor and the Master Tenant shall collectively be referred to as the "Entities." We have carefully reviewed the contents of this Certificate and DLA may rely on this Certificate in rendering the Opinion and in preparing the Memorandum. We are familiar with the matters set forth in the Memorandum and in this Certificate. We have made or caused to be made such investigations as are necessary in order to permit us to verify the accuracy of the information set forth in this Certificate and the Memorandum.

2. We have carefully reviewed the Memorandum and its contents are, to our actual knowledge, true and correct in all material respects and do not contain any untrue statements of material fact. The Memorandum accurately and completely sets forth the material financial aspects of an investment in the Interests.

3. The Entities have provided, or have caused to be provided, to DLA copies of all contracts, agreements, summaries, financial information, projections, other documents and information related to the Entities and the Project. All such contracts, agreements, summaries, financial information, projections and other documents and information are true and correct copies of the originals and do not omit any material fact or contain any untrue statements of any material fact and no material modifications have been made to them.

4. There are no agreements, documents, or instruments by which the Trust, its property, any party to the Amended and Restated Trust Agreement of the Trust (the "Amended and Restated Trust Agreement") or any of its Affiliates is bound or to which any of them or any of their properties is subject that (i) is not disclosed in the Memorandum and that would be material to an investment in Interests or (ii) would affect the authority or ability of the Entities to execute, deliver and perform any of the documents or instruments to be executed and delivered as contemplated in the Memorandum.

5. The Offering is being conducted pursuant to Rule 506(b) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The Entities hereby represent that each is familiar with Rule 506(b), including the prohibition on general solicitation, and that none of the Entities nor any of their Affiliates have engaged in general solicitation for the Offering.

6. If at any time any event shall become known to the Entities and as a result thereof it becomes necessary to amend or supplement the Memorandum so that it does not include any untrue statement of any material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances, not misleading, the Entities or one of their

[1] Capitalized terms used, but not defined herein, have the meanings assigned to them in the Memorandum.

Affiliates will promptly notify DLA and will promptly make such amendments or complete such supplements correcting such statement or omission in the Memorandum.

7. There are no facts or circumstances existing at this time which will prevent the transactions contemplated by the Memorandum from being carried out as described in the Memorandum.

8. A true and correct copy of the fully-executed original Trust Agreement of the Trust dated September 25, 2025 (the "Trust Agreement"), has been delivered to DLA.

9. The Trust Agreement was amended by the Amended and Restated Trust Agreement of the Trust in the form referenced in the Memorandum and the Trust will operate pursuant to the Amended and Restated Trust Agreement.

10. We are not aware of any liability, absolute or contingent, and whether or not accrued, of any of the Entities or their Affiliates that would or could materially adversely affect the operations of the Trust or the Project.

11. Other than litigation as to which an adverse result would not, in our opinion, materially adversely affect any of the Entities, there is no pending or, to our actual knowledge, threatened litigation involving any of the Entities or any of their Affiliates or principals, other than litigation (such as unlawful detainer actions) in the ordinary course of business.

12. We know of no reason why it would be necessary for the Springing LLC (as defined in the Amended and Restated Trust Agreement) to be effectuated, and we do not believe that there is any significant likelihood that such an event will occur.

13. To our actual knowledge, (i) none of the Entities are in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Entities and (ii) the execution, delivery, performance and compliance with the terms of the Amended and Restated Trust Agreement by the Entities do not and will not violate any provision of any applicable federal, state or local law, rule or regulation.

14. The execution and delivery of the Amended and Restated Trust Agreement and related Trust documents have been authorized and approved.

15. No Transfer Distribution (as defined in the Amended and Restated Trust Agreement) is currently intended or anticipated. Such a Transfer Distribution, if made, will occur only as permitted in accordance with Section 9.2 of the Amended and Restated Trust Agreement. In addition, an event which would cause such a Transfer Distribution with respect to any of the assets of the Trust is not expected and the occurrence of such an event would be unanticipated.

16. The Interests will not be publicly traded.

17. The terms of the Master Lease (i) conform with normal business practice, (ii) are consistent with market terms of similar leases and (iii) are not an effort nor a disguised attempt to share in the profits or income of the Project basing rent on income or profits from the Project.

18. The Master Tenant is anticipated to generate commercially reasonable profits over the term of the lease.

19. The Master Tenant is adequately capitalized considering its obligations, including, but not limited to, those under the Master Lease.

20. The funds in the Operating Reserve tenant paid by the Trust to the Master Tenant will only be used for repairs, maintenance and replacements at the Project and will not be used for anything that would constitute more than a minor nonstructural modification to the Project.

21. The Master Tenant is not acting as an agent of the Trust, any of the other Entities or the Holders.

22. There is a reasonable possibility that the FMV Option will not be exercised by the holder of the FMV Option and there is no current plan or intent to exercise the FMV Option set forth in the Amended and Restated Trust Agreement of the Trust.

23. The Entities do not believe that the purchase price of the Project exceeds its fair market value, nor do they believe that the price to be paid by Holders exceeds the fair market value of the Interests.

24. The various items of compensation described in the Memorandum to be paid to the Entities or their Affiliates are reasonable in amount in light of the services actually rendered or to be rendered to or on behalf of the Trust, the time, effort, expense and investment in human capital, facilities and other resources associated with providing the services, and the standards of compensation for similar services rendered under similar circumstances, including in the real estate industry in general.

25. The determination of any fees paid by the Trust will not depend, in whole or in part, on the income or profits derived by any person from the Project and will not exceed the fair market value of the services provided in exchange therefor.

26. At least 90% of the value of the Project is attributable to real estate and no more than 10% is attributable to personal property.

27. The activities of the Trust with respect to the Trust Estate will be limited to activities that are customary services in connection with the maintenance and repair of the Project.

28. The Trust will conduct no business other than as specifically set forth in Sections 2.3 and 3.2 of the Amended and Restated Trust Agreement.

29. For all periods prior to the conversion of the Trust from a disregarded entity to a fixed investment trust, the Trust Manager will report and otherwise treat the Trust as a disregarded entity for all federal income tax purposes. After the conversion, the Manager will report and otherwise treat the Trust as a fixed investment trust for all federal income tax purposes.

30. The Trust does not intend to form a joint venture or a partnership with the Master Tenant.

31. The Trust has an initial investment in the Project equal to at least 20% of the cost of the Project, the Trust will maintain an investment equal to at least 20% of the cost of the Project during the ownership period, and an amount equal to at least 20% of the original cost of the Project is a reasonable estimate of what the fair market value of the Project will be at the end of the Master Lease term.

32. The Trust and the Manager believe that a reasonable estimate of the remaining useful life of the Property at the end of the Master Lease term is at least equal to 20% of the originally estimated useful life of such Property.

33. The Trust and the Trust Manager intend that the Holders should profit from their ownership of Interests. To that end, the Trust and the Trust Manager intend that: (a) the aggregate amount projected to be paid by the Master Tenant over the Master Lease term plus the value of the residual

investment in the Property exceeds an amount equal to the sum of the aggregate disbursements projected to be paid by or for the Trust in connection with its ownership of the Property and the equity investment in the Property, including any direct costs to finance the equity investment; and (b) the aggregate amount required to be paid to or for the Trust over the Master Lease term exceeds the aggregate disbursements required to be paid by or for the Trust in connection with its ownership of the Property.

34. All leases, including the Master Lease and any subleases, will be bona fide leases for federal income tax purposes. Rents paid by the Master Tenant will be within the fair market value for use of the Project and rent will not depend on the income or profits derived by any person from the Project or otherwise (other than an amount based on a fixed percentage of receipts or sales).

35. We have carefully reviewed the business plan of the Trust and the anticipated obligations of the Trust for the Project and all of the undertakings set forth in the business plan are minor non-structural modifications.

36. The Entities each hereby represent and warrant that none of the covered persons, as of the date hereof and at the time of the sale of the Interests (each, an "Effective Date") is a disqualified person as defined by Rule 506(d) of Regulation D.

37. There is no agreement, understanding or arrangement involving (i) the Trust, (ii) any affiliate of the Trust or (iii) the Holders that is contrary to any of the foregoing.

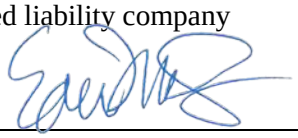
38. All transactions described in the Memorandum have been and are hereby ratified, approved and authorized by the Entities to the extent that the Entities are party to any of such transactions or have the authority, directly or indirectly, to cause any party to any of such transactions to participate or refuse to participate in any or all of such transactions and to agree upon the terms thereof.

We understand that you are relying on the truth and accuracy of the foregoing in connection with the issuance of the Opinion and preparation of the Memorandum. We have made or caused to be made such reasonable inquiry and investigations as are necessary in order to permit us to verify the accuracy of the information set forth in this Certificate. This Certificate is provided at your request and solely for use in connection with your issuance of the Opinion and preparation of the Memorandum. This Certificate may not be relied upon by any other person.

IN WITNESS WHEREOF, this Certificate is executed effective as of the date of the Memorandum.

DEPOSITOR:

Forum Exchange Depositor I, LLC, a Delaware limited liability company

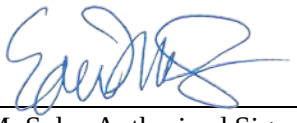
By: 

Edie M. Suhr, Authorized Signatory

TRUST:

Forum Exchange I DST, a Delaware statutory trust

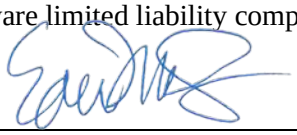
By: Forum Exchange Manager, LLC, a Delaware limited liability company, its manager

By: 

Edie M. Suhr, Authorized Signatory

MASTER TENANT:

Forum Exchange Master Tenant I, LLC a Delaware limited liability company

By: 

Edie M. Suhr, Authorized Signatory

MANAGER:

Forum Exchange Manager, LLC, a Delaware limited liability company

By: 

Edie M. Suhr, Authorized Signatory