CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

SRRT SQUARE 2 DST

Beneficial Interests
Maximum Offering Amount: $5,400,000.00
Minimum Investment: $500,000.00

SRRT Square 2 DST, a Delaware statutory trust (the "**Trust**"), is offering for sale (the "**Offering**"), solely to "accredited investors" ("**Investors**") as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), up to one hundred percent (100%) of the beneficial interests (the "**Interests**") in the Trust pursuant to this Confidential Private Placement Memorandum (including the exhibits attached hereto, and the Investor Data Room, the "**Memorandum**"). This Offering is being sponsored by SRRT Properties, LP, a Delaware limited partnership (the "**Initial Beneficiary**"), and an Affiliate of SR Realty Trust, Inc., a private real estate investment trust. The terms of the Trust are governed by the trust agreement of the Trust, a copy of which is attached hereto as an Exhibit (the "**Trust Agreement**"). SR DST Trustee, LLC, a Minnesota limited liability company, is the Trust's "**Signatory Trustee**," and has the authority to act on behalf of the Trust and is responsible for the operation of the Trust. See "SUMMARY OF THE TRUST AGREEMENT."

In early 2023, the Trust's predecessor in interest, Square 2, LLC, acquired the parcel of unimproved land located at 1712 North 48th Street, Lincoln, Nebraska, consisting of approximately 2.23 acres of land (the "**Property**"), from an unrelated third-party seller, for $1,000,000 (the "**Acquisition Price**"). On August 1, 2025, Square 2, LLC converted (the "**Conversion**") to SRRT Square 2 DST through the filing of a Certificate of Conversion and Certificate of Trust with the Office of the Delaware Secretary of State. By way of the Conversion, the Trust is the owner of the Property. Accordingly, as of the date of this Memorandum, the Initial Beneficiary, which was the sole member of Square 2, LLC, is the sole beneficiary of the Trust. The Acquisition Price was funded with cash from the Initial Beneficiary. See "ACQUISITION AND FINANCING TERMS" for a summary of the terms of the acquisition.

The Trust master leased the Property to SRRT Square 2 GL, LLC, a Minnesota limited liability company (the "**Ground Lessee**"), a copy of which is uploaded to the Investor Data Room (the "**Master Lease**"). Capitalized terms relating to the Master Lease that are not defined in this Memorandum are defined in the Master Lease. The Master Lease commenced on August 6, 2025 and will terminate on the last day of the month in which occurs on the fiftieth (50^{th}) anniversary of the Master Lease commencement. The Ground Lessee shall have five (5) options to extend the term of the Master Lease, each for a period of ten (10) years by sending the Trust written notice of its intent to extend three hundred sixty-five (365) days prior to the expiration of the then-current term. The annual base rent ("**Rent**") payable by the Ground Lessee to the Trust will initially be equal to $320,000 per year. Rent under the Master Lease will increase on an annual basis by two percent (2.0%). The Master Lease is an absolute net lease meaning the Ground Lessee will pay as additional rent all expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Property. All Rent will be paid in equal monthly installments by the Ground Lessee to the Trust, or its designee. The Ground Lessee is wholly-owned by the Initial Beneficiary. See "SUMMARY OF THE MASTER LEASE" and "COMPENSATION OF THE INITIAL BENEFICIARY, GROUND LESSEE, SIGNATORY TRUSTEE AND AFFILIATES."

The Ground Lessee intends to construct (the "**Project**") a 115-unit, Class A apartment complex known as the "**Square 2 Apartments**". Upon completion of the construction and development, the Ground Lessee will engage a third-party property management company to lease up and manage the Square 2 Apartments. It is anticipated that it will take twelve (12) months to lease up the Square 2 Apartments. The Square 2 Apartments include a variety of unit types from 482 square foot studios up to 975 square foot two-bedroom units. See "DESCRIPTION OF THE DEVELOPMENT" for additional information regarding the development of the Property.

The deemed contribution value of the Property, subject to the newly executed Master Lease, is $5,113,250 (the "**Contributed Value**").

$5,400,000.00 of Interests are being sold pursuant to this Offering (the "**Maximum Offering Amount**"), which includes an initial reserve of $25,000, a one-time acquisition fee of $162,500.00 payable to the Initial

Beneficiary for procuring the Real Estate as well as fees and expenses payable to the Initial Beneficiary, its Affiliates, and third parties in connection with the acquisition of the Property, and the Offering of Interests. See "ACQUISITION AND FINANCING TERMS" and "ESTIMATED USE OF PROCEEDS."

The Interests offered hereby are highly speculative. An investment in the Interests involves substantial risks. Investors must read and carefully consider the discussion set forth under "RISK FACTORS" for a complete discussion of risks. Risks of an investment in Interests include, among other things, the following:

- reliance on residential tenants ("**Tenants**") to pay rent under the residential leases ("**Leases**") once the Property has been developed;
- complete reliance on the Ground Lessee to pay the Rent and operate the Property pursuant to and in accordance with the terms of the Master Lease;
- limited control over the operation of the Property;
- lack of liquidity;
- the holding of a beneficial interest in the Trust with no voting rights;
- the long-term nature of the Master Lease;
- limited diversity of investment;
- various conflicts of interest among the Initial Beneficiary, the Ground Lessee, the Trust, and their respective Affiliates;
- various risks associated with ownership of real estate generally and specifically with ownership of real estate in Lincoln, Nebraska;
- certain tax risks.

The minimum purchase price for an investment in Interests is $500,000 in cash equity, which is equal to an approximate 9.26% Interest (the "**Minimum Investment**") in the Trust. See "HOW TO PURCHASE" and "SUMMARY OF THE PURCHASE AGREEMENT." In connection with an Investor's purchase of Interests, such Investor will be allocated a pro rata percentage of any indebtedness in proportion to such Investor's Interests. In connection with the purchase of Interests, each Investor will execute and deliver such documents as may be required by the Trust. **The securities offered pursuant to this Memorandum have not been approved or disapproved by the U.S. Securities and Exchange Commission ("SEC") or the securities regulatory authority of any state, nor has the SEC or any securities regulatory authority of any state passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense. The securities offered pursuant to this Memorandum are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.**

	Price to Investors[1]	Selling Commissions & Marketing Allowance [1][2]	Proceeds to Trust[3]
Minimum Investment [3][5]	$500,000.00	$0	$500,000.00
Maximum Offering [3][4]	$5,400,000.00	$0	$5,400,000.00

(1) Offers and sales of Interests will be made on a "best efforts" basis by the Trust and its Affiliates. The Trust intends to sell the Interests primarily directly to Investors, and also to those Investors whose purchases are directed by a Registered Investment Advisor (an "RIA"). **Investment Advisor** While the Trust has the right to, and may, engage Broker-Dealers, as described below, the estimates above are reflective of the Trust NOT engaging Broker-Dealers. Use of Broker-Dealers will have the effect of reducing the proceeds to the Trust.

(2) The Trust, in its sole discretion, may engage Broker-Dealers which are members of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") (each, a "**Selling Group Member**," and collectively, the "**Selling Group Members**") to offer and sell the Interests. In the event sales of Interests are made by Selling Group Members, such Selling Group Members may receive selling commissions ("**Selling Commissions**") not exceeding 5.0% of the Maximum Offering Amount and a non-accountable marketing and due diligence allowance (the "**Marketing/Due Diligence Reallowance**") equal to 0.5% of the Maximum Offering Amount. Investors whose purchase is made through a Selling Group Member may incur the Selling Commissions and the Marketing/Due Diligence Reallowance costs, resulting in a reduction in the amount of equity from those Investors going to the Trust and credited to the amount of Interests purchased by those Investors. For purposes hereof, an "**Affiliate**" of any person (i.e., a natural person, corporation, partnership, trust, unincorporated

association or other legal entity) shall be any person directly or indirectly controlling, controlled by, or under common control with, another person.

(3) The proceeds shown are before deducting the out-of-pocket costs and expenses incurred by the Trust and/or the Initial Beneficiary in connection with the acquisition of the Property, and the Offering of Interests, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, property due diligence, and printing fees and expenses incurred in connection with this Offering (the "**Formation and DD Expenses**"), which Formation and DD Expenses are currently estimated to be approximately $261,750 in the aggregate. The Trust will reimburse the Initial Beneficiary for such Formation and DD Expenses. The proceeds of the Offering will be used to redeem the Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property, and offering of the Interests), and to fund reserves, as the Interests are sold to Investors. See "ACQUISITION AND FINANCING TERMS" and "ESTIMATED USE OF PROCEEDS." The total aggregate amount of Selling Commissions, Marketing/Due Diligence Reallowance and Formation and DD Expenses (collectively, **"Selling Commissions and Expenses**") will not exceed 10% of the Maximum Offering Amount. The Trust reserves the right to reallocate items of compensation set forth herein, provided that the maximum shall not exceed 10% of the Maximum Offering Amount. The Formation and DD Expenses are based on certain assumptions made by the Trust. The actual amount of these costs may be higher or lower than anticipated. If actual total costs are less than budgeted, the excess funds will be retained by the Trust. If actual expenses are more than estimated, the Initial Beneficiary will be required to pay for such excess amount. The Trust, in its sole discretion, may accept purchases of Interests net (or partially net) of the Selling Commissions and Expenses and other items of compensation due to Initial Beneficiary or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion.

(4) The Trust will sell Interests until the earlier of (a) all of the Interests in the Trust have been sold, or (b) one year from the date the first Investor acquires an Interest in the Trust, subject to extension. If the Trust is unable to sell all of the Interests within the offering period, the Initial Beneficiary or an Affiliate will, subject to applicable securities laws, own the unsold Interests and may conduct a secondary offering of the unsold Interests to accredited investors (as defined below) until all or any portion satisfactory to Initial Beneficiary of the unsold Interests are sold. See "*RISK FACTORS - RISKS RELATING TO PRIVATE OFFERING AND LACK OF LIQUIDITY - NO MINIMUM," "PLAN OF DISTRIBUTION," "COMPENSATION OF THE INITIAL BENEFICIARY, GROUND LESSEE, SIGNATORY TRUSTEE AND AFFILIATES" and "FIDUCIARY DUTIES OF THE INITIAL BENEFICIARY, TRUSTEES AND GROUND LESSEE - - Affiliated Ownership and Management.*"

(5) The minimum purchase is a 9.26% Interest ($500,000 of equity). The Trust may waive the minimum purchase requirement.

During the course of the Offering and prior to purchasing Interests, the Trust invites you to ask the Initial Beneficiary questions concerning the terms and conditions of this Offering and to provide or obtain any additional information necessary to verify the accuracy of the information in this Memorandum which is material to the Offering to the extent that the Initial Beneficiary possesses the information or can obtain it without undue effort or expense. You may obtain copies of any or all documents summarized in this Memorandum or any third-party due diligence opinions relating to this Offering or the Property, without charge, by request directed to:

SRRT Square 2 DST
c/o SR DST Trustee, LLC
901 North Third Street, Suite #100
Minneapolis, MN 55401
(612) 371-3000
econdra@sr-re.com

An investment in Interests involves significant risks. Prospective Investors must read and carefully consider the discussion set forth in this Memorandum in "RISK FACTORS" and consult with their own legal, tax and financial advisors prior to purchasing the Interests. An investment in Interests is suitable only for persons of substantial means who have no need for liquidity in their investment. Investors should carefully consider the following:

- This Memorandum is not legal or tax advice to the Investors. Each Investor should consult the Investor's own independent legal counsel, accountant and/or business advisor as to legal, tax and related matters concerning this investment, and the qualification of such Investor's transaction under Section 1031 for such Investor's specific circumstances. Each Investor's specific circumstances may differ and, as a result, no assurances can be given, and no legal opinion will be provided that the purchase of the Interests by any prospective Investor will qualify as a Section 1031 Exchange.

- The Trust will have the right, in its sole discretion, to refuse a subscription for the Interests if the Trust believes that an Investor does not meet the applicable investor suitability requirements, the Interests otherwise constitute an unsuitable investment for the Investor, for any other reason, or for no reason.

- The securities offered hereby may be offered and sold only to persons or entities who meet the investor suitability requirements set forth under "WHO MAY INVEST" in this Memorandum.

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

- This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Interests offered hereby. Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of any of its contents without the prior written consent of the Trust is expressly prohibited. The recipient, by accepting delivery of this Memorandum, agrees to return this Memorandum and all documents furnished herewith to the Trust or its representatives immediately upon request if the recipient does not purchase any of the Interests, or if the Offering of the Interests is withdrawn or terminated.

- The Trust may reject the Purchase Agreement of a prospective Investor for any reason. The Purchase Agreement will be rejected for failure to conform to the requirements of the Offering or such other reasons as the Trust may determine. The Purchase Agreement may not be revoked, canceled, or terminated by the Investor for any reason, except as expressly set forth herein.

- The Offering of the Interests is made exclusively by this Memorandum and any subsequent supplements. This Memorandum contains a summary of certain provisions of various documents, including the Purchase Agreement, Trust Agreement, and the Master Lease, but only the full text of such documents 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 full text of the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this investment and related documents and agreements will be made available to a prospective Investor or his/her advisors upon request.

- Because the Interests are not registered under the Securities Act or the securities laws of any state, Investors must hold them indefinitely unless: (i) they are registered under the Securities Act and any applicable state securities acts, which registration the Trust does not expect to occur, or (ii) the Trust, with the advice of counsel, concludes that registration is not required under the Securities Act and applicable state laws. No public market currently exists for the Interests and none is expected to develop.

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 the Securities Act and such laws pursuant to registration or exemption therefrom.

In making an investment decision, prospective Investors must rely on their own examination of the Property, available due diligence materials, the person or entity creating the securities and the terms of the Offering, including the merits and risks involved.

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 Investor institute such an action on the theory that the offering conducted as described herein

was required to be registered or qualified, the Initial Beneficiary contends that the contents of this Memorandum constituted notice of the facts constituting such violation.

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.

We hereby inform you that any tax discussions contained in this Memorandum were written in connection with the promotion or marketing of the transaction or matters addressed herein and were not intended or written to be legal or tax advice to any person and were not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

This Confidential Private Placement Memorandum is dated October 2025.

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WHO MAY INVEST

The offer and sale of Interests is being made in reliance on an exemption from the registration requirements of the Securities Act provided under Rule 506(c) of Regulation D promulgated thereunder. Accordingly, general solicitation and offering literature or advertising may be utilized in connection with the offer and sale of Interests. Sales of the Interests will be strictly limited to persons who meet the requirements and make the representations set forth below. The Trust may declare any prospective Investor ineligible to purchase Interests for any legal reason.

INVESTOR SUITABILITY REQUIREMENTS

Investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. This investment will be sold only to investors who (i) represent in writing that they are "accredited investors" (as defined under Rule 501(a) of Regulation D) and satisfy the investor suitability requirements described below.

Each Investor must represent in writing that they meet, among others, ALL of the following requirements:

- Investor has received, read and fully understands this Memorandum, all exhibits hereto and the Investor Data Room. Investor is basing the decision to invest on the Memorandum, all exhibits hereto and the Investor Data Room. Investor has relied only on the information contained in said materials, and has not relied upon any representations made by any other person; and

- Investor understands that an investment in the Interests involves substantial risks and is fully cognizant of, and understands, all of the risk factors associated with the Interests, including, without limitation, those risks set forth below in the section entitled "Risk Factors;" and

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

- Investor has adequate means of providing for such Investor's financial requirements, both current and anticipated, and has no need for liquidity in this investment; and

- Investor can bear, and is willing to accept, the economic risk of losing his entire investment in the Interests; and

- Investor is acquiring the Interests for their own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale, or subdivision of the Interests.

- Further, each Investor must represent in writing that he, she, or it is an "Accredited Investor" as defined under Rule 501(a) of Regulation D. In addition to certain institutional investors, an Investor who meets **ONE** of the following tests will qualify as an "Accredited Investor":

    - the Investor is a natural person who had individual income in excess of **$200,000** in each of the two most recent years, or joint income with that person's spouse in excess of **$300,000** in each of these years, and has a reasonable expectation of reaching the same income level in the current year; or

    - the Investor is a natural person whose individual net worth, or joint net worth with that person's spouse, excluding the Investor's primary residence, exceeds **$1,000,000** at the time of purchase of the Interests; or

- the Investor is an organization described under Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust or a partnership, not formed for the specific purpose of acquiring the Interests, with total assets in excess of **$1,000,000**; or

- the Investor is a trust with total assets in excess of **$5,000,000**, not formed for the specific purpose of acquiring the Interests, whose purchase is directed by a "sophisticated person" as defined in Rule 506(b)(2)(ii) of Regulation D under the Securities Act; or

- the Investor is an entity (including an Individual Retirement Account trust) in which each of the equity owners is an accredited investor; or

- the Investor is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 in which the investment decision is made by a plan fiduciary (as defined in Section 3(21) of such Act) which is either a bank, savings and loan association, insurance company or registered investment adviser; or the employee benefit plan has total assets in excess of **$5,000,000**; or it is a self-directed plan in which investment decisions are made solely by persons who are accredited investors.

For purposes of calculating an Investor's net worth above, "net worth" is defined as the difference between total assets and total liabilities. Net worth does not include the value of the primary residence of the Investor. In the case of fiduciary accounts, the net worth and/or income suitability requirements may be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Interests.

The Trust is offering and selling its securities pursuant to the exemption from registration under the Securities Act provided for under Rule 506(c) of Regulation D. Accordingly, general solicitation and offering literature or advertising may be utilized in connection with the offer and sale of Interests. You must deliver to the Trust an executed copy of a complete and accurate Investor Questionnaire and Purchase Agreement, forms of which are attached hereto as an exhibit. Under the requirements of Rule 506(c), all purchasers of the Interests must be "accredited investors" as defined under Rule 501(a) of Regulation D, and we must take all reasonable steps to verify that all such purchasers are accredited investors. As a result, if we request, you must provide sufficient financial information to us so that we have a reasonable basis to believe that you are an accredited investor. We may utilize an independent, third-party verification service to conduct the accredited investor review on your behalf. We will advise prospective Investors of such requirement at the time of subscription if a third-party verification process is required.

Investors will be required to make specific representations concerning their status as an accredited investor and as to their individual net worth as it relates to their investment in the Interests in the Purchase Agreement the form of which is attached hereto as an exhibit (the "**Purchase Agreement**"). In addition, Investors will be required to represent in the Purchase Agreement that they are able to bear the economic risk of the investment in the Interests for an indefinite period of time, believe that the investment is suitable for them and that they had the opportunity to ask questions of and request additional information from the Trust regarding this offering. Investors will be required to establish accredited status and may be requested to provide additional evidence regarding the applicable financial suitability, knowledge and experience requirements at any time prior to the acceptance of the Purchase Agreement.

Representations with respect to the foregoing and certain other matters will be made by each Investor in the Purchase Agreement. The Trust will rely on the accuracy of each Investor's representations set forth in the Purchase Agreement and may require additional evidence that an Investor satisfies the applicable standards at any time prior to the acceptance of an Investor's subscription. An Investor is not obligated to supply any information so requested by the Trust, but the Trust may reject a subscription from any Investor who fails to supply any information so requested.

The investor suitability requirements stated above represent minimum suitability requirements established by the Trust for Investors in Interests. However, satisfaction of these requirements by an Investor will not necessarily mean that Interests are a suitable investment for such Investor, or that the Trust will accept the Investor as a subscriber. Furthermore, the Trust, as appropriate, may modify such requirements in its sole discretion, and such modifications may raise the suitability requirements for Investors.

The written representations made by Investors will be reviewed to determine the suitability of each Investor. The Trust will have the right, in its sole discretion, to refuse a subscription for the Interests if the Trust believes that an Investor does not meet the applicable investor suitability requirements, the Interests otherwise constitute an unsuitable investment for the Investor, for any other reason, or for no reason.

Interests are not a suitable investment for tax-exempt investors such as individual retirement accounts ("IRAs") or other plans subject to the Employee Retirement Income Security Act of 1974 (commonly known as ERISA) or Code Section 4975 (collectively, "**Qualified Plans**"). Therefore, this Memorandum does not discuss the risks that may be associated with an investment in Interests by IRAs, Qualified Plans or other tax-exempt investors.

Also, each prospective Investor must represent and warrant the following as an additional investment requirement:

The Investor understands that neither the Initial Beneficiary nor the Trust has obtained a ruling from the IRS that Interests will be treated as undivided interests in real estate as opposed to partnership interests or interests in another entity that is separately taxable rather than disregarded for tax purposes. The Investor understands that the tax consequences of an investment in Interests, especially the qualification of Interests under Section 1031 of the Code and the related 1031 exchange rules, are complex and vary with the facts and circumstances of each individual Investor.

The Investor represents and warrants that; (i) he or she has consulted his or her own independent tax advisor regarding an investment in Interests and the qualification of the transaction under Section 1031 of the Code, (ii) he or she is not relying on (a) the Trust, the Initial Beneficiary, any of their Affiliates, employees, or their agents, including their counsel and accountants, or (b) any Broker-Dealer or the representatives of a Broker-Dealer through whom Interests are purchased, for any tax advice regarding the qualification of Interests under Section 1031 of the Code or any other matter, and (iii) he or she is not relying on any statements made in this Memorandum regarding the qualification of the Interests under Section 1031 of the Code.

Restrictions Imposed by USA Patriot Act and Related Acts

Interests may not be offered, sold, transferred or delivered, directly or indirectly, to any "Sanctioned Person," a term which is defined for purposes of the Memorandum as any person who:

- is named on the list of "specially designated national" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("**OFAC**") at: http://www.treas.gov/offices.eotffc/ofac/sdn/index.html, or as otherwise published from time to time; and

- (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at the following location: http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time

In addition, Interests may not be offered, sold, transferred or delivered, directly or indirectly, to any person who: (i) has more than 15% of its assets in Sanctioned Countries; or (ii) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

Representations with respect to the foregoing and certain other matters will be made by each Investor as part of any subscription for Interests. The Trust will rely on the accuracy of each Investor's representations and may require additional evidence that an Investor satisfies the applicable standards at any time prior to the acceptance of such Investor's subscription. An Investor is not obligated to supply any information so requested by the Trust, but the Trust may reject a subscription from any Investor who fails to supply any information so requested.

If an Investor does not meet the requirements described above, the Investor should not read further and should immediately return this Memorandum to the Trust or the applicable member of the Selling Group. Further, in the event an Investor does not meet such requirements, this Memorandum shall not constitute an offer to sell Interests to him.

INVESTOR DATA ROOM

In addition to the information and documents contained in this Memorandum and the exhibits attached hereto, and in lieu of providing paper copies to Investors, the Trust has included certain additional information relating to the Trust and this offering in an investor data room (the "Investor Data Room"). Each Investor will be provided with access to the Investor Data Room upon request. To the extent any prospective investor desires paper copies of any of the documents located in the Investor Data Room, such copies are available upon request. To obtain access to the Investor Data Room or to instead request receipt of paper copies, please direct your request to:

SRRT Square 2 DST
c/o SR DST Trustee, LLC
901 North Third Street, Suite #100
Minneapolis, MN 55401
(612) 359-5849
econdra@sr-re.com and lhanneman@sr-re.com

The following additional documents are contained in the Investor Data Room as of the date of this Memorandum:

- Delaware Statutory Trust Agreement
- Master Lease
- Asset Management Agreement
- Redevelopment Agreement
- Financial Forecasts
- Phase I Environmental Site Assessment
- Limited Site Investigation

The documents contained in the Investor Data Room are important to Investors' review and understanding of the offering. Investors are strongly urged to review all documents contained in the Investor Data Room, which will be updated from time to time, prior to making an investment in this offering.

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HOW TO PURCHASE

Interests may only be purchased by "accredited investors" as defined above in "Who May Invest." We must take all reasonable steps to verify that all such purchasers are accredited investors. As a result, if we request, you must provide sufficient financial information to us so that we have a reasonable basis to believe that you are an accredited investor.

We may utilize an independent, third-party verification service to conduct the accredited investor review on your behalf. We will advise prospective Investors of such requirement at the time of subscription if a third-party verification process is required.

Prospective Investors who would like to purchase Interests must carefully read the Memorandum. Prospective Investors must complete, execute, and deliver the Purchase Agreement and the Investor Questionnaire, forms of which are attached hereto as an exhibit, and tender a check or wire funds in the amount of the purchase price for the Interests ("Purchase Price") payable to the order of "SRRT Square 2 DST." Upon the Trust's acceptance of the prospective Investor's Purchase Agreement, the Trust will circulate various additional documents for the prospective Investor to sign and return. Unless otherwise directed by the Trust, the documents and a check or wire for the Purchase Price should be mailed or delivered to the Trust:

SRRT Square 2 DST
c/o SR DST Trustee, LLC
901 North Third Street, Suite #100
Minneapolis, MN 55401
(612) 371-3000
econdra@sr-re.com

Upon receipt of the signed Purchase Agreement and Investor Questionnaire, and the Purchase Price, the Trust will decide whether to accept the prospective Investor's investment. Upon the Trust's acceptance of a prospective Investor for the purchase of Interests, the Trust will so notify the prospective Investor.

The Purchase Price will be fully refunded by the Trust without interest if a prospective Investor is not accepted by the Trust.

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SUMMARY OF THE OFFERING

The following summary is intended to provide selected limited information regarding the Offering and should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum. EACH PROSPECTIVE INVESTOR IS INSTRUCTED TO READ THE ENTIRE MEMORANDUM BEFORE INVESTING IN INTERESTS.

Interests Offered:

The Trust will sell Interests to accredited investors for the Minimum Investment of $500,000.00, which is equal to an approximate 9.26% Interest. Only Investors who have delivered to the Trust executed copies of a complete and accurate Investor Questionnaire and Purchase Agreement will be eligible to purchase Interests.

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

As of the date of this Memorandum, SRRT Properties, LP, a Delaware limited partnership, and an Affiliate of SR Realty Trust, Inc., owns 100% of the Interests, and is the sole beneficiary of the Trust (the "**Initial Beneficiary**"). The proceeds of the Offering will be used to redeem the Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property and offering of the Interests), and to fund reserves, as the Interests are sold to Investors. If any Interests cannot be sold, the Initial Beneficiary or its Affiliate or third-party transferee will own the remaining Interests.

The Offering will terminate on or before the earlier of (i) the date on which all Interests have been sold, or (ii) one (1) year from the date the first Investor acquires Interests in the Trust (which may be extended in the sole discretion of the Initial Beneficiary).

Property – Location:

The Property is located at 1712 North 48th Street, Lincoln, Nebraska, consisting of approximately 2.23 acres of land.

Property – Acquisition:

In early 2023, the Trust's predecessor in interest, Square 2, LLC, acquired the parcel of unimproved land located at 1712 North 48th Street, Lincoln, Nebraska, consisting of approximately 2.23 acres of land (the "**Property**"), from an unrelated third-party seller, for $1,000,000 (the "**Acquisition Price**"). On August 1, 2025, Square 2, LLC converted (the "**Conversion**") to SRRT Square 2 DST through the filing of a Certificate of Conversion and Certificate of Trust with the Office of the Delaware Secretary of State. By way of the Conversion, the Trust is the owner of the Property. Accordingly, as of the date of this Memorandum, the Initial Beneficiary, which was the sole member of Square 2, LLC, is the sole beneficiary of the Trust.

	The Acquisition Price was funded, in part, with cash from the Initial Beneficiary. Accordingly, as of the date of this Memorandum, the Initial Beneficiary is the sole beneficiary of the Trust, and the Trust is the successor entity to Square 2, LLC. See "ACQUISITION AND FINANCING TERMS" for a summary of the terms of the acquisition. The proceeds of the Offering will be used to redeem the Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property, and offering of the Interests), and to fund reserves, as the Interests are sold to Investors. The Trust will pay the Initial Beneficiary an acquisition fee in an amount equal to $162,500.00. This fee is included in the Formation, DD and Financing Expenses. See "ACQUISITION AND FINANCING TERMS" and "ESTIMATED USE OF PROCEEDS."
Property – Development:	The Property will be developed by the Ground Lessee into a 115-unit, Class A apartment complex (the "**Project**") known as the "**Square 2 Apartments**".
Construction Financing:	In connection with the development of the Property, the Ground Lessee plans to obtain construction financing. See "FINANCING TERMS" below for additional detail regarding the anticipated terms of the construction financing. The construction financing will be secured by the Ground Lessee's leasehold interest. Investors will have no personal liability in connection with the construction financing. However, upon an uncured event of default under the construction financing loan documents, the construction financing lender will have the right to foreclose on the Ground Lessee's leasehold interest. See "PROPOSED CONSTRUCTION FINANCING TERMS."
Property – Master Lease; Operation and Management:	The Trust master leased the Property to SRRT Square 2 GL, LLC, a Minnesota limited liability company (the "**Ground Lessee**"), a copy of which is uploaded to the Investor Data Room (the "**Master Lease**"). Capitalized terms relating to the Master Lease that are not defined in this Memorandum are defined in the Master Lease. The Master Lease commenced on August 6, 2025 and will terminate on the last day of the month in which occurs on the fiftieth (50th) anniversary of the Master Lease commencement. The Ground Lessee shall have five (5) options to extend the term of the Master Lease, each for a period of ten (10) years by sending the Trust written notice of its intent to extend three hundred sixty-five (365) days prior to the expiration of the then-current term.

The annual base rent ("**Rent**") payable by the Ground Lessee to the Trust will initially be equal to $320,000 per year. Rent under the Master Lease will increase on an annual basis by two percent (2.0%). The Master Lease is an absolute net lease meaning the Ground Lessee will pay as additional rent all expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Property. All Rent will be paid in equal monthly installments by the Ground Lessee to the Trust, or its designee. The Ground Lessee is wholly-owned by the Initial Beneficiary.

Upon completion of the development, it is anticipated that the Ground Lessee will enter into a property management agreement with a third-party property manager, Asset Living. In its capacity as property manager, the property manager will be responsible for managing certain aspects of the operation of the Property. It is anticipated that the management fee will be four percent (4%) of the gross income collected from the Project.

Asset Management Agreement

The Trust will enter into an Asset Management and Services Agreement (the "**Asset Management Agreement**") with the Signatory Trustee at such time as the Master Tenant has completed the development. A copy of the form Asset Management Agreement is uploaded to the Investor Data Room, The Asset Management Agreement will remain in effect and automatically renew for successive one-year periods until otherwise terminated.

In its capacity as advisor to the Trust, the Signatory Trustee is responsible for managing the Trust's day to day operations, including, but not limited to: reviewing all performance and financial information related to the Property; managing the Reserve Account (as defined below); providing bookkeeping and accounting services and maintaining the Trust's books and records; administering monthly cash distributions; communicating with investors, brokers, dealers, financial advisors and custodians; and undertaking and performing all services or other activities necessary and proper to carry out the Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the Trust. If the Trust requests any additional services not specified in the Asset Management Agreement, the Signatory Trustee may agree to provide the requested services upon terms that are mutually agreeable to the Trust and the Signatory Trustee.

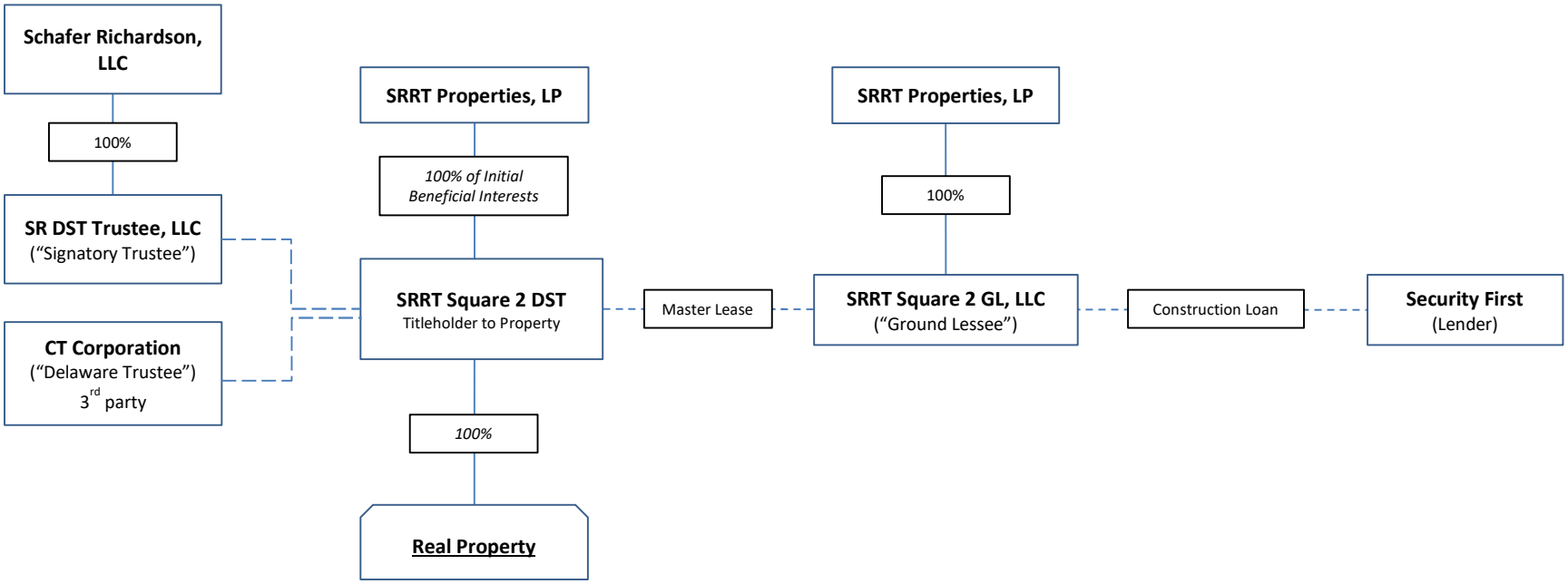
The Asset Management Agreement may be terminated by either party upon ten (10) days prior written notice to the other party in the event of a material breach by the other party and the defaulting party fails to cure such default within five (5) days of receipt of the written notice. The Asset Management Agreement will automatically terminate upon a sale or disposition of the Property.

The Trust will pay the Signatory Trustee an asset management fee, as provided in the Asset Management Agreement, on an annual basis in an amount equal to four-tenths of one percent

	(0.4%) of the Contributed Value, paid in one-twelfth monthly increments. Upon the sale of the Property, the Signatory Trustee will be entitled to receive a disposition fee of three percent (3.0%) of the gross sale price, as such fee may be increased to include any commissions or fees payable by the Trust or an Affiliate to any third-party in connection with the sale of the Property. The Signatory Trustee may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under the Asset Management Agreement, and any excess amount that is not paid may, in the Signatory Trustee's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time. See "RISK FACTORS – Risks Relating to the Management of the Property and the Master Lease – Conflicts of Interest," "RISK FACTORS – Risks Relating to the Management of the Property and the Master Lease – Reliance on Ground Lessee" and "Compensation of the Initial Beneficiary, Ground Lessee, Signatory Trustee and Affiliates."
Reserve Account:	The Trust will fund $25,000 into reserves and will accrue and maintain reserve accounts for the Property (the "**Reserve Account**") to make funds available for capital expenditures and unanticipated costs. If additional reserves are needed, the Signatory Trustee may withhold distributions to the Investors, therefore reducing projected returns.
Trust Agreement:	The Trust is governed by the Trust Agreement, a copy of which is uploaded to the Investor Data Room. The Trust Agreement sets forth the rights and duties of the Investors and the Trustees (as defined in "Summary of the Trust Agreement") with respect to the Trust and the Property. Pursuant to the Trust Agreement, Investors have no legal or other ability to control the operation and ownership of the Property. See "SUMMARY OF THE TRUST AGREEMENT."
Conflicts and Compensation of the Initial Beneficiary and Affiliates:	The Initial Beneficiary and Affiliates will receive fees and compensation from the Offering and operation of the Property and will have conflicts of interest, as described in this Memorandum. See "COMPENSATION OF THE INITIAL BENEFICIARY, GROUND LESSEE, SIGNATORY TRUSTEE AND AFFILIATES" and "CONFLICTS OF INTEREST."
Investor Suitability Standards:	The Offering is strictly limited to persons who meet certain minimum financial requirements as to income and/or net worth, among other requirements. See "WHO MAY INVEST."

Use of Proceeds:	The Offering is being made for purposes of the purchase of 100% of the Interests from the Initial Beneficiary (in addition to the payment of fees and expenses in connection with the acquisition of the Property, and offering of the Interests), and to fund reserves. See "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE INITIAL BENEFICIARY, GROUND LESSEE, SIGNATORY TRUSTEE AND AFFILIATES."
Minimum Investment:	The Minimum Investment is a 9.26% Interest for $500,000.00. The Trust reserves the right, in its sole discretion, to waive the minimum purchase requirement.
Defined Terms:	An "**Affiliate**" of any Person (i.e., a natural person, corporation, partnership, trust, unincorporated association or other legal entity) means any Person directly or indirectly controlling, controlled by or under common control with another Person.

The following is an organizational chart reflecting the proposed structure of the Trust, the Initial Beneficiary, the Signatory Trustee, the Ground Lessee, and certain other entities involved in the management of such entities.



SUMMARY OF THE PURCHASE AGREEMENT AND INVESTOR QUESTIONNAIRE

General

Each Investor will be required to execute a Purchase Agreement and an Investor Questionnaire in the form attached to this Memorandum as an exhibit. Prospective Investors should review the entire Purchase Agreement and the Investor Questionnaire with their own independent legal counsel before submitting an offer to purchase Interests. The following is merely a summary of some of the significant provisions of the Purchase Agreement and the Investor Questionnaire and is qualified in its entirety by reference thereto.

Submission of Offer to Purchase

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

Closing

Prior to an Investor's closing, each Investor is required to deliver to the Trust (i) the Investor Questionnaire, (ii) the Purchase Agreement, (iii) an executed signature page for the Trust Agreement, (iv) the purchase price for the Interests being acquired, and (v) such other documents as may reasonably be requested by the Trust. At the closing of an Investor's purchase of Interests, the Investor will receive Interests in the Trust.

No Tax Advice

The Investors will acquire their Interests without any representations from the Trust or the Initial Beneficiary regarding the tax implications of the transaction. Each Investor must consult his or her own independent attorneys and other tax advisors regarding the tax implications of the Investor's acquisition of Interests in the context of his or her own particular circumstances, including whether such acquisition will qualify as part of a proposed tax-deferred exchange under Section 1031 of the Code if one is contemplated. See "FEDERAL INCOME TAX CONSEQUENCES."

Termination of the Purchase Agreement

The Purchase Agreement may be terminated if the conditions to the closing set forth above are not satisfied. If the Purchase Agreement is terminated, the Investor will have no right to acquire any Interests or the Property and will have no claims against the Trust for damages, expenses, lost profits or otherwise. The Purchase Price will be fully refunded by the Trust without interest if a prospective Investor is not accepted by the Trust.

Indemnity

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

Governing Law; Venue

The Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota as applied to residents of that state executing contracts wholly to be performed in that state. Any action or proceeding arising, directly, indirectly, or otherwise, in connection with, out of, or from the Purchase Agreement, and breach or threatened breach, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within Hennepin County, Minnesota.

SUMMARY OF THE TRUST AGREEMENT

Your investment in the Trust and the Property is governed by the Trust Agreement, a copy of which is uploaded to the Investor Data Room. The Delaware Trustee is The Corporation Trust Company, a Delaware corporation, and the Signatory Trustee is SR DST Trustee, LLC, a Minnesota limited liability company, which is wholly-owned by Schafer Richardson, LLC, a Minnesota limited liability company and an Affiliate of the Initial Beneficiary (together, the "**Trustees**"). The rights and obligations of the Investors and Trustees with respect to the Trust Property (as defined in the Trust Agreement), which includes the Property, are governed by the Trust Agreement. The following is a summary of some of the significant provisions of the Trust Agreement, and is qualified in its entirety by reference to the full Trust Agreement.

Purposes of the Trust

The purposes of the Trust are (a) to acquire, own, operate and dispose of the Property; (b) to enter into and comply with the terms of the Master Lease, and other transaction documents that relate to the Property; (c) to conserve, protect, manage and dispose of the Property; and (d) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing.

Term of the Trust

The Trust will terminate on the earlier of (a) August 1, 2074, or (b) the date on which the Property has been sold.

Authority and Duties of the Trustees

The Trustees have the sole authority to manage, control, dispose of or otherwise deal with the Trust Property in a manner that is consistent with their duty to conserve and protect the Trust Property. The Trustees do not owe any fiduciary duties to the Investors, and the Trustees are not individually liable for their actions except (a) in the event of their own willful misconduct or gross negligence, (b) for the inaccuracy of their representation that the Trust Agreement has been authorized, executed and delivered by each of the Trustees, (c) for engaging in any Prohibited Action (as defined in "Limitation on Authority of Trustees" below), (d) for their failure to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement, and (e) for their own income taxes based on fees, commissions or compensation received in the capacity of Trustee. The Trustees will be indemnified by the Trust from any damages and liability they incur in connection with the Property, except if such damage or liability results from actions described in clauses (a) through (e) above.

The duties of the Delaware Trustee are limited to acting as Trustee in the State of Delaware to satisfy the requirement of the Delaware Statutory Trust Act that the Trust have at least one Trustee with a principal place of business in Delaware. All other duties under the Trust Agreement reside with the Signatory Trustee, including, but not limited to: (a) acquiring and disposing of the Property; (b) entering into or assuming and complying with the terms of any indebtedness, the Leases, the Master Lease and any other transaction documents; (c) collecting rent payments from the Ground Lessee and distributing such payments (less expenses and reserves) to Investors; (d) entering into agreements to enable Investors to complete Section 1031 exchanges; (e) notifying relevant parties of any default by them under the transaction documents; and (f) solely in the event of a default, bankruptcy, or insolvency of the Tenant (or any subsequent tenant), entering into any new lease of the Property (or a new Master Lease).

Compensation and Reimbursement of the Trustees

The Trust will pay the Delaware Trustee an annual fee, and other fees for their services pursuant to a separate agreement. Beginning upon the Ground Lessee completing the development of the Property, the Signatory Trustee will receive an asset management fee, as provided in the Asset Management Agreement, on an annual basis in an amount equal to four-tenths of one percent (0.4%) of the Contributed Value, paid in one-twelfth monthly increments. The Trustees shall be entitled to be reimbursed for their reasonable expenses related to the performance of their duties.

Limitation on Authority of the Trustees

To protect the tax-free exchange status for the Investors under Section 1031, the Trust Agreement will prohibit the Trustees from taking any action if such action would "vary the investment" of the Investors as defined by Treasury Regulation Section 301.7701-4(c)(l) (any such action, a "**Prohibited Action**"). Specifically, the Trustees may not (a) reinvest money held by the Trust except as provided in the Trust Agreement, (b) renegotiate the terms of any financing, renegotiate the Master Lease or enter into new leases except in the event of the bankruptcy or insolvency of a Ground Lessee, (c) make repairs other than minor non-structural modifications of the Property, except as required by law, (d) after the formation and capitalization of the Trust, accept any additional capital contributions from any Investor, or any contributions from any prospective new investor, (e) acquire any parcel of real estate other than the Property, (f) acquire the Property more than 90 days after the first Investor acquires an Interest, (g) except as provided in (f) above, take any willful action to fail to close on the Property, or (h) take any other action that would in the opinion of counsel cause the Trust to be treated as a "business entity" for federal income tax purposes.

Authority of Investors

Investors will have no say in the operation and ownership of the Property. Nevertheless, before the Trust enters into a binding contract to sell or convey the Property, the Signatory Trustee will canvass the Investors regarding their views of the potential transaction. The Signatory Trustee will consider the Investors' views and opinions in good faith but will not be bound by their opinions, and the decision to sell or convey the Property will rest solely with the Signatory Trustee. Investors holding a majority of the Interests may remove a Trustee only if the Trustee has engaged in willful misconduct, fraud or gross negligence with respect to the Trust. Upon the resignation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor Trustee.

Cash Flow

The Investors will be entitled, based on their respective Interests in the Trust, to all operating cash flow of the Trust and all net cash proceeds from any sale or exchange of the Property, after reimbursement of the Trustees for expenses and amounts necessary to pay anticipated ordinary current and future expenses of the Trust, payment of debt service, and payment of any applicable fees. Operating cash flow will be distributed on a quarterly basis. Amounts retained may be invested in liquid securities, short-term government obligations or certificates of deposit in banks or trust companies having a minimum stated capital of $50,000,000.

Right to Transfer Interests

Investors may freely transfer all or any portion of their Interests to accredited investors, subject to compliance with applicable securities laws and the Trust Agreement, and the transferee's written acceptance and adoption of the Trust Agreement.

Property Rights

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

Cash Contributions and Operating Deficiencies

The Trust Agreement provides that the Trust cannot receive further contributions of cash or other property from the Investors and may not issue Interests to new investors. Accordingly, any obligations of the Trust to fund costs, including but not limited to capital expenses and excess real property taxes, utilities and insurance costs, must be satisfied out of the Reserve Account.

Bankruptcy; Termination

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

Investor. If the Trust Property is subject to a casualty, condemnation or similar event, that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; or if the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests, and the Signatory Trustee is prohibited from taking actions to cure or mitigate such events because such action would "vary the investment" of the Investors, the Signatory Trustee is directed to terminate the Trust by converting it into (or effecting the contribution of the Property to) a limited liability company (a "**Springing LLC**"). As a result of such transaction, the Investors would become members of the new Springing LLC, owning interests in the Springing LLC identical to their Interests in the Trust, and the Signatory Trustee would become the manager of the Springing LLC. As manager of the Springing LLC, the Signatory Trustee will be able to take actions to conserve and protect the Property that it could not have taken had it not terminated the Trust.

Unlike interests in the Trust, however, interests in the Springing LLC will not be treated as interests in real property for U.S. federal income tax purposes (including for purposes of a Section 1031 Exchange). Thus, if the Trust transfers the Property to the new Springing LLC, although such a transfer should not be subject to U.S. federal income tax pursuant to Code Section 721, it is unlikely that any of the Investors will be able to defer the recognition of gain under Code Section 1031 in a subsequent disposition of their interests in the Springing LLC and, as a result, may incur tax liability.

Tax Status of Trust

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

SUMMARY OF THE MASTER LEASE

General

The Trust, as landlord, and the Ground Lessee, as tenant, entered into the Master Lease for the Property. The basic terms and conditions of the Master Lease are summarized below. Each prospective Investor should carefully review the full text of the Master Lease uploaded to the Investor Data Room before purchasing an Interest.

Term

The Master Lease commenced on August 6, 2025 and will terminate on the last day of the month in which occurs on the fiftieth (50th) anniversary of the Master Lease commencement. The Ground Lessee shall have five (5) options to extend the term of the Master Lease, each for a period of ten (10) years by sending the Trust written notice of its intent to extend three hundred sixty-five (365) days prior to the expiration of the then-current term

Rent

The annual base rent ("**Rent**") payable by the Ground Lessee to the Trust will initially be equal to $320,000 per year. Rent will be paid in equal monthly installments by the Ground Lessee to the Trust, or its designee. Rent under the Master Lease will increase on an annual basis by two percent (2.0%). The Master Lease is an absolute net lease meaning the Ground Lessee will pay as additional rent all expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Property. The Ground Lessee is wholly-owned by the Initial Beneficiary. **Accordingly, amounts due to the Trust from the Ground Lessee under the Master Lease are substantially dependent on amounts received by the Ground Lessee from the Tenants. It is not expected that the Property will open for occupancy in the summer of 2026.**

Ground Lease

The Master Lease is a ground lease meaning that the Ground Lessee is leasing the underlying real estate and plans to develop improvements on the real estate as described below. The Master Lease does not impose any obligations on the Ground Lessee other than those expressly provided for in the Master Lease. Thus, all obligations with respect to the Property that are not the obligations of the Ground Lessee or the Tenants (pursuant to the Master Lease or the Leases) are the obligations of the Trust.

Development

The Ground Lessee intends to construct a 115-unit, Class A apartment complex ("**Project**") known as the "**Square 2 Apartments**". Construction is anticipated to take twelve (12) months once commenced. Upon completion of the construction and development, the Ground Lessee will engage a third-party property management company, Asset Living, to lease up and manage the Square 2 Apartments. It is anticipated that it will take ten (10) months to lease up the Square 2 Apartments. The Square 2 Apartments will consist of 18 studio units, 24 alcove units, 45 one bedroom units and 25 two bedroom units. See "DESCRIPTION OF THE DEVELOPMENT" for additional information regarding the development of the Property.

Project Team

The Project team is Schafer Richardson, LLC, as developer, Studio951/Shive-Hattery as architect, BIC Construction as general contractor, and Asset Living as property manager.

Property Management

Upon completion of the development, it is anticipated that the Ground Lessee will enter into a property management agreement with a third-party property manager, Asset Living. In its capacity as property manager, the property manager will be responsible for managing certain aspects of the operation of the Property. It is anticipated that the management fee will be four percent (4%) of the gross income collected.

SUMMARY OF THE ASSET MANAGEMENT AGREEMENT

General

The Trust will enter into an Asset Management and Services Agreement (the "**Asset Management Agreement**") with the Signatory Trustee at such time as the Master Tenant has completed the development. A copy of the form Asset Management Agreement, is uploaded to the Investor Data Room. The Asset Management Agreement will remain in effect and automatically renew for successive one-year periods until otherwise terminated.

Authority and Duties

In its capacity as an advisory to the Trust, the Signatory Trustee is responsible for managing the Trust's day to day operations, including, but not limited to: reviewing all performance and financial information related to the Property; managing the Reserve Account (as defined below); providing bookkeeping and accounting services and maintaining the Trust's books and records; administering monthly cash distributions; communicating with investors, brokers, dealers, financial advisors and custodians; and undertaking and performing all services or other activities necessary and proper to carry out the Trust's investment objectives, including providing secretarial, clerical and administrative assistance for the Trust. If the Trust requests any additional services not specified in the Asset Management Agreement, the Signatory Trustee may agree to provide the requested services upon terms that are mutually agreeable to the Trust and the Signatory Trustee.

Term and Termination

The Asset Management Agreement may be terminated by either party upon ten (10) days prior written notice to the other party in the event of a material breach by the other party and the defaulting party fails to cure such default

within five (5) days of receipt of the written notice. The Asset Management Agreement will automatically terminate upon a sale or disposition of the Property.

Fees

The Trust will pay the Signatory Trustee an asset management fee, as provided in the Asset Management Agreement, on an annual basis in an amount equal to four-tenths of one percent (0.4%) of the Contributed Value, paid in one-twelfth increments monthly.

Upon the sale of the Property, the Signatory Trustee will be entitled to receive a disposition fee of three percent (3.0%) of the gross sale price, and such fee may be increased to include any commissions or fees payable by the Trust or an Affiliate to any third-party in connection with the sale of the Property.

The Signatory Trustee may decide, in its sole discretion, to be paid an amount less than the total amounts to which it is entitled under the Asset Management Agreement, and any excess amount that is not paid may, in the Signatory Trustee's sole discretion, be waived permanently or, as applicable, deferred or accrued, without interest, to be paid at a later point in time.

DESCRIPTION OF THE DEVELOPMENT

The Ground Lessee will construct and development ("**Project**"), a 115-unit, Class A apartment development in Lincoln, Nebraska known as "**Square 2 Apartments**" on the Property. The Property, located at 1712 North 48th Street, is a sister property to Square at 48th, a 109-unit mixed-use property across Aylesworth Avenue directly to the south of the site. The Square 2 Apartments are conveniently located a few blocks from the University of Nebraska-Lincoln's East Campus, home to the College of Law and College of Dentistry, and is less than four miles from downtown Lincoln, the state capitol, and the main University of Nebraska campus.

The Square 2 Apartments are a five-story building of new, market-rate apartments with 122 surface parking stalls adjacent to the building and 9 enclosed garages for reserved parking. This ground up development will feature amenity spaces including a fitness room, a community area with coffee bar and flexible seating, a conference room, and on-site management. Additional amenities to simplify residents' lifestyles include a secure package delivery system, secure bicycle storage, and a pet wash station. The building is intentionally designed to share amenities with Square at 48th where residents will be able to access a larger fitness room, spacious club room, and rooftop patio. Apartment homes will have quartz countertops, backsplash tile, and in-unit washer/dryer. Select floorplans will have hung private balconies. The Square 2 Apartments include a variety of unit types from 482 square foot studios up to 975 square foot two-bedroom units.

Operating Square at 48 and the Square 2 Apartments as one asset offers an opportunity to optimize building operations including right-sizing staffing, streamlining back-office tasks, and reducing per unit operating costs around marketing and administration.

Critical Points

- Property located adjacent to Square at 48 across the street from the University of Nebraska professional program campus (i.e., law school, school of dentistry, veterinary school, etc.).
- Square at 48 has continuously operated at 95%+ occupancy; the Square 2 Apartments will enhance floor plan and amenity options for both assets.
- Once stabilized, the Square 2 Apartments and Square at 48 will operate as one asset leveraging economies of scale across both buildings.
- Market has continued economic growth in key performance indicators with a strong foundation of Fortune 500 and 1000 companies.
- Apartment rents in the Lincoln Market have had an average annual gain of 2.2% over the past three years and a 10-year average of 3.3%.

Market Analysis

Lincoln Economy

Government is the primary employer in the Lincoln region, providing a stable job and wage market. The March 2025 unemployment rate for the Lincoln MSA is the sixth lowest in U.S. at 2.6% (U.S. Bureau of Labor Statistics). The city of Lincoln's population continues to grow. The population increased by 13.6% from 2000 to 2010 and another 12.7% from 2010 to 2020. The demand for multi-family products in Lincoln is driven by the continued expansion of the University of Nebraska, which is projected to see steady enrollment growth and increase demand for both student housing and housing for faculty, staff, and professionals linked to the university's research and innovation initiatives.

Lincoln Apartment Market

The Lincoln apartment market has a current vacancy rate of 6.7%. The Square 2 Apartments are in the North Lincoln submarket, where the vacancy rate is lower at 5.6%. Based on the demographics of Square at 48th, it is anticipated that the Square 2 Apartments will attract graduate students from the University of Nebraska, as well as nearby Nebraska Wesleyan University. In addition, as job growth has continued in the Lincoln MSA, Square at 48th has seen an increase in young professionals (non-students) looking for easily accessible, high-quality housing options.

Lincoln's rent as a percentage of income is lower than many markets 17.6% and in 2024, Forbes named Lincoln the best city for renters. After a fairly flat year in 2024, Lincoln's annual rent growth as of Q1-2025 is 2.8%, surpassing the national average of 1.0%. As is true with most U.S. markets, new construction starts in the multifamily space has slowed with just 930 units currently under construction.

Property Rent Analysis

Asset Living has been managing Square at 48th since the property opened in 2017 and has extensive experience in market rate multifamily management in the area. They have provided feedback and guidance on the unit mix, floorplans, rent assumptions, amenities, and finishes for the Square 2 Apartments.

As of March 2025, vacancy at Square at 48th was just under 3%, which is below the market average of 5.6%. Square at 48th also has the lowest rents of the competitive set, which has benefited building occupancy. Underwritten vacancy for Square 2 Apartments is 7.5% to account for higher assumed rents in the newer building, which are in line with newer product in the submarket.

Site and Location

The Property covers one city block, less than four (4) miles east of downtown Lincoln. The primary north/south traffic artery for the property is North 48th Street while the major east/west arteries are Holdrege Street and Leighton Avenue.

ESTIMATED USE OF PROCEEDS

The following table sets forth the estimated sources and uses of proceeds of the Offering. The table reflects the present intentions of the Trust and an unforeseen change of circumstances may require the Trust to modify the information set forth below. The Initial Beneficiary and their Affiliates will receive substantial compensation and fees in connection with the Offering and the Property, as described in this Memorandum. Certain of the uses described below are estimates by the Trust.

Estimated Acquisition Sources	
Cash / Equity	$5,400,000
First Mortgage	$0
Total Estimated Acquisition Sources	**$5,400,000**

Estimated Acquisition Uses	
Purchase Price (Contributed Value)	$5,113,250
Initial Capital Reserve	$25,000
Estimated Closing Costs	$15,250
Acquisition Fee	$162,000
Estimated Organizational & Legal Expenses	$65,250
Estimated Title & Escrow Costs	$6,500
Esitmated Due Diligence Costs	$12,750
Total Estimated Acquisition Uses	**$5,400,000**

FINANCIAL FORECAST

The following pro forma financial projections (the "**Financial Forecast**") are intended to supplement the disclosures contained in this Memorandum. The Financial Forecast was prepared based upon the Trust's assumptions, including current estimates of income and expenses relating to the operation of the Property. We believe these assumptions to be reasonable and material factors other than as set forth in this Memorandum could cause the financial information contained in the Financial Forecast to fail to be indicative of future operating results. However, if the assumptions with respect to the Property do not prove correct, the Property will have difficulty in achieving its anticipated results. Some of the other underlying assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the period covered are likely to vary from the Financial Forecast, and the variation may be material. As a result, an Investor's rate of return may be higher or lower than that set forth herein. An Investor's return on its investment in the Interests will depend upon economic factors and conditions beyond the Trust's control.

The principal objectives of an investment in Interests will be to: (1) preserve the capital investment of the Investors; (2) realize income through the operation and sale of the Property; and (3) make quarterly distributions to the Investors in an amount estimated to average a 5.35% annual return on their investment. There is no assurance that any of these objectives will be achieved. See "RISK FACTORS."

SRRT Square 2 DST Financial Forecast	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Estimated Ground Lease Income	$320,000	$326,400	$332,928	$339,587	$346,378	$353,306	$360,372	$367,579	$374,931	$382,430
Estimated Asset Management Fee	($20,453)	($20,862)	($21,279)	($21,705)	($22,139)	($22,582)	($23,033)	($23,494)	($23,964)	($24,443)
Estimated Annual Legal & Filing Expenses	($6,500)	($6,630)	($6,763)	($6,898)	($7,036)	($7,177)	($7,320)	($7,466)	($7,616)	($7,768)
Estimated Annual Tax Preperation Expense	($3,500)	($3,570)	($3,641)	($3,714)	($3,789)	($3,864)	($3,942)	($4,020)	($4,101)	($4,183)
Estimated DST Cash Flow	$289,547	$295,338	$301,245	$307,270	$313,415	$319,683	$326,077	$332,598	$339,250	$346,035
Estimated Pre-tax Cash-on-Cash Return	5.36%	5.47%	5.58%	5.69%	5.80%	5.92%	6.04%	6.16%	6.28%	6.41%

PROPERTY ACQUISITION

In May 2025, Square 2, LLC acquired the parcel of unimproved land located at 1712 North 48th Street, Lincoln, Nebraska, consisting of approximately 2.23 acres of land (the "**Property**"), an unrelated third-party seller, for $1,000,000 (the "**Acquisition Price**"). On August 1, 2025, Square 2, LLC converted (the "**Conversion**") to SRRT Square 2 DST through the filing of a Certificate of Conversion and Certificate of Trust with the Office of the Delaware Secretary of State. By way of the Conversion, the Trust is the owner of the Property.

The proceeds of the Offering will be used to redeem Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property, and offering of the Interests), and to fund reserves, as the Interests are sold to Investors. The Trust will pay the Initial Beneficiary a one-time acquisition

fee in an amount equal to $162,500.00. This fee is included in the Formation and DD Expenses. See "ESTIMATED USE OF PROCEEDS."

$5,400,000.00 of Interests are being sold pursuant to this Offering (the "**Maximum Offering Amount**"), which includes an initial reserve of $25,000, as well as fees and expenses payable to the Initial Beneficiary, its Affiliates, and third parties in connection with the acquisition of the Property, and the Offering of Interests. See "ESTIMATED USE OF PROCEEDS."

PROJECT FINANCING

Tax Increment Financing

The City of Lincoln, Nebraska has committed $3,185,000 in tax-increment financing to the development that will be structured as a 15-year pay-go note leveraged for $2,895,000 of additional debt. A portion of the tax increment financing will be used to reimburse the Acquisition Price.

Construction Financing

In connection with the construction and development of the Square 2 Apartments, the Ground Lessee plans to obtain construction financing. As of the date hereof, the assumed terms of the construction financing will be as follows:

Loan-to-Value:	75%
Debt Service Coverage Ratio:	1.20x
Loan Amount:	$12,000,000
Amortization:	30 Years
Initial Term:	3 years interest only with two 1-year mini perm options
Initial Rate:	6.40% floating
Permanent Rate:	6.50% interest only and fixed for 7-years (54% LTV)
Origination Fees:	0.2%
Prepayment Penalty:	None
Guarantees:	Recourse, guaranteed by the Initial Beneficiary

The construction financing will be secured by the Ground Lessee's leasehold interest. Investors will have no personal liability in connection with the construction financing. However, upon an uncured event of default under the construction financing loan documents, the construction financing lender will have the right to foreclose on the Ground Lessee's leasehold interest.

PLAN OF DISTRIBUTION

Capitalization

The Offering is for a maximum of $5,400,000.00 of Interests. A minimum purchase of $500,000.00 is required, except that the Trust has the right to waive the minimum purchase requirement.

The Trust intends to continue the Offering until the earlier of (i) the date on which all Interests have been sold, or (ii) one year from the date the first Investor acquires Interests in the Trust (which may be extended in the sole discretion of the Signatory Trustee).

Qualifications of Investors

Interests may be purchased only by prospective Investors who satisfy certain suitability requirements. See "WHO MAY INVEST."

Sale of Interests

Prospective Investors must adhere to the subscription arrangements summarized in the section entitled "How to Purchase" in this Memorandum and in the following paragraphs of this section and as set forth in full in the Purchase Agreement, attached to this Memorandum as an exhibit. All proceeds for the purchase of Interests will be directly deposited in the Trust's account. 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 this Offering at any time.

The proceeds of the Offering will be used to redeem the Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property and offering of the Interests), and to fund reserves, as the Interests are sold to Investors.

Marketing of Interests

Offers and sales of Interests will be made on a "best efforts" basis by the Trust and its Affiliates. The Trust intends to sell the Interests primarily directly to Investors, and also to those Investors whose purchases are directed by a Registered Investment Advisor (an "**Investment Advisor**"). The Trust, in its sole discretion, may engage Broker-Dealers which are members of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") (each, a "**Selling Group Member**," and collectively, the "**Selling Group Members**") to offer and sell the Interests. In the event sales of Interests are made by Selling Group Members, such Selling Group Members may receive selling commissions ("**Selling Commissions**") not exceeding 5.0% of the Maximum Offering Amount and a non-accountable marketing and due diligence allowance (the "**Marketing/Due Diligence Reallowance**") equal to 0.5% of the Maximum Offering Amount. Investors whose purchase is made through a Selling Group Member may incur the Selling Commissions and the Marketing/Due Diligence Reallowance costs, resulting in a reduction in the amount of equity from those Investors going to the Trust and credited to the amount of Interests purchased by those Investors. For purposes hereof, an "**Affiliate**" of any person (i.e., a natural person, corporation, partnership, trust, unincorporated association or other legal entity) shall be any person directly or indirectly controlling, controlled by, or under common control with, another person. The Trust will reimburse the Initial Beneficiary for actual out-of-pocket costs and expenses incurred by the Initial Beneficiary in connection with the acquisition of the Property, and the Offering of Interests, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, property due diligence, and printing fees and expenses incurred in connection with this Offering (the "**Formation and DD Expenses**"), which Formation and DD Expenses are currently estimated to be approximately $261,750 in the aggregate. The proceeds of the Offering will be used to redeem the Initial Beneficiary's beneficial interest in the Trust (in addition to the fees and expenses in connection with the acquisition of the Property, and offering of the Interests), and to fund reserves, as the Interests are sold to Investors. See "ACQUISITION AND FINANCING TERMS" and "ESTIMATED USE OF PROCEEDS." The total aggregate amount of Selling Commissions, Marketing/Due Diligence Reallowance and Formation and DD Expenses (collectively, "**Selling Commissions and Expenses**") will not exceed 10% of the Maximum Offering Amount. The Trust reserves the right to reallocate items of compensation set forth herein, provided that the maximum shall not exceed 10% of the Maximum Offering Amount. The Formation and DD Expenses are based on certain assumptions made by the Trust. The actual amount of these costs may be higher or lower than anticipated. If actual total costs are less than budgeted, the excess funds will be retained by the Trust. If actual expenses are higher than estimated, the Initial Beneficiary will be required to pay for such excess amount. The Trust, in its sole discretion, may accept purchases of Interests net (or partially net) of the Selling Commissions and Expenses and other items of compensation due to Initial Beneficiary or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion.

In the event an Investor independently uses the services of an Investment Advisor and not a Broker-Dealer in connection with the purchase of Interests, no Selling Commissions and Expenses will be payable to such Investment Advisor with respect to the Investor's purchase of those Interests, which will have the effect of increasing the amount of Interests purchased by the Investor. The payment of any fees or similar compensation to such Investment Advisor will be the sole responsibility of the Investor, and the Trust will have no liability for that compensation. The proceeds to the Trust per Interest will not be affected by this waiver of Selling Commissions and Expenses.

Inquiries regarding subscriptions should be directed to:

SRRT Square 2 DST
c/o SRRT Properties, LP
901 North Third Street, Suite #100
Minneapolis, MN 55401
(612) 371-3000
econdra@sr-re.com

Property Identification

You should consult your tax or financial advisors regarding the proper identification of the Interests for purposes of Section 1031. A Property Identification Form is uploaded to the Investor Data Room.

Limitation of Offering

The offer and sale of Interests offered herein are made in reliance upon exemptions from the Securities Act and state securities laws provided pursuant to Rule 506(c) of Regulation D promulgated under the Securities Act. Accordingly, the sale of Interests will be strictly limited to accredited investors and does not constitute an offer to sell Interests or a solicitation of an offer to buy Interests with respect to any person not satisfying those qualifications. We must take all reasonable steps to verify that all such purchasers are accredited investors. As a result, you must provide sufficient financial information to us so that we have a reasonable basis to believe that you are an accredited investor. We may utilize an independent, third-party verification service in order to assist us in verifying your accredited investor status as well as provide you with a safe, secure and confidential process by which you can submit any financial information required by us for verification.

Investors will be required to make specific representations concerning their status as an accredited investor and as to their individual net worth as it relates to their investment in the Interests in the Purchase Agreement. In addition, Investors will be required to represent in the Purchase Agreement that they are able to bear the economic risk of the investment in the Interests for an indefinite period of time, believe that the investment is suitable for them and that they had the opportunity to ask questions of and request additional information from the Trust regarding this offering. Investors will be required to establish accredited status and may be request to provide additional evidence regarding the applicable financial suitability, knowledge and experience requirements at any time prior to the acceptance of the Purchase Agreement.

Ownership by the Initial Beneficiary

If the Trust sells less than all of the Interests during the offering period, the Initial Beneficiary or an Affiliate will own the remaining Interests. See "RISK FACTORS – Risks Relating to Private Offering and Lack of Liquidity."

Acceptance of Investors

The Trust may accept or reject the Purchase Agreement of any prospective Investor for any reason. Any proposed purchase of Interests not accepted within 30 days of receipt shall be deemed rejected.

RISK FACTORS

AN INVESTMENT IN THE INTERESTS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT IT IS IMPOSSIBLE TO PREDICT THE RESULTS FROM AN INVESTMENT IN INTERESTS. EACH PROSPECTIVE INVESTOR MUST CAREFULLY READ THIS MEMORANDUM PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THIS INVESTMENT. ALL PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, AMONG OTHER RISKS, THE FOLLOWING RISKS, AND SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, AND FINANCIAL ADVISORS WITH RESPECT THERETO PRIOR TO INVESTING IN INTERESTS.

Risk Related to Forward-Looking Statements.

Some of the information you will find in this Memorandum may contain forward-looking statements, which are based on various assumptions which may not prove to be correct. For example, such assumptions include, but are not limited to, the continued growth and expansion of the local and regional economies, anticipated leasing schedules and budgeted capital improvement expenditures. The assumptions form the basis for various forecasts set forth in this Memorandum and, if incorrect, would make the forecasts incorrect. Since the assumptions are beyond the control of the Trust or the Investors, there can be no assurance that such assumptions, such forecasts or other forward-looking statements will accurately predict future events or the actual performance of the Property. Any forecasts included in this Memorandum or any other material or documents supplied by the Initial Beneficiary or their Affiliates or in connection with this Offering, including forecasts regarding future cash flow and financial performance, should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. In addition, any forecasts and statements, written or oral, which do not conform to those contained in this Memorandum should be disregarded, and their use is a violation of law. No representation or warranty can be given that the estimates, opinions or assumptions made herein or therein will prove to be accurate. Prospective Investors should closely review the assumptions set forth in the forecasts.

The Trust intends to identify forward-looking statements in this Memorandum by using words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "maybe," "objective," "plan," "predict," "project" and "will be" and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. These types of statements discuss future expectations or contain forecasts or estimates. When considering such forward-looking statements, you should keep in mind the risk factors outlined herein. These risk factors, or other events, could cause actual results to differ materially from those contained in any forward-looking statement.

ALTHOUGH THE SIGNATORY TRUSTEE BELIEVES THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, IT CANNOT ASSURE PURCHASERS THAT ITS EXPECTATIONS WILL BE ATTAINED OR THAT ANY DEVIATIONS WILL NOT BE MATERIAL. THE SIGNATORY TRUSTEE UNDERTAKES NO OBLIGATION TO RELEASE THE RESULT OF ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS THAT MAY BE MADE TO REFLECT ANY FUTURE EVENTS OR CIRCUMSTANCES.

Real Estate Risks

Speculative Investment. No assurance can be given that the Investors will satisfy their investment objectives. No assurance can be given that the Investors will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Property. For this reason, prospective Investors should carefully read this Memorandum. **Each prospective Investor should consult with his or her attorney or business or tax advisors prior to making an investment in the Interests**.

General Risk of Investment in the Property. Master Lease payments to the Trust, and thus cash flow paid to the Investors, will be wholly contingent on the successful development and operation of the Property; therefore, the economic success of an investment in Interests will depend directly upon the Tenants and the Ground Lessee paying rent pursuant to the Leases and the Master Lease. The operation of the Property will be subject to those risks typically associated with real estate investments. Vacancies that are not filled or is filled at less attractive terms can adversely affect operating results or render the sale of the Property difficult or unattractive. No assurance can be given as to the accuracy of certain assumptions related to the future occupancy of the Property by Tenants. Such factors include continued validity and enforceability of the Leases, vacancy at the Property, the financial resources of the Tenants or successor tenants, residential rent levels in the market, adverse change in local population trends, market conditions, neighborhood property values, local economic and social conditions, supply and demand for properties similar to the Property, competition from similar properties, environmental hazards and liabilities caused by third parties, interest rates and real estate tax rates and assessments, governmental rules, regulations and fiscal policies, zoning restrictions and other easements, covenants and restrictions that affect title to the Property, the enactment of unfavorable environmental or hazardous material laws, labor and material costs, uninsured losses, effects of inflation and other risks. Further, given the total costs, expenses, and the acquisition fee the Trust will incur in this Offering, if the Trust decides to sell the Property, it would have to sell the Property at a substantially higher price to recover the original investment.

The Project may not achieve its projected rental rates. Our projections assume we will receive among the higher end of rental rates in the Lincoln market, which is a limited segment of the market with several other comparable apartment complexes in Lincoln receiving similar rental rates. If the Ground Lessee is unable to secure Leases at these projected rental rates, it will negatively affect our forecasts.

The Ground Lessee may encounter development and construction risks. An investment in the Trust will be subject to all of the risks associated with development and construction, including the risk the Ground Lessee may not be able to obtain governmental zoning and permitting approvals, risks associated with the cost and timely completion of construction, construction cost overruns, general market and leasing risks, and the risk the Ground Lessee may not be able to obtain construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development and construction activities once undertaken, any of which could have a material adverse effect on our financial condition and results of operation. These risk will also delay Tenants in occupying the Property and paying rent to the Ground Lessee.

You must rely on the Ground Lessee for the development and management of the Project. The Ground Lessee will make all decisions concerning the construction and development of the Property. You must rely on the experience of the Ground Lessee's principals to execute these types of projects, and past experience may not result in the Project and the Trust providing forecasted financial returns. Although the Ground Lessee is required by applicable fiduciary principles to manage the Property in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner that is reasonably in its best interests, you should understand that the Ground Lessee's principals are presently engaged in other independent business activities. Although the Ground Lessee intends to allocate sufficient time to managing the Property, this will necessarily give rise to conflicts of interest involving the allocation of the Ground Lessee's time and resources.

Real estate investments are generally long-term investments. Virtually all real property investments are subject to certain inherent risks. Real estate investments are generally long-term investments that cannot be quickly converted to cash. Real property investments are also subject to adverse changes in general economic conditions or local conditions that may reduce the demand for residential apartment properties. Other factors can also affect real estate values, including federal, state or local regulations and controls affecting rents, prices of goods, fuel and energy consumption and prices, water and environmental restrictions; increasing labor and material costs; and the attractiveness of the property to renters. Moreover, we may not be able to sell the Project if and when we decide to do so. The real estate market is affected by many factors, such as general economic conditions, the availability of financing, interest rates and other factors, including supply and demand for real estate investments, all of which are beyond our control.

Certain losses may have adverse effects even if insured against. The Ground Lessee will try to maintain adequate insurance coverage against liability for personal injury and property damage. However, there can be no assurance that insurance will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as earthquakes, floods and/or terrorism, may be unavailable or available at commercially unreasonable rates or in amounts that are less than the full market value or replacement cost of a 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 current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Trust may lose all or part of its investment.

Certain losses may not be insurable or may be too costly to insure against adequately. The Ground Lessee will maintain insurance against certain kinds of losses, such as losses from fires. However, there are certain types of losses which either cannot be insured at all or cannot be insured at reasonable premiums. If any such loss were to occur, the Trust would be materially adversely affected.

Competition for Tenants. The Project will be operating in a competitive market. In the event that any of the tenants vacate their respective spaces prior to the expiration of their respective leases, the Ground Lessee will be competing for Tenants on the basis of location, access, rental rates, size and layouts of space, amenities within leased space, the quality of the surrounding area and a variety of other factors. The success of the Project will depend to a large degree upon its ability to compete with other similar types of properties, which in turn depends upon its ability

to be competitive as to the foregoing factors. The failure of the Ground Lessee to establish and maintain a favorable market position would have a material adverse effect on its profitability.

Leasing Risks. There are many leasing risks to consider in operating the Project which could adversely affect the performance of the Project. Some of these leasing risks, include but are not limited to, Tenants may not renew their leases as anticipated, Tenants may experience economic difficulties, which may necessitate a reduction or deferral in rent or a reduction of their space to retain any such tenant, a Tenant may file for bankruptcy and reject their lease, it may take long to release space or to lease vacant space than projected and the Ground Lessee may have to give more tenant concessions to attract or retain Tenants than estimated, including those for free rent periods.

Casualty or Condemnation. There can be no assurance that in the event of a fire or other casualty, the insurance maintained by the Trust will be sufficient to cover any particular liability or other unanticipated loss. In addition, the particular risks that are currently insurable may not continue to be insurable on an economical basis or the necessary levels of coverage may not continue to be available. If a loss occurs that is partially or completely uninsured, an Investor may lose his or her entire investment in the Property.

Environmental Liability. Federal, state and local laws may impose liability on a property owner for releases, or the otherwise improper presence on the premises, of hazardous substances without regard to fault or knowledge of the presence of such substances. A property owner may be held liable for environmental releases of such substances that occurred before it acquired title and that are not discovered until after it sells the property. If any hazardous substances are found at any time on the Property, the Trust may be held liable for all cleanup costs, fines, penalties and other costs regardless of whether it owned the contaminated Property when the releases occurred or the hazardous substances were discovered. Under one such law, the Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**"), a purchaser of property may qualify for certain defenses to, and exemptions from, liability under CERCLA by obtaining a new or updated Environmental Site Assessment that qualifies as an "All Appropriate Inquiry" under CERCLA, as long as the Assessment was conducted, or updated, within 180 days of the purchase of the property (the "**180 Day Period**").

If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Property may be substantially affected. In an extreme case, the contaminated Property may be rendered worthless, or the Trust may be obligated to pay cleanup and other costs in excess of the value of the Property. The Lincoln, Nebraska office of Terracon Consultants, Inc completed a Phase I Environmental Site Assessment ("**Phase I**") and a Limited Site Investigation ("**LSI**"). The Phase I was conducted consistent with the procedures included in ASTM E1527-13, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. The Phase I, dated February 4, 2022, recommended conducting additional investigation to evaluate subsurface conditions associated with the identified recognized environmental conditions.

The Phase I ESA also identified that a portion of the northeast corner of the site lies within the 100-year flood zone, as defined by FEMA. The principal building is not located within the flood plain, so there are different options for moving forward with the final plat. One option is to plat the area that lies within the floodplain as a separate outlot. A second option is to plat the whole block as a single lot and maintain flood insurance on the Property.

Terracon issued a LSI report, dated May 18, 2022, after the Phase I recommendation for further investigation. The LSI found that although some contaminants were found on the Property, additional assessment was not warranted. The LSI report's recommendation is to work collaboratively with the construction contractors to ensure they are prepared to (a) identify impacted soils during redevelopment activities, if any, and (b) properly transport and dispose of them, if found.

Strict Liability for Toxic and Hazardous Materials. Federal, state and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable under federal law for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. The Trust will not make any representations to the Investors as to the absence of hazardous substances at the Property. If any hazardous materials are found at any time within any portion of the Property in violation of law, the Trust will likely be liable for all cleanup costs, fines, penalties and other costs. This potential liability will continue after the Property

is sold and may apply to hazardous materials present within the Property before the Trust acquired the Property. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Property may be substantially affected. In extreme cases, the Property may be rendered worthless, or worse, the Trust may be obligated to pay cleanup costs in excess of the value of the Property.

Earthquake, Hurricane and Flood Exposure. It is anticipated that the Ground Lessee will procure flood insurance, hurricane insurance or earthquake insurance where appropriate. Nevertheless, the Property may be damaged in the future by flooding and/or seismic activity, resulting in a partial or total loss of such Property. To the extent the Property is damaged by a flood, hurricane or an earthquake, Ground Lessee, subject to the terms of the Leases, will be obligated to repair such damage, and the Investors returns may be reduced accordingly.

Acts of Terrorism. In light of the threat of terrorist actions against the United States, certain lenders have required additional insurance covering acts of terrorism without regard to the reasonableness of any related premiums or the likelihood that a particular property will be a terrorist target. There is no assurance that terrorism insurance coverage will be obtained, and, if obtained, there is no assurance that such insurance will be adequate or will continue to be available at affordable rates.

Compliance with the Federal and State Disability Laws. The Project is required to comply with the Americans with Disabilities Act, or "**ADA**." The ADA generally requires that buildings be made accessible to people with disabilities. The Ground Lessee also must comply with the Fair Housing Act, which prohibits discrimination against individuals on certain bases if it would cause such individuals to face barriers in gaining residency in the Project. Additionally, the Ground Lessee is required to operate the Project in compliance with applicable fire and safety regulations, building codes and other land use regulations or certification requirements as they may be adopted by governmental agencies and bodies from time to time. Non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both, which could be imposed on the Trust or Ground Lessee.

Interests Not a Diversified Investment. The Trust's investment consists of one apartment complex. Accordingly, the Property is not well diversified as to market, and an investment in the Interests will not be diversified as to asset type. Accordingly, a decrease in the demand for apartments in Lincoln, Nebraska could have a greater adverse effect on rental revenues from the Property than if the Trust owned a more diversified real estate portfolio. The poor performance of the Property would adversely affect the profitability of the Interests.

Form of Ownership. The Investors will own beneficial interests in a Delaware statutory trust that owns legal title to the Property. See "SUMMARY OF THE TRUST AGREEMENT." The Investors will have no ownership right in the Property and, pursuant to the Trust Agreement, will have no say in the operation or ownership of the Property.

Investors holding at least sixty-six percent (66%) of the outstanding Interests may remove a Trustee only if the Trustee has engaged in willful misconduct, fraud or gross negligence with respect to the Trust. Upon the resignation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor Trustee.

Determination of Purchase Price/Valuation. The Trust's predecessor in interest originally acquired the Property in May 2025, from unrelated third-party seller, for an acquisition price of approximately $1,000,000. Additionally, the Trust has and will incur related transaction, offering and financing costs. See "SUMMARY OF THE OFFERING – Property – Acquisition Terms." The purchase price for Interests was determined unilaterally by the Trust and is not based on an arm's-length negotiation. $5,400,000.00 of Interests are being sold pursuant to this Offering, which includes an initial reserve of $25,000, as well as fees and expenses payable to the Initial Beneficiary, its Affiliates, and third parties,. Therefore, the Investors should not expect that the price paid for their investment is reflective of the fair market value of the Property on a stand-alone basis.

Lack of Audited Income Statements. The Trust did not obtain any audited income statements regarding the Property from the seller.

Title and Survey Matters. The Property is subject to various matters affecting title, including but not limited to, zoning ordinances, building codes and the matters set forth on the title commitments and surveys which will be

provided to Investors upon request. Such matters may include, for example, easements, declarations, restrictions and other limitations on the right of the Trust to construct, develop and use the Property. In addition, other issues that are not disclosed by the title commitments or the surveys may affect title. In connection with the acquisition of the Property, title insurance was obtained. In the event that a known or new matter arises with respect to the Property, however, there is no guaranty that the title insurance will sufficiently protect the Trust against all title issues affecting such Property, that the title company will pay any claim, that the title insurance is sufficient to cover any damages, or that the Trust will not incur costs in making a title insurance claim.

Risks Relating to the Trust Structure

Investors Have Limited Control over the Trust. The Trustees (and in particular the Signatory Trustee) are solely responsible for the operation and management of the Trust. The Investors have no right to participate in the management of the Trust, or in the decisions made by the Trustees. Even though the Investors will be canvassed prior to the Signatory Trustee entering into a binding contract to sell the Property, and even though such Signatory Trustee will take the opinions of the Investors concerning such prospective sale into account in good faith, the Signatory Trustee is under no obligation to make its decision with respect to such prospective sale in accordance with the wishes of the Investors. The Trustees may only be removed by Investors holding a majority of the Interests, and only if the Trustees have engaged in willful misconduct, fraud or gross negligence.

Limited Duties of Trustees. The Trustees do not owe any fiduciary or other duties to the Investors other than those provided for in the Trust Agreement. The Trust Agreement provides that the Trustees are individually answerable for their actions to the Investors only if, among other things, the Trustees engage in willful misconduct or gross negligence or any Prohibited Action, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement. In addition, the Trustees may only be removed by Investors holding a majority of the Interests, and only if the Trustees have engaged in willful misconduct, fraud or gross negligence.

Limited Powers of Trustees; Risk of Termination of the Trust. To comply with Revenue Ruling 2004-86 regarding exchanges under Section 1031, the Trust Agreement prevents the Trustees from engaging in numerous actions, including (a) reinvesting the proceeds from the sale of the Property in other property, (b) taking advantage of favorable market conditions by renegotiating the terms of new financing, renegotiating the Master Lease or the Leases or entering into new leases except in the event of the bankruptcy or insolvency of a Tenant, (c) making other than minor non-structural modifications of the Property other than as required by law, (d) after the formation and capitalization of the Trust, accepting any additional capital contributions from any Investor, or any contributions from any prospective new investor, (e) acquiring any parcel of real estate other than the Property, or (f) taking 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. These restrictions severely limit the actions the Trustees can take on behalf of the Investors with respect to the Property. Accordingly, in order cure or mitigate certain events, the Trust may need to be terminated. In such a case, the Trust would be terminated by being converted into an LLC. See "SUMMARY OF THE TRUST AGREEMENT." Although the Property would remain subject to the Leases (and the Master Lease) after such transaction, and the direct and indirect ownership interest of each Investor in the LLC would be identical to such Investor's Interest in the Trust, the Investor would at such time no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Property. Since an LLC that is directly owned by the Investors would be treated as a partnership for tax purposes, it may be difficult or impossible to do a tax-free exchange when the LLC disposes of the Property.

Risks Relating to Private Offering and Lack of Liquidity

Limited Transferability of Interests. Each Investor will be required to represent that he or she is acquiring Interests for investment and not with a view to distribution or resale, that such Investor understands that Interests are not freely transferable and that such Investor must bear the economic risk of investment in Interests for an indefinite period of time because: (i) Interests have not been registered under the Securities Act or applicable state "Blue Sky" or securities laws; and (ii) Interests cannot be sold unless subsequently registered or exempt from such registration. There currently is no market for Interests nor is one expected in the future and Investors may not be able to liquidate their investment in case of an emergency. Further, the sale of Interests may have adverse federal income tax consequences.

Offering Not Registered With SEC or State Securities Authorities. The Offering will not be registered with the SEC under the Securities Act or the securities agency of any state, and is 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 Investors meeting the suitability requirements set forth herein. Since this is a nonpublic offering, prospective Investors will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

Private Offering Exemption - Compliance with Requirements. Interests are being offered, and will be sold, to persons or entities in reliance upon a private offering exemption from registration or qualification provided in the Securities Act and securities or "Blue Sky" laws and regulations in the states in which the Interests are being offered. If the Trust fails to comply with the requirements of such exemptions, Investors may have the right to rescind their purchase of the Interests. If such were the case and a number of Investors were successful in seeking rescission, the Trust would face severe financial demands that would adversely affect the Investors as a whole and, thus, the investment in the Interests by the remaining Investors.

No Minimum. There is no minimum amount of proceeds that must be raised or minimum number of Investors required in connection with this Offering. If the Trust is unable to sell all of the Interests and cannot redeem interests owned by the Initial Beneficiary and/or pay all costs of the Offering, the Initial Beneficiary will retain the unsold Interests in satisfaction of its advances to the Trust and the payment of various fees owed to the Initial Beneficiary in connection with the Offering. In such event, the ownership of the Interests by the Initial Beneficiary involves certain risks that potential Investors should consider, including, but not limited to, the fact that the full or even a significant amount of the Interests will not have been invested by disinterested investors after an assessment of the merits of the Offering.

Ownership of Interests by Initial Beneficiary or Their Affiliates. The Initial Beneficiary or their Affiliates might acquire Interests if the Trust does not sell all of the Interests during the offering period. The ownership of Interests by the Initial Beneficiary or their Affiliates and the inability to sell all of the Interests involves certain risks that potential Investors should consider, including, but not limited to, the following:

(1) the Initial Beneficiary or an Affiliate may have a conflict of interest because, for example, it might have an interest in disposing of the Property at an earlier date than other Investors so as to recover their investments in the Interests; and

(2) the full Offering amount will not have been invested by disinterested investors after an assessment of the merits of the Offering.

Risks Related to Financing

Any loan documents may contain various restrictive covenants, and if the Ground Lessee fails to satisfy or violate these covenants, the lender may declare the loan in default. Any loan documents contain customary restrictive covenants, representations and warranties. If the Ground Lessee fails to satisfy or violates the covenants and agreements in the loan documents, then the lender may declare such financing in default. If the Ground Lessee fails to cure a default within the time periods set forth in the loan documents, the lender will likely have several remedies available, including foreclosing on the leasehold interest in Property or declaring all amounts due and payable. If the lender were to foreclose on the leasehold interest in the Property or to declare the loan due, the Investors could lose a portion of their investment in the Trust.

A failure to comply with reporting obligations of any loan documents may result in a default. Any loan documents are likely to contain several covenants requiring the Ground Lessee to prepare various financial and operating reports and statements. These reports and statements are to be prepared by the Ground Lessee. If the Ground Lessee fails to prepare these reports or statements, that failure will result in a default under any loan Documents, which may ultimately result in a foreclosure or the leasehold interest under the applicable loan.

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

Reliance on Ground Lessee. The Trust has entered into a Master Lease with the Ground Lessee, the form of which is attached hereto. As a result, the prospective Investor should not purchase the Interests unless the prospective Investor is willing to entrust all such aspects of the assets and finances of the Property to the Ground Lessee. If the Ground Lessee fails to properly manage the property management and finances or other aspects of the Property, then the Investor's investment may be harmed, and the Investor may not achieve the expected return, if any, on the Interests.

Conflicts of Interest. The Ground Lessee and the Signatory Trustee and any Affiliate may have conflicts of interest in allocating management time, services and functions between various existing enterprises and future enterprises. The Ground Lessee, the Signatory Trustee and their Affiliates may be involved in other business ventures that may compete directly with the Property. See "CONFLICTS OF INTEREST."

The Signatory Trustee and the Ground Lessee have a conflict of interest because both are Affiliates of the Initial Beneficiary. Therefore, it is highly unlikely that the Signatory Trustee will terminate the Master Lease unless the Signatory Trustee has been replaced.

Variance from Financial Forecast. There may be a variance from the Trust's Financial Forecast included herein due to a variety of factors, including, without limitation, any of the following:

(1) Actual expenses could be in excess of projected expenses;

(2) Collection of rent may occur in a subsequent year than the year projected due to the requirement or the failure of the Tenants to make rent payments when due; and

(3) The Tenants may terminate the Leases early or fail to renew Leases.

Lack of Diversification. An Investor will acquire the beneficial Interests in the Trust, which will own the Property. Thus, an investment in the Interests will not be diversified as to asset type.

Sale of the Property. The proceeds realized from the sale of the Property will be distributed to the Trust and then by the Trust among the Investors in accordance with their respective Interests, but only after repayment of any indebtedness and satisfaction of the claims of other third-party creditors, as applicable. The ability of any Investor to recover all or any portion of its investment will, accordingly, depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. There can be no assurance that the Investors will receive any proceeds from sale of the Property.

Lack of Audited Financial Reports. There will not be any audited financial reports available to the Investors with respect to the Property. Thus, it may be costly and difficult to verify the accuracy of any financial reports detailing the operations of the Property.

Rent Received from Ground Lessee Entirely Dependent on Rent Received by Ground Lessee from Tenants. The amount of Rent distributed by the Trust to the Investors will depend upon the extent to which the amount of rent received by the Ground Lessee from the Tenants exceeds the amounts to which the Trust is entitled under the Master Lease. Thus, Investors must rely entirely on the Tenants, and not the Ground Lessee itself, as the sole source of cash to fund payments of Rent to the Trust.

Tax Risks

Acquisition of the Interests May Not Qualify as a Section 1031 Exchange. An Interest may not qualify under Section 1031 for tax-deferred exchange treatment and a portion of the proceeds from an Investor's sale of his or her property to be relinquished (the "**Relinquished Property**") could constitute taxable boot (as hereinafter defined). Whether any particular acquisition of an Interest will qualify as a tax-deferred exchange under Section 1031 (a "**Section 1031 Exchange**") depends on the specific facts involved, including, without limitation, the nature and use

of the Relinquished Property and the method of its disposition, the use of a qualified intermediary and a qualified exchange escrow and the lapse of time between the sale of the Relinquished Property and the identification and acquisition of the replacement property (the "**Replacement Property**"). Neither the Trust nor its Affiliates or agents are examining or analyzing any prospective Investor's circumstances to determine whether such Investor's acquisition of the Property qualifies as a Section 1031 Exchange. Moreover, no opinion or assurance is being provided to the effect that any individual prospective Investor's transaction will qualify under Section 1031. Such examinations or analyses are the sole responsibility of each prospective Investor, who must consult with his or her own independent legal, tax, accounting and financial advisors before purchasing an Interest. If the factors surrounding a prospective Investor's disposition of the Relinquished Property and his or her acquisition of the Interests do not meet the requirements of Section 1031, the disposition of the Relinquished Property will be taxed as a sale and the IRS will assess interest and possibly penalties for failure to timely pay such taxes.

With respect to issues of availability and timing, prospective Investors should be aware that merely designating an Interest in connection with an Investor's Section 1031 exchange does not assure the Investor that there will be Interests available to purchase when the Investor executes the Purchase Agreement and causes his or her qualified intermediary to transfer funds to complete the purchase of the Interest.

On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-33 I.R.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in the Delaware statutory trust described in the ruling (the "**DST**") satisfies the requirements of Section 1031. The IRS based its holding on the following conclusions: (a) the DST is treated as an entity separate from its owners (and not as a co-ownership or agency arrangement), (b) the DST is an "investment" trust and not a "business entity" for federal income tax purposes, (c) the DST is a "grantor trust" for federal income tax purposes, with the holders of interest in the DST treated as the grantors of the DST, and (d) the holders of an interest in the DST are treated as directly owning an interest in real property held by the DST. Because the holding of Revenue Ruling 2004-86 is based on numerous factual assumptions regarding the DST, not all of which apply to the Trust, there can be no guaranty that an Interest will satisfy the requirements of Section 1031. However, the Trust Agreement has been drafted such that it is consistent with the material factual assumptions regarding the DST. See "FEDERAL INCOME TAX CONSEQUENCES."

Property Identification Rules under Section 1031 are Strictly Construed. Investors contemplating a Section 1031 exchange must identify replacement property within 45 days after the date on which the property relinquished in the exchange is transferred. Such identifications generally must be made in a written document signed by the Investor and timely delivered to a qualified person (such as a qualified intermediary) and must contain an unambiguous description of the replacement property. See "PLAN OF DISTRIBUTION – Property Identification." Although a form that may be used by Investors in identifying the Property is uploaded to the Investor Data Room, this form must be customized by each Investor in order to reflect the Interest such Investor is acquiring. The identification rules are strictly construed and a Section 1031 exchange may be disqualified if the property identification rules are not complied with or the deadlines set forth in the Regulations regarding the timing of property identifications are not met. Investors must consult with their own tax advisors concerning their satisfaction of the property identification requirements of Section 1031.

There can be no assurance that an Investor's offer to acquire an Interest will be accepted. Accordingly, a prospective Investor pursuing a Section 1031 Exchange is strongly encouraged to (if and to the extent he, she, or it is otherwise permitted to do so under the particular identification rules applicable to him, her or it) "identify" the maximum number of alternative Replacement Properties and not to identify only his, her or its prospective interest in the Interests purchased in this offering.

State and Local Laws. Prospective Investors may be affected in different ways by state and local taxes that are not discussed in this Memorandum, such as income taxes, franchise taxes, privilege and use taxes, and other taxes and fees. Therefore, each prospective Investor is urged and expected to consult with his or her personal tax advisor regarding the state and local tax consequences resulting to such Investor from a potential purchase of an Interest.

Changes in Federal Income Tax Law. Congress may, at any time, change the law regarding 1031 exchanges, either by limiting them in some way, or by eliminating them altogether. Should such a change occur, the ability to exchange out of your investment in the Property could be limited or eliminated and you could be subject to substantial tax on the sale of the Property.

If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Tax Deferred Exchange Treatment under Section 1031. As indicated in "*SUMMARY OF THE TRUST AGREEMENT*," in order to cure or mitigate certain events, the Signatory Trustee may be required to terminate the Trust by converting it into (or otherwise effecting the transfer of the Property to) a Springing LLC. 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 the like kind exchange provisions of Code Section 1031. THUS, IF THE TRUST TRANSFERS THE PROPERTY TO THE SPRINGING LLC, IT IS UNLIKELY THAT ANY OF THE OWNERS WHO RECEIVE INTERESTS IN THE SPRINGING LLC WILL THEREAFTER BE ABLE TO DEFER THE RECOGNITION OF APPLICABLE GAIN UNDER SECTION 1031 (PROVIDED, HOWEVER, THAT THE SPRINGING LLC, IN ITS OWN CAPACITY, MAY BE ABLE TO ENTER INTO A SECTION 1031 EXCHANGE FOR ITS OWN ACCOUNT).

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

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

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COMPENSATION OF THE INITIAL BENEFICIARY, GROUND LESSEE, SIGNATORY TRUSTEE AND AFFILIATES

The following is a description of compensation that may be received by the Initial Beneficiary, the Ground Lessee, the Signatory Trustee and their Affiliates in connection with the Offering of Interests and the ownership, operation and sale of the Property. Other than as specified herein, no compensation will be paid to the Initial Beneficiary, the Ground Lessee, the Signatory Trustee or their Affiliates. These compensation arrangements have been established by the Trust and are not the result of arm's-length negotiations. The amounts set forth below are estimates and are subject to change based upon the amount of proceeds raised and expenses incurred.

Form of Compensation and Entity Receiving	Description	Estimated Amount of Compensation
	Offering and Organization Stage:	
Formation and DD Expenses Reimbursement:	The Initial Beneficiary will be reimbursed for expenses incurred for formation and due diligence expenses, including an acquisition fee of $162,500	Anticipated to be approximately $261,750.
Sales Commissions:	A registered broker dealer may receive sales commissions, placement fees, and a dealer fee to cover marketing and due diligence expenses totaling up to 5.5% of the proceeds from the sale of Interests sold by them which may be reallowed in whole or in part to the Selling Group Members. As of the date of this Memorandum, the Trust has not engaged any broker dealer to sell the Interests.	The estimated commission to be paid is $0. The maximum allowable commissions that could be paid are approximately $297,000.00.
	Development Phase	
Development Fee:	Schafer Richardson, LLC will be paid a development fee by the Ground Lessee (and not the Trust) in connection with serving as the developer of the Project.	The Development Fee will be approximately $788,200.
	Operating Stage:	
Asset Management Fee:	The Signatory Trustee will receive an asset management fee, as provided in the Asset Management Agreement, on an annual basis in an amount equal to four-tenths of one percent (0.4%) of the Contributed Value, paid in one-twelfth increments monthly.	The Asset Management Fee, on an annual basis, will be approximately $20,400.
	Property Disposition Stage:	
Disposition Fee:	Upon the sale of the Property, the Signatory Trustee will be entitled to receive a disposition fee of three percent (3.0%) of the gross sale price, as such	Impractical to determine at this time. The amount of the fee will

fee may be increased to include any commissions or fees payable by the Trust or an Affiliate to any third-party in connection with the sale of the Property.	depend on the sale price of the Property.

FIDUCIARY DUTIES OF THE INITIAL BENEFICIARY, TRUSTEES AND GROUND LESSEE

Except under certain terms of the Trust Agreement, the Initial Beneficiary, Trustees or the Ground Lessee will have no fiduciary duty to the Investors even though certain decisions or actions they take might be viewed as being in conflict with the interests of the Investors. The Trust Agreement provides that the Trustees are liable to the Investors for their actions only if, inter alia, the Trustees engage in willful misconduct or gross negligence or any Prohibited Action, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement.

CONFLICTS OF INTEREST

The Initial Beneficiary and their Affiliates will act as a Trustee, Ground Lessee, advisor, and/or controlling party of other limited liability companies, partnerships, trusts and other entities or arrangements involved in the real estate industry from time to time. Such parties may presently own properties similar to the Property, which may compete with the Property, and may acquire additional properties in the future that may also compete with the Property. Such parties also have existing responsibilities and, in the future, may have additional responsibilities, to provide management and services to a number of other entities. The Investors will not have any interests in any such future entities or properties. The Property could be adversely affected by these conflicts of interests.

The principal areas in which conflicts may be anticipated to occur are as follows:

Affiliated Ownership and Management

The Initial Beneficiary, the Ground Lessee and the Signatory Trustee are affiliated through common management and ownership. If there are not sufficient Investors interested in acquiring the Interests, the Initial Beneficiary or an Affiliate may own Interests. The interests of the Initial Beneficiary may not always be consistent with those of the Investors. Such common ownership may lead to a conflict of interest between the entities' and persons' various roles as owners or officers, respectively, of the Initial Beneficiary, the Ground Lessee and the Signatory Trustee, including conflicts with the Investors regarding decisions related to the Lease and the Property.

Competition for Tenants

The Initial Beneficiary and their Affiliates may acquire other properties similar to the Property in the same market. See "RISK FACTORS – Real Estate Risks – Competition."

Obligations to Other Entities

The Initial Beneficiary, the Ground Lessee, the Signatory Trustee, and their respective principals, owners and executive officers will (1) have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged and others that may be organized in the future, and (2) will devote only so much time as they, in their sole discretion, deem to be reasonably required for the proper management of the Trust and the Property, respectively. Such parties believe they have the capacity to discharge their responsibilities, notwithstanding participation in other present and future investment programs and projects.

Interest in Other Activities

The Initial Beneficiary and its respective owners, principals and executive officers and Affiliates may engage for their own account, or for the account of others, in other business ventures. Investors will not be entitled to any interests in such other activities.

Resolution of Conflicts of Interest

The Initial Beneficiary has not developed, nor does it expect to develop, any formal process for resolving conflicts of interest.

Initial Beneficiary May Retain Interests

The Initial Beneficiary may retain Interests in the Trust. The financial obligations and interests of the Initial Beneficiary may not always be consistent with those of the other Investors by virtue of their affiliation with the Ground Lessee and the Signatory Trustee. See "RISK FACTORS – Risks Relating to Private Offering and Lack of Liquidity – Ownership of Interests by Initial Beneficiary and Affiliates."

MANAGEMENT

The Initial Beneficiary

SRRT Properties, LP, a Delaware limited partnership, is a co-sponsor of the Offering of Interests. The Initial Beneficiary's key principals have experience in owning, acquiring, managing, developing and financing real estate.

The Initial Beneficiary and its affiliates engage in various aspects of real estate ownership and investment, including, but not limited to, the ownership, development, operation and syndication of commercial real estate projects. The Initial Beneficiary was formed on September 15, 2014, for operating the UPREIT partnership of SR Realty Trust, Inc., a private real estate investment trust. SR Realty Trust, Inc. is the general partner of the Initial Beneficiary.

Management of SR Realty Trust, Inc.

The key officers and personnel of SR Realty Trust, Inc. are as follows:

Bradley J. Schafer, Director, Chief Executive Officer

Bradley J. Schafer serves as a Director and Chief Executive Officer of SR Realty Trust, Inc. Mr. Schafer is also a Founding Principal of Schafer Richardson and has over 37 years of commercial real estate experience. Prior to forming Schafer Richardson, Mr. Schafer was Vice President with Griffin Real Estate Company as a leasing and investment specialist for 10 years. For Schafer Richardson, Mr. Schafer focuses on debt/equity capital formation, syndication, investment selection, and strategic planning. He is a member of the National Association of Realtors, the Minneapolis Association of Realtors, and the Urban Land Institute.

N. Christopher (Kit) Richardson, Director, Secretary

N. Christopher (Kit) Richardson serves as a Director and Secretary of SR Realty Trust, Inc. Mr. Richardson is a Founding Principal of Schafer Richardson and a Licensed Architect with over 45 years of experience in commercial real estate, development, and architecture. Prior to forming Schafer Richardson, he was Vice President with Griffin Real Estate Company as an investment and land sales specialist for eight years and also worked in the office of Ralph Rapson & Associates. Mr. Richardson specializes in design, development, and construction services, and leads many of the entitlement efforts for the development team. He is a member of the American Institute of Architects, Urban Land Institute, Sensible Land Use Coalition, Lambda Alpha Minnesota, and a former member of the Minneapolis Park and Recreation Board's Tree Advisory Commission. Kit Richardson is Evan Richardson's father.

Steven G. Norcutt, Director, President and Chief Operating Officer

Steven G. Norcutt serves as a Director, President and Chief Operating Officer of SR Realty Trust, Inc. Mr. Norcutt joined Schafer Richardson in 2009 as a Principal and Chief Operating Officer. Mr. Norcutt has over 35 years of experience in financial management, portfolio management and mortgage origination. He has also been involved

in developing a residential construction company, as well as land development and commercial real estate development. Prior to joining Schafer Richardson, Mr. Norcutt held senior management positions with several mortgage origination operations. He served as a Senior Vice President/Portfolio Manager of Structured Finance with ReliaStar (ING) for over 13 years and managed a $3.5 billion portfolio. Mr. Norcutt serves on the Board of Directors of a NASDAQ member firm called New York Mortgage Trust ("**NYMT**"). With NYMT he chairs the Investment Committee and serves on the Audit Committee. Mr. Norcutt is member of the Urban Land Institute, National Association of Office and Industrial Properties, Sensible Land Use Coalition, and the Mortgage Bankers Association.

Gregory J. Springer, Chief Financial Officer and Treasurer

Gregory J. Springer serves as the Chief Financial Officer and Treasurer of SR Realty Trust, Inc. Mr. Springer joined Schafer Richardson in 2014 as Chief Financial Officer and oversees the financial and administrative aspects of the business. His responsibilities at Schafer Richardson include accounting, planning, treasury, risk management, human resources, employee benefits, technology and transaction processing. Before joining Schafer Richardson, Mr. Springer served as the Chief Financial Officer of a privately-held distributor of mid-range computer solutions, and previously held senior financial positions at United Health Group and Arthur Andersen LLP. Mr. Springer has developed an expertise in a broad array of financial and operational activities with a strong orientation to effective business processes, policies and controls. He is a licensed Certified Public Accountant (inactive) and has extensive experience in public reporting, acquisitions and integrations, and banking relationships.

Evan C. Richardson, Senior Vice President

Evan C. Richardson currently serves as Senior Vice President of SR Realty Trust, Inc. Mr. Richardson joined Schafer Richardson in 2013. Mr. Richardson guides Schafer Richardson's efforts to structure and capitalize new initiatives, investment funds, single-asset partnerships and joint venture activities. Mr. Richardson also leads Schafer Richardson's commercial real estate acquisition and underwriting activities. Prior to joining Schafer Richardson, Mr. Richardson was a member of the Capital Markets Group at Cushman & Wakefield/NorthMarq (formerly NorthMarq). During his tenure, the Capital Markets Group listed, sold or consulted on more than nine million square feet of commercial real estate representing approximately three quarters of a billion dollars of aggregate value. Mr. Richardson is a member of the NAIOP and is a board member for the Sanneh Foundation. Evan is Kit Richardson's son.

James W. Hansen, Independent Director

James W. Hansen was named a member of the Board of Directors of SR Realty Trust, Inc. in November 2018 and has been an investor in SR Realty Trust, Inc. since its formation. Mr. Hansen was President of Hill-Murray High School from 2015-2021 and is currently a partner in Bootstrappers.mn a venture advisory firm and a member of the board of Tolomatic, an automatic technology company and SignZone, a private equity backed marketing products company. Prior to joining Hill-Murray he was Chairman of the Board of JAMF Holdings (Nasdaq:JAMF) from 2006 until its sale in 2017. He was Chairman of Reliable Property Services from 2007 until its sale to Asplundh in 2015. Mr. Hansen was formerly Chairman and CEO of E.Mergent, a publicly-traded technology company that was acquired in 2002. Previously, he has been President of a privately held medical services company that was sold to a NYSE company, Senior Vice President and General Manager of the Pension Division of Washington Square Capital, a ReliaStar (NYSE: ING) Company; Vice President of the Apache Corporation (NYSE: APA); and a Management Consultant for BCG. He also served as lead director on the Medtox (NASDAQ:MTOX), Kinnard Investments (NASDAQ: KINN, Ciprico (Nasdaq:CPCI), UBIQ Software and The Braas Company Board of Directors. Mr. Hansen has been recognized as a Distinguished Alumni of the Year by the University of Minnesota and taught at the University of St. Thomas from 1984 until 2015. He twice was named Teacher of the Year by the Graduate Students. Mr. Hansen has been a strong supporter and contributor to civic and non-profit organizations including having served on the Jaycees, Chamber of Commerce, Mahtomedi School Board, Freshwater Society, Solid Ground and Minndependent Board of Directors.

David W. Smith, Independent Director

David W. Smith was named a member of the Board of Directors of SR Realty Trust, Inc. in November 2018. Mr. Smith invested in Buddy's Kitchen, Inc. in September 2007 and became its CEO at that time. After a decade of

rapid growth, Buddy's was sold in late 2017 to a publicly-traded Canadian food company, with Mr. Smith remaining as its CEO until 2019. Prior to Buddy's, Mr. Smith led Mark VII Equipment as CEO and was a founding manager of Nationwide Electric - both private equity-backed firms that concluded with successful exits. Earlier in his career, he led companies in the manufacturing and commercial real estate industries. Mr. Smith serves on a number of boards in both the for-profit and non-profit worlds.

Peter Bell, Independent Director

Peter Bell was named a member of the Board of Directors of SR Realty Trust, Inc. in August 2019. Mr. Bell is the former Chair of the Metropolitan Council, which is a cabinet-level position appointed by the Governor of the State of Minnesota he held for eight years. Prior to his position at the Metropolitan Council, Mr. Bell was executive vice president of Publishing & Educational Services at the Hazelden Foundation in Center City, Minnesota. Before joining Hazelden, Mr. Bell was the cofounder and, for 15 years, executive director of the Institute on Black Chemical Abuse. He was appointed to serve on a commission to the White House Conference on a Drug-Free America. He has written numerous books on chemical dependence, and for his pioneering effort, was named ABC Evening News Person of the Week in 1989. In addition to his work in chemical dependence, Mr. Bell served for five years as executive vice president of corporate community relations of TCF Financial Corporation. Mr. Bell has or currently serves on the board of directors of numerous local and national social, civic and business organizations, including TCF Bank, The Citizens League, Center of the American Experiment, CommonBond, TCRISE! and was a founding member and chair of the Center for New Black Leadership, based in Washington, D.C. Mr. Bell was a member of the Board of Regents for the University of Minnesota from 2002 to 2007. He was also appointed to the transition teams for both Governor Ventura, Governor Pawlenty and Mayor Hodges. Mr. Bell appears frequently on the editorial pages of the Star Tribune, provides commentary for Almanac, a statewide public affairs television program and often provides political and social commentary for MPR.

Jeffrey L. Wright, Independent Director

Jeffrey L. Wright was named a member of the Board of Directors of SR Realty Trust, Inc. in August 2019. Mr. Wright runs a business advisory practice that focuses on strategic financial consulting. In addition to SR Realty Trust, he currently serves on the board of directors of Hawkins, Inc., Lube-Tech, LLC, and E. A. Sween Co. Previously, he was EVP and CFO for 16 years at G&K Services, Inc., a $900 million publicly-traded work apparel and facility management services company. In addition to oversight of all financial aspects of G&K, at various times he managed the Information Technology and Human Resources functions, and also ran the Direct Sales and Cleanroom operating divisions. He played a lead role in negotiating and integrating over 40 acquisitions. During the last 5 years of his tenure, he also served on G&K's board of directors. Prior to G&K, he was an executive with BMC Industries, Inc., Employee Benefit Plans, Inc. and Arthur Andersen LLP. Mr. Wright is a graduate of the University of St. Thomas. Mr. Wright is also active in the community, previously serving on the board of directors of the Greater Twin Cities United Way and was Chair of the Audit Committee. He also served as President of the G&K Services Foundation and was Chairman of the Textile Rental Services Association.

Signatory Trustee

SR DST Trustee, LLC, a Minnesota limited liability company (the "**Signatory Trustee**"), will be the Signatory Trustee of the Property. The Signatory Trustee has no operating history and limited capital. Schafer Richardson, LLC, a Minnesota limited liability company is the sole member of the Signatory Trustee. See "RISK FACTORS - Risks Relating to the Management of the Property - Limited Capital of the Signatory Trustee; Initial Beneficiary Financial Condition."

Ground Lessee

SRRT Square 2 GL, LLC, a Minnesota limited liability company, will be the Ground Lessee of the Property. The Ground Lessee has no operating history and limited capital. The Initial Beneficiary is the sole member of the Ground Lessee. See "RISK FACTORS - Risks Relating to the Management of the Property - Limited Capital of the Ground Lessee; Initial Beneficiary Financial Condition."

RESTRICTIONS ON TRANSFERABILITY

There are restrictions on the transferability of Interests imposed by state and federal securities laws. The Interests offered hereby have not been registered under the Securities Act nor by the securities regulatory authority of any state. The Interests may not be resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available. There currently is no market for the Interests and none is expected to develop. Prospective Investors should view the Interests as being a long-term investment. In addition, a sale of the Interests must be consummated in accordance with the Trust Agreement.

FEDERAL INCOME TAX CONSEQUENCES

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

Classification for Purposes of Section 1031

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

An Interest must constitute an interest in real estate to qualify for exchange treatment under Section 1031. The determination of whether an Interest will be treated for federal income tax purposes as ownership in real estate and not as a security or an interest in a business entity is dependent upon all of the surrounding facts and circumstances. On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-33 I.R.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in the DST satisfies the requirements of Section 1031. The IRS based its holding on the following conclusions: (a) the DST is treated as an entity separate from its owners (and not as a co-ownership or agency arrangement), (b) the DST is an "investment" trust and not a "business entity" for federal income tax purposes, (c) the DST is a "grantor trust" for federal income tax purposes, with the holders of interest in the DST treated as the grantors of the DST, and (d) the holders of interests in the DST are treated as directly owning interests in real property held by the DST. Revenue Ruling 2004-86 listed certain specific matters and trust provisions which would, in the IRS's view, cause an interest in the DST to not qualify for a Section 1031 exchange. It also contains numerous facts regarding the DST and the transactions, and did not indicate which facts were key factors in the Ruling. In addition, the Ruling did not describe many other features of the trust agreement or other factual matters that might affect the IRS analysis. As a result, there are some aspects of the Trust which differ from Revenue Ruling 2004-86 or are not addressed therein.

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

- whether a prospective Investor has properly identified the Replacement Property within the 45 day identification period;

- whether the Relinquished Property qualified as being held for investment purposes or in a trade or business;

- whether a prospective Investor will fall within the deferred exchange safe harbor rules by properly using a "qualified intermediary" and a "qualified exchange escrow;"

- whether a prospective Investor acquiring the Property and attempting to do a reverse exchange meets all the qualifications spelled out in Revenue Procedure 2000-37, 2000 2 C.B. 308 (September 18, 2000);

- whether some portion of the Property is not "real property" as opposed to "personal property;"

- whether the Property qualifies as being held for investment purposes or in a trade or business; and

- whether any amounts paid by, or deemed paid by, the prospective Investors with respect to certain fees, costs and expenses of the Offering, and funding of the Reserve Account will be deemed to constitute other consideration received in the exchange.

Therefore, a prospective Investor must consult his or her own tax advisor regarding an acquisition of an Interest and the qualification of his or her transaction under Section 1031 of the Code. A prospective Investor may not rely on the Trust, the Initial Beneficiary or their Affiliates or its agents, including their accountants, for any tax advice regarding the treatment of his or her transaction under Section 1031 of the Code. For the same reason, a prospective Investor may not rely on any statement made in this Memorandum regarding the qualification of his or her purchase of an Interest under Section 1031. No representation or warranty of any kind is made with respect to the IRS's acceptance of the qualification of a proposed Section 1031 exchange.

Receipt of Boot

If, in a Section 1031 exchange, money is received or deemed received in addition to the like-kind property (referred to as "**boot**"), then gain on the Relinquished Property is recognized up to the amount of boot. Although we are not aware of direct authority on point, prospective Investors should be aware that the IRS may take the position that bridge financing or certain costs paid or deemed paid from money received from the sale of the Relinquished Property are boot and, therefore, income to the Investors. For example, the IRS may conclude that some amounts paid in connection with the Offering of the Interests constitute boot received by the Investors and not a reinvestment in real estate.

Tax Deficiency, Penalties and Interest

If an IRS audit disqualifies an Investor's proposed Section 1031 exchange, the Investor will be taxed on his or her gain on the sale of the Relinquished Property, and the IRS will assess interest and could assess penalties and interest on the tax deficiencies associated with any failed Section 1031 exchange. The Code provides for penalties relating to the accuracy of a tax return equal to 20 percent of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement which is attributable to (i) negligence, (ii) any substantial understatement of income tax or (iii) any substantial valuation misstatement. Additional interest may be imposed on underpayments relating to tax shelters.

Taxable Income

It is possible that an Investor's Interest will generate annual taxable income in excess of the cash distributable to such Investor. Because the Property is unimproved land that is not eligible for depreciation, the Property will not generate depreciation deductions that could offset such taxable income.

Net Income and Loss of Each Investor

Each Investor will be required to determine his or her own net income or loss from the Property for income tax purposes. Certain expenses of the Property, such as any interest expense attributable to refinancing proceeds which are distributed to the Investors, will be different for different Investors. The Signatory Trustee will keep records and provide information about expenses and income for each Investor. An Investor, however, will be required to keep separate records and to separately report his or her income.

Tax Impact of Sale of Property

If the Property is sold or otherwise disposed of, the Investors will likely recognize taxable income. An Investor will have taxable income to the extent that the amount realized by such Investor exceeds his or her tax basis in his or her Interest.

State and Local Laws

Prospective Investors may be affected in different ways by state and local taxes that are not discussed in this Memorandum, such as income taxes, franchise taxes, privilege and use taxes, and other taxes and fees. Therefore, each prospective Investor is urged and expected to consult with his or her personal tax advisor regarding the state and local tax consequences resulting to such Investor from a potential purchase of an Interest.

EXPLANATION OF SCOPE OF TAX DISCUSSION

Please note that the summary set forth in "Federal Income Tax Consequences" and all other discussions of federal income tax matters set forth in this Memorandum have been written to support the marketing of the Interests, and are not intended to be used and cannot be used by any Investor for purposes of avoiding penalties that may be imposed under federal tax law. All prospective Investors must consult their own independent tax advisors regarding the federal income tax consequences of investing in the Interests in the context of their own particular circumstances, and must represent that they have done so as a condition to investing in the Interests.

Even if the federal income tax positions taken by an Investor with respect to an Interest are not upheld, an Investor who can establish reasonable cause for such positions and who acts in good faith is not subject to federal income tax penalties. Thus, although the discussions of federal income tax matters set forth in this Memorandum are not intended to be used and cannot be used for purposes of avoiding federal income tax penalties, the discussion herein may be used by Investors in establishing legal authority for the tax positions they take.

REPORTS

During the term of the Master Lease, the Ground Lessee will keep proper and complete records and books of account for the Property, which will not be audited. These books and records will be kept at the Ground Lessee's principal place of business and will be available to the Investors during reasonable business hours.

LITIGATION

There are no material legal actions pending against the Trust or the Initial Beneficiary and to their knowledge, there are no such proceedings threatened or contemplated.

ADDITIONAL INFORMATION

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

Prospective Investors are entitled to review copies of other material contracts relating to Interests, the Trust, or the Property described in this Memorandum and copies of the various entities' organizational documents. Copies of all reports and financial statements prepared by third parties in connection with this Offering are available upon request to the Trust.

Inquiries regarding subscriptions should be directed to:

SRRT Square 2 DST
c/o SRRT Properties, LP
901 North Third Street, Suite #100
Minneapolis, MN 55401
(612) 371-3000
econdra@sr-re.com

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Exhibit A

Purchase Agreement and Investor Questionnaire

[*see attached*]

EXHIBIT A

FORM OF INVESTOR QUESTIONNAIRE & PURCHASE AGREEMENT

SRRT SQUARE 2 DST

Investor Questionnaire & Purchase Agreement

Please read carefully the Private Placement Memorandum for the beneficial interests ("**Interests**") in **SRRT Square 2 DST**, a Delaware statutory trust, (the "**DST**"), dated September ___, 2025 (as amended and supplemented from time to time, the "**Private Placement Memorandum**"), and all exhibits thereto, before deciding to purchase the Interests.

This private offering of Interests is limited to an Investor who certifies that he, she or it is an "accredited investor," as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, and meets all of the qualifications set forth in the Private Placement Memorandum. If you meet these qualifications and desire to purchase an Interest, then please follow the instructions below to complete your purchase.

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

INSTRUCTIONS TO INVESTORS FOR PURCHASING INTERESTS:

1. This Investor Questionnaire & Purchase Agreement is comprised of two parts. A closing checklist is provided for your convenience and each section is accompanied by specific instructions. You must complete, sign and date both parts of the Investor Questionnaire & Purchase Agreement according to the instructions provided and deliver the documents via e-mail to **econdra@sr-re.com**.

2. If your investment is part of an Internal Revenue Code section 1031 ("**Section 1031**") tax-deferred exchange: The DST and your qualified intermediary will coordinate the payment for the purchase of the Interests. Upon receiving the Purchase Agreement, and the necessary escrow instructions from the DST, your qualified intermediary will either wire the funds from the qualified escrow account to the DST or deliver to the Initial Beneficiary, in person or by mail, a check made payable to **SRRT Square 2 DST**.

3. If your investment is a direct investment: Payment for the purchase of Interests may be made by either wiring the funds directly to the DST (the preferred method), or by delivering to the Initial Beneficiary, in person or by mail, a check made payable to **SRRT Square 2 DST**. If you choose to wire the funds directly, please contact **econdra@sr-re.com** or (612) 371-3000 for the necessary escrow instructions.

Please note that investments will not be accepted from, or on behalf of tax-exempt entities, including, but not limited to, qualified employee pension and profit sharing trusts, individual retirement accounts, Simple 401(k) plans, annuities and charitable remainder trusts.

SRRT SQUARE 2 DST

Dear Investor:

We would like to take this opportunity to thank you for your interest in SRRT Square 2 DST. In order to complete the closing of this transaction, the following forms must be filled out in their entirety, executed, and returned to SRRT Square 2 DST.

Questions may be directed to Erik Condra (econdra@sr-re.com / (612) 371-3000) or Laura Hanneman (lhanneman@sr-re.com / (612) 371-3000).

Please use the following Closing Checklist to assist in your completion of the forms:

☐ **Investor Questionnaire:** which includes the following sections:

- ☐ Section I – Investment and Investor Contact Information
- ☐ Section II – 1031/1033 Exchange Information
- ☐ Section III – Distributions Options & W-9
- ☐ Section IV – Ownership Information – *Complete one of the following based on your type of ownership:*
  - ☐ Form A. Ownership Information – For Individual Owners
  - ☐ Form B. Ownership Information – For Limited Liability Companies
  - ☐ Form C. Ownership Information – For Trusts
  - ☐ Form D. Ownership Information – For Partnerships
  - ☐ Form E. Ownership Information – For Corporations

☐ **Provide Entity Formation Documents:** if you are investing through an LLC, Trust, Partnership or Corporation.

☐ **Purchase Agreement:** please complete, sign and date.

Please return all documentation to econdra@sr-re.com. Additionally, questions may be directed to (612) 371-3000**.**

SECTION I- INVESTMENT AND INVESTOR INFORMATION

Name of Investor:_____

[Please note that if this is a Section 1031 or Section 1033 tax-deferred exchange, the replacement property must be held in exactly the same name as the relinquished property. List the name(s) exactly as they appeared on the title of the relinquished property.]

Type of Investment:

☐ Section 1031 tax-deferred exchange. (If selected, please complete Section II).

☐ Section 1033 tax-deferred exchange. (If selected, please complete Section II).

☐ Cash investment.

Amount of Equity Investment: $_____

Funds to Close: Please indicate how you will be purchasing your interest.

☐ I have enclosed a **check made payable to SRRT Square 2 DST.**

☐ Funds will be wired by me or my qualified intermediary (the holder of the exchange proceeds from my relinquished property).

INVESTOR CONTACT #1

Salutation: ☐ Mr. ☐ Ms. ☐ Mrs.

Name: _____

Date of Birth: _____

Social Security No.: _____

Home Address: _____

City / State / Zip: _____

Mailing Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

INVESTOR CONTACT #2

Salutation: ☐ Mr. ☐ Ms. ☐ Mrs.

Name: _____

Date of Birth: _____

Social Security No.: _____

Home Address: _____

City / State / Zip: _____

Mailing Address: _____

City / State / Zip: _____

Phone No.: _____

E-mail Address: _____

Please provide additional pages as necessary to complete this Section I for all equity owners.

SECTION II– SECTION 1031/1033 INVESTORS ONLY

I (we) hereby provide the following information pertaining to my (our) Qualified Intermediary for this acquisition. I (we) request and authorize my (our) Qualified intermediary to furnish the DST any information requested regarding my (our) Section 1031 exchange.

The following Qualified Intermediary is authorized and instructed to fund all equity due to close the transaction prior to the scheduled closing date:

Company Name: _____

Exchange Coordinator: _____

Address: _____

City / State / Zip Code: _____

Telephone No.: _____

E-mail Address: _____

Is escrow closed (please check one): ☐ Yes ☐ No Closing date of relinquished property: _____

I (we) instruct my (our) Qualified Intermediary to wire (check only one box):

☐ All funds held by the Qualified Intermediary in the qualified escrow account, which is $_____, excluding any accumulated interest and expenses that cause the amount to be less than a whole dollar (rounding up or down), with the understanding that these costs will be treated as boot.

☐ Only $_____ held by the Qualified Intermediary in the qualified escrow account.

SECTION III– INVESTOR DISTRIBUTION OPTIONS

Please direct distributions: (Select one.)

☐ VIA MAIL TO: MAILING ADDRESS OF RECORD

☐ VIA MAIL TO BANK OR BROKERAGE ACCOUNT: (Complete #1, #2, #3 and #5 in below box.)

☐ VIA ELECTRONIC DEPOSIT (ACH) TO: (Complete #1 through #5 and attach a voided check.)

1. _____
Name of Bank, Brokerage Firm or Individual

2. _____
Mailing Address

3. _____
City, State, Zip Code

4. _____
Bank ABA Number

5. _____
Account Number

☐ Checking ☐ Savings

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

The signature(s) of all investors of record are required.

_____ _____
Signature of Investor Signature of Co-Investor (if applicable)

TO BE COMPLETED BY ENTITY FOR WHICH INFORMATION WILL BE REPORTED TO THE IRS.

THE UNDERSIGNED CERTIFIES, under penalties of perjury that: (1) the taxpayer identification number shown below is true, correct and complete; (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding; (3) I am a U.S. person (including Resident Alien); and (4) I am exempt from Foreign Account Tax Compliance Act ("**FATCA**") reporting.

Taxpayer Identification No.: _____

Signature of Investor: _____ Date: _____

SECTION IV– OWNERSHIP INFORMATION

ONLY COMPLETE ONE OF THE FOLLOWING FORMS (A, B, C, D, OR E) BASED ON THE LEGAL STRUCTURE OF THE ENTITY COMPLETING YOUR 1031, OR INVESTING CASH IN SRRT SQUARE 2 DST:

- Form A. Ownership Information – For Individual Owners (1 page)
- Form B. Ownership Information – For Limited Liability Companies (2 pages)
- Form C. Ownership Information – For Trusts (2 pages)
- Form D. Ownership Information – For Partnerships (2 pages)
- Form E. Ownership Information – For Corporations (3 pages)

FORM A- INDIVIDUAL INVESTOR (1 Page)

Name of Investor:_____

Name of Joint Investor (if applicable):_____

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

Each investor must initial the statement or statements below that truthfully describe him or her:

_____ _____ I am a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; provided, that for purposes of calculating such net worth: (1) my primary residence shall not be included as an asset; (2) indebtedness that is secured by my primary residence, up to the estimated fair market value of the primary residence at the time of the closing of my acquisition of the Interests, shall not be included as a liability; provided, however, that if the amount of such indebtedness outstanding at the time of the closing of my acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if I take out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by my primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability.

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

Securities License

If you hold any of the following licenses, please check the appropriate box:

☐ Licensed General Securities Representative (Series 7)
☐ Licensed Investment Adviser Representative (Series 65)
☐ Licensed Private Securities Offerings Representative (Series 82)

Professional Certification

Do you hold a professional certification, designation or credential from an accredited educational institution that the SEC designates as qualifying for Accredited Investor status?

☐ Yes
☐ No

FORM B – LIMITED LIABILITY COMPANY (2 Pages)

When purchasing as a **limited liability company**, the investor must submit a copy of the Operating Agreement, with any and all amendments.

Name of LLC: _____

Entity Address: _____

City / State / Zip: _____

Entity Taxpayer Identification Number: _____

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

_____ _____ Investor is a limited liability company: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of this Investor Questionnaire and Purchase Agreement.

_____ _____ Investor is any of the following: (1) a bank or savings and loan association or other institution acting in its individual or fiduciary capacity; (2) a broker or dealer; (3) an insurance company; (4) an investment company or a business development company under the Investment Company Act of 1940; (5) a private business development company under the Investment Advisers Act of 1940; or (6) a Small Business Investment Company licensed by the U.S. Small Business Administration.

_____ _____ Investor is an entity in which all the equity owners are either:

(a) natural persons whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided*, *however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

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

LIMITED LIABILITY COMPANY RESOLUTION

The undersigned, being all the members (the "**Members**") of _____,

a/an _____ limited liability company (the "**LLC**"), hereby adopt the following preambles and resolutions:

WHEREAS, the LLC desires to purchase an interest in **SRRT Square 2 DST** (the "**Investment"**);

WHEREAS, the LLC is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Members believe it to be in the best interest of the LLC to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Members in all respects;

FURTHER RESOLVED, that _____, an agent of the LLC ("**Authorized Person**"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the LLC, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the LLC, as it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the LLC or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____, 2025

_____	_____
Member (signature) & Ownership %	Member (signature) & Ownership %
_____	_____
Member (signature) & Ownership %	Member (signature) & Ownership %
_____	_____
Member (signature) & Ownership %	Member (signature) & Ownership %

Being all of the Members of the LLC

FORM C – TRUSTS (2 Pages)

Name of Trust: _____

Trust Taxpayer Identification Number: _____

Names of Trustees: 1. _____

2. _____

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

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

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

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

_____ _____ Investor is a trust in which each grantor is either:

(a) a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided*, *however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

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

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

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

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

TRUST CERTIFICATE

1. The title of the Trust to which this Certificate applies is: _____

_____

2. The date of the Trust Agreement is: _____

3. The date of the last amendment to the Trust Agreement (if any) is: _____

4. The grantor(s) or testator(s) of the Trust is/are: _____

5. The DST has the authority to accept orders and other instructions relative to the Trust account from designated trustees, who are:

Trustee Name (please print)	Date of Birth	Trustee Name (please print)	Date of Birth
Trustee Name (please print)	Date of Birth	Trustee Name (please print)	Date of Birth

6. **Please select one of the following three options:**

- ☐ The trustee(s) listed above may act independently as provided in the Trust Agreement, and the execution by any one trustee can bind the Trust.
- ☐ The trustees listed above may act as a majority as provided in the Trust Agreement.
- ☐ The trustee(s) listed above must act unanimously as provided in the Trust Agreement, and the execution or authorization of all of the trustees is required to bind the Trust.

7. The undersigned, constituting all of the trustee(s) of the Trust, hereby certify as follows:

a) A true and correct copy of the Trust Agreement is attached hereto and that, as of the date hereof, the Trust Agreement has not been amended (except as to any attached amendments) or revoked and is still in full force and effect.

b) As the trustee(s) of the Trust, we have determined that the investment in, and purchase of Interests in **SRRT Square 2 DST** is authorized by the terms of the Trust Agreement and is of benefit to the Trust, and we have determined to make such investment on behalf of the Trust.

c) We, the trustees, jointly and severally, indemnify **SRRT Square 2 DST** and hold **SRRT Square 2 DST** harmless from and against any liability relating to effecting any orders, transactions, instructions or directions given by any individuals listed in this Certificate.

All trustees must sign and date below.

Trustee Signature	Date	Trustee Signature	Date
Trustee Signature	Date	Trustee Signature	Date

FORM D – PARTNERSHIPS (2 Pages)

When purchasing as a **partnership**, the investor must submit a copy of the Partnership Agreement, with any and all amendments.

Name of Partnership: _____

Entity Address: _____

City / State / Zip: _____

Entity Taxpayer Identification Number: _____

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

_____ _____ Investor is a partnership: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of this Investor Questionnaire and Purchase Agreement.

_____ _____ Investor is any of the following: (1) a bank or savings and loan association or other institution acting in its individual or fiduciary capacity; (2) a broker or dealer; (3) an insurance company; (4) an investment company or a business development company under the Investment Company Act of 1940; (5) a private business development company under the Investment Advisers Act of 1940; or (6) a Small Business Investment Company licensed by the U.S. Small Business Administration.

_____ _____ Investor is an entity in which all the equity owners are either:

(a) natural persons whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided*, *however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

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

PARTNERSHIP RESOLUTION

The undersigned, being all the partners (the "**Partners**") of _____,

a/an _____ partnership (the "**Partnership**"), hereby adopt the following preambles and resolutions:

WHEREAS, the Partnership desires to purchase an interest in **SRRT Square 2 DST** (the "**Investment**");

WHEREAS, the Partnership is authorized to execute and deliver all documents relating to the Investment; and

WHEREAS, the Partners believe it to be in the best interest of the Partnership to make the Investment and execute any documents related thereto.

NOW THEREFORE, BE IT RESOLVED, that the Investment is hereby approved, confirmed and ratified by the Partners in all respects;

FURTHER RESOLVED, that _____, an agent of the Partnership ("**Authorized Person**"), is hereby authorized and directed to execute, deliver and perform those agreements and documents related to the Investment, in the name and on behalf of the Partnership, with such changes therein and additions thereto as the Authorized Person may deem necessary, appropriate or advisable to effect the transactions contemplated by the foregoing resolution;

FURTHER RESOLVED, that the Authorized Person is hereby authorized and directed to execute, deliver and perform all further instruments and documentation and to take all other actions, in the name and on behalf of the Partnership, as it may deem convenient or proper to carry out the Investment; and

FURTHER RESOLVED, that any action heretofore taken and all documentation heretofore delivered by the Partnership or the Authorized Person in furtherance of the Investment and foregoing resolutions are hereby ratified and confirmed in all respects.

Dated effective _____, 2025

_____	_____
Partner (signature) & Ownership %	Partner (signature) & Ownership %
_____	_____
Partner (signature) & Ownership %	Partner (signature) & Ownership %
_____	_____
Partner (signature) & Ownership %	Partner (signature) & Ownership %

Being all of the Partners of the Partnership

FORM E – CORPORATIONS (3 Pages)

Name of Corporation: _____

Entity Address: _____

City / State / Zip: _____

Entity Taxpayer Identification Number: _____

Names of Equity Owners/Signatories:	Ownership Percentage (must total 100%):
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

When purchasing as a **corporation**, the investor must submit the following: (1) a copy of the corporation's bylaws, with any and all amendments; (2) a completed Incumbency Certificate (form included below); and (3) a completed Officer's Certificate (form included below).

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

_____ _____ Investor is a corporation: (1) not formed for the specific purpose of acquiring the securities offered; (2) with total assets in excess of $5,000,000; and (3) with the power and authority to execute and comply with the terms of this Investor Questionnaire and Purchase Agreement.

_____ _____ Investor is any of the following: (1) a bank or savings and loan association or other institution acting in its individual or fiduciary capacity; (2) a broker or dealer; (3) an insurance company; (4) an investment company or a business development company under the Investment Company Act of 1940; (5) a private business development company under the Investment Advisers Act of 1940; or (6) a Small Business Investment Company licensed by the U.S. Small Business Administration.

_____ _____ Investor is an entity in which all the equity owners are either:

(a) natural persons whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the person's primary residence shall not be included as an asset; (2) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the person's acquisition of the Interests, shall not be included as a liability; *provided*, *however*, that if the amount of such indebtedness outstanding at the time of the closing of the person's acquisition of the Interests exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the person takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; OR

(b) natural persons who had individual income in excess of $200,000 in each of the two most recent preceding full calendar years or joint income with their spouse in excess of $300,000 in each

of those years, and who have (individually or with their spouse) a reasonable expectation of reaching the same income level in the current year.

INCUMBENCY CERTIFICATE

_____
Name of Corporation

_____
State of Incorporation

The undersigned hereby certifies that the following persons are the duly elected directors and officers, respectively, of _____, a/an _____ corporation.

_____ Director	_____ Director
_____ Director	_____ Director
_____ Director	_____ Director
_____ President	_____ Vice President
_____ Treasurer	_____ Secretary

Dated effective_____, 2025

_____, a/an

_____corporation

By:_____

Name:_____
Secretary

OFFICER'S CERTIFICATE

The undersigned, _____, hereby certifies that:

1. _____ is the _____ of_____, a/an _____ corporation ("**Corporation**"), and has personal knowledge of the matters set forth herein.

2. This Certificate is executed to evidence the approval and consent of the Corporation to purchase an interest in **SRRT Square 2 DST** (the "**Investment**").

3. The undersigned acknowledges that the Corporation is authorized to execute and deliver all documents relating to the Investment.

4. Pursuant to the organizational documents of the Corporation, the specific consent or approval of the Board of Directors of the Corporation is not necessary for the consummation of the Investment.

5. The undersigned acting alone has the authority, pursuant to the organizational documents of the Corporation, to execute all documents related to the Investment.

6. This Certificate may be relied upon by SRRT Square 2 DST and its affiliates.

Dated effective _____, 2025

By: _____

Name: _____

Title: _____

PURCHASE AGREEMENT

PURCHASE AGREEMENT OF SRRT SQUARE 2 DST

Up to $5,400,000 of Beneficial Interests
Minimum Investment: $500,000

THIS PURCHASE AGREEMENT (the "**Purchase Agreement**") is made by and between **SRRT Square 2 DST**, a Delaware statutory trust (the "**DST**") and the undersigned, with reference to the facts set forth below.

RECITALS

A. The DST owns the real property located at 1712 North 48th Street, Lincoln, Nebraska (the "**Property**).

B. SRRT Properties, LP, a Delaware limited partnership as sole beneficiary of the DST (the "**Initial Beneficiary**"), owns 100% of its beneficial interests (the "**Interests**").

C. The proceeds from this Offering will be used by the DST to return to the Initial Beneficiary its capital contribution (including the fees and expenses in connection with the acquisition of the Property, closing of the third-party debt, and offering of the Interests), and to fund reserves.

D. The DST is offering (the "**Offering**") to sell the Interests to certain qualified, accredited investors pursuant to that certain private placement memorandum, dated September ____, 2025 (as amended and supplemented from time to time, the "**Private Placement Memorandum**").

E. The DST desires to sell and the undersigned desires to buy the Interests on the terms and conditions set forth in the Private Placement Memorandum. This sale will be made pursuant to the Private Placement Memorandum.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Purchase of Interests. The undersigned, intending to be legally bound, hereby irrevocably offers to purchase $_____ worth of Interests in the DST, and agrees to pay such amount upon acceptance of this Purchase Agreement. The Interests are being purchased pursuant to the terms and conditions of the Private Placement Memorandum, receipt of which is hereby acknowledged. Terms not defined herein shall have the same meanings as in the Private Placement Memorandum.

2. Amount and Method of Payment. Payment for the Interests purchased hereunder is to be made by either wiring the funds from the qualified escrow account or by delivering to the DST at 901 North Third Street, Suite #100, Minneapolis, MN 55401, **a check made payable to "SRRT Square 2 DST"** for the aggregate purchase price of the Interests. The minimum amount of Interests that a prospective Investor completing an Internal Revenue Code section 1031 ("**Section 1031**") tax-deferred exchange will be required to purchase is $500,000, unless the DST waives such requirement. The minimum amount of Interests that a prospective Investor making a cash investment without a Section 1031 tax-deferred exchange will be required to purchase is $500,000, unless the DST waives such requirement. If the purchase of an Interest is part of a Section 1031 tax-deferred exchange, payment shall be coordinated through the undersigned's qualified intermediary who holds the undersigned's exchange proceeds from the relinquished property.

3. Acceptance of Purchase. The undersigned understands and agrees that the DST, in its sole discretion, reserves the right to accept or reject this or any other offer to purchase for the Interests in whole or in part. If this offer to purchase is rejected in whole or in part, or if the DST terminates the Offering for any reason which it may do in its sole discretion, the DST will promptly return the applicable portion of the purchase price. This Purchase Agreement shall thereafter have no force or effect with respect to the rejected portion of the purchase of Interests.

4. Representations and Warranties of the DST. The DST hereby acknowledges, represents and warrants that:

(a) Status. The DST is a validly formed and existing statutory trust under the laws of the State of Delaware.

(b) Issuance. When issued, authenticated and delivered by the DST and paid for by the undersigned pursuant to the provisions of this Purchase Agreement and of the DST's Trust Agreement, as amended or restated from time to time (the "**Trust Agreement**"), the undersigned's Interests will be duly and validly issued and outstanding and entitled to the benefits provided by the Trust Agreement, except as such enforceability may be limited by the effect of (i) bankruptcy, insolvency, reorganization, receivership, moratorium or other similar laws affecting the enforcement of the rights of creditors generally, and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law.

5. Representations and Warranties of the Undersigned. The undersigned hereby acknowledges, represents and warrants that:

(a) The Interests offered by the Private Placement Memorandum have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or under the laws of any state, and are being offered and sold in reliance on exemptions from the provisions of the Securities Act and applicable state law. The Interests have not been approved or disapproved by the Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon, or endorsed the merits of, the offering or the accuracy or adequacy of the Private Placement Memorandum. The undersigned hereby further acknowledges, represents and warrants that:

(i) the undersigned has received the Private Placement Memorandum, has carefully reviewed it and understands the information contained therein and information otherwise provided in writing by the DST relating to this investment;

(ii) the undersigned acknowledges that all documents, records and books pertaining to this investment (including, without limitation, the Private Placement Memorandum) have been made available for inspection to the undersigned or the undersigned's agents or advisors;

(iii) the undersigned, either directly or through advisors, has had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the DST concerning the Offering and, as the undersigned may deem necessary, to verify the information contained in the Private Placement Memorandum, and all questions have been answered and all such information has been provided to the full satisfaction of the undersigned;

(iv) no oral or written representations have been made or oral or written information furnished to the undersigned or his or her advisor(s) in connection with the Offering that were in any way inconsistent with the information stated in the Private Placement Memorandum;

(v) the undersigned is not purchasing the Interests as a result of or subsequent to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting;

(vi) the undersigned meets one of the following tests and therefore qualifies as an "accredited investor":

(A) the undersigned is a natural person who has individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of these years, and has a reasonable expectation of reaching the same income level in the current year; or

(B) the undersigned is a natural person whose individual net worth or joint net worth with that person's spouse, exceeds $1,000,000 at the time of purchasing the Interests; *provided*, that for purposes of calculating such net worth: (1) the undersigned's primary residence shall not be

included as an asset; (2) indebtedness that is secured by the undersigned's primary residence, up to the estimated fair market value of the primary residence at the time of the closing of the undersigned's acquisition of an Interest, shall not be included as a liability; *provided*, *however*, that if the amount of such indebtedness outstanding at the time of the closing of the undersigned's acquisition of an Interest exceeds the amount of indebtedness outstanding 60 days before such time, other than as a result of the acquisition of the primary residence (such as, for example, if the undersigned takes out a home equity loan that is not used to acquire a primary residence during such 60-day time frame), the amount of such new indebtedness shall be included as a liability; and (3) indebtedness that is secured by the undersigned's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability; or

(C) the undersigned is a corporation, business or other irrevocable trust, partnership or limited liability company with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Interests;

(D) the undersigned is a trust, with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests, whose purchase is directed by a "sophisticated person," as described in Rule 506(b)(2)(ii) of Regulation D under the Securities Act;

(E) the undersigned is: (1) a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended; (2) an insurance company; (3) an investment company registered under the Investment Company Act of 1940, as amended, or a business development company (as defined in Section 2(a)(48) of the Investment Company Act of 1940, as amended); (4) a small business investment company licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; (5) a private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended); or (6) a bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act;

(F) the undersigned is an entity in which all of the equity owners are accredited investors as defined above in subparagraph (A) or (B); or

(G) the undersigned is an accredited investor for the reasons listed in the attached Investor Questionnaire.

(vii) the undersigned is <u>not</u> purchasing the Interests on behalf of any tax-exempt entity, including, but not limited to, any qualified employee pension or profit sharing trust, any individual retirement account, Simple 401k plan, annuity or charitable remainder trust;

(viii) the undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth and the undersigned's investment in the Interests will not cause the overall commitment to become disproportionate to the undersigned's net worth;

(ix) the undersigned has reached the age of majority, has adequate net worth and means of providing for the undersigned's current needs and personal contingencies, is able to bear the substantial economic risks of an investment in the Interests for an indefinite period of time, has no need for liquidity in such investment and, at the present time, could afford a complete loss of such investment;

(x) the undersigned has the requisite knowledge and experience in financial and business matters so as to enable the undersigned to use the information made available to evaluate the merits and risks of an investment in the Interests and to make an informed decision;

(xi) the undersigned is acquiring the Interests solely for his or her own account as principal, for investment purposes only and not with a view to the resale or distribution thereof in whole or in part, and no other person has a direct or beneficial interest in the Interests purchased by the undersigned;

(xii) the undersigned will not sell or otherwise transfer his or her Interests without complying with all applicable laws and fully understands and agrees that he or she must bear the economic risk of his or her purchase for an indefinite period of time because, among other reasons, the Interests may not be readily transferable; and

(xiii) the undersigned's assets have not been the subject of any proceeding under any matter relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors ("**Creditor Rights Laws**") during the ten (10) years prior to the date hereof, nor has the undersigned sought the protection of any Creditors Rights Laws during the ten (10) years prior to the date hereof. The foregoing representation with regard to this paragraph is also applicable to the undersigned's affiliates which the undersigned owns or controls, including any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association and any fiduciary acting in such capacity on behalf of any of the foregoing, and further including any such entity in which the undersigned or its affiliate is an officer or director.

(b) The undersigned has reviewed the "Risk Factors" section of the Private Placement Memorandum and recognizes that the purchase of the Interests involves a number of significant risks and other factors relating to, among other things, the structure and objectives of the DST as described in the Private Placement Memorandum under the heading "Risk Factors" and that there can be no assurance that the DST will achieve its objectives. In addition, the undersigned acknowledges that:

(i) no federal or state agency has passed upon the adequacy of the information presented to the undersigned or made any finding or determination as to the fairness of this investment; and

(ii) there is no established market for the Interests and a public market for the Interests may never develop.

(c) **The undersigned understands that the DST has not obtained a specific Private Letter ruling from the Internal Revenue Service ("IRS") addressing the treatment of the Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Internal Revenue Code section 1033 ("Section 1033"). In addition, the undersigned understands that the tax consequences of an investment in the Interests, especially the qualification of the transaction under Section 1031 or Section 1033 of the Code and the related rules, are complex and vary with the facts and circumstances of each individual. Therefore, the undersigned represents and warrants that he or she: (1) has independently obtained advice from legal counsel and/or accountants about a tax-deferred exchange under Section 1031 or a conversion under Section 1033 and applicable state laws, including, without limitation, whether the acquisition of an Interest may qualify as part of a tax-deferred exchange or involuntary conversion, and he or she relying on such advice; (2) understands that the DST has not obtained a ruling from the IRS addressing the treatment of the Interests in this Offering for income tax purposes, including but not limited to whether an Interest is "of like kind" to real estate for purposes of Section 1031 or is "similar or related in service or use" to involuntarily converted property of the undersigned for purposes of Section 1033; and (3) understands that the tax consequences of an investment in an Interest, especially the treatment of the transaction under Section 1031 and the related Section 1031 exchange rules, or under Section 1033 and its underlying rules, are complex and vary with the facts and circumstances of each individual Investor.**

(d) If the undersigned is purchasing the Interests in a representative or fiduciary capacity, e.g., serving as a qualified intermediary, the representations and warranties contained herein (and in any other written statement or document delivered to the DST in connection herewith) shall be deemed to have been made on behalf of the person or persons for whom the Interests are being purchased.

(e) All information furnished to the DST by the undersigned is correct and complete as of the date of this Purchase Agreement, and the undersigned will immediately furnish revised or corrected information to the DST if there should be any material change in this information prior to the DST completing the Offering.

(f) Within five days after receipt of a request from the DST, the undersigned hereby 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 ordinances to which the DST is subject.

(g) The undersigned has not distributed the Private Placement Memorandum to anyone other than his or her advisors, if any, and no one other than the undersigned and his or her advisors, if any, has used the Private Placement Memorandum for any purpose.

(h) The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the DST in any other written statement or document delivered in connection with the Offering shall be true and correct in all respects on and as of the date the purchase is accepted as if made on that date. If more than one person is signing this Purchase Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

6. Additional Representations and Warranties – Section 1031 Exchanges. **The following additional representations and warranties apply only to those Investors purchasing Interests as part of a Section 1031 tax-deferred exchange.**

(a) The undersigned hereby acknowledges, represents and warrants that:

(i) The undersigned's rights under this Purchase Agreement may be assigned to his, her or its qualified intermediary (the "**Qualified Intermediary**") for the purpose of completing a Section 1031 exchange.

(b) The DST hereby acknowledges, represents and warrants that:

(i) It is the intent of the undersigned to effect a Section 1031 tax-deferred exchange, which will not delay the closing or cause additional expense to the DST.

(ii) The DST will reasonably cooperate with the undersigned and his, her or its Qualified Intermediary in a manner necessary to complete the Section 1031 tax-deferred exchange.

7. Additional Information. The undersigned hereby acknowledges and agrees that the DST may make such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the undersigned.

8. Authorization of Credit/Background Check – Release of Information. The undersigned releases to the DST and those third party vendors retained to conduct credit and background evaluations in accordance with the questions contained in the Investor Questionnaire (the "**Vendors**") any information regarding the undersigned's employment status, bank account records, mortgage or other current or prior credit, collection accounts, rental history, state and federal tax liens, state and federal crimes, state and federal civil litigation and bankruptcy, and state and county UCC (Uniform Commercial Code) searches. As part of such authorization, the undersigned hereby authorizes the DST's release of such information to the Vendors. This information is for the confidential use of the DST and the Vendors only and I understand and agree that a review of my credit report is necessary to determine my current offsetting liabilities. This credit inquiry will not impact your credit score.

9. Indemnification Generally. The undersigned agrees to indemnify and hold harmless the DST and the DST's Signatory Trustee and their respective officers, directors, employees, beneficiaries, trustees, and agents (the "**Indemnified Parties**") against any and all loss, liability, claim, damage and expense whatsoever (including reasonable attorneys' fees) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein, or in any other document

furnished by the undersigned to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Indemnified Parties in investigating, preparing or defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents the undersigned has furnished to any of the foregoing in connection with this transaction.

10. Waiver of Conflicts of Interest. The undersigned acknowledges that the DST, the Initial Beneficiary, and SR DST Trustee, LLC, a Minnesota limited liability company (the "**Signatory Trustee**"), are affiliates of one another and intend to acquire additional properties similar to the Property that may compete with the Property, may engage for their own account or for the account of others other business ventures, may have obligations to other entities, will receive (in the case of the Signatory Trustee) compensation for services rendered regardless of whether distributions are paid to Investors of the Interests, share legal representation among themselves, and have not negotiated the agreements and arrangements among themselves at arm's-length. The undersigned further acknowledges and agrees that although such conflicts and others that may arise could materially and adversely affect the Property and the undersigned's investment in the Interests, that it waives any past, present, or potential future conflict of interest arising between or related to the DST, the Initial Beneficiary, the Signatory Trustee, and their respective affiliates, officers, directors, employees, beneficiaries, trustees, and agents.

11. Patriot Act Compliance. As a material condition of investing in the DST, and without limiting the other provisions of this Subscription Agreement, each Subscriber represents, warrants, covenants and agrees with, and certifies to, the DST as follows (collectively, the "**Patriot Act Compliance Provisions**"):

(a) The undersigned, and any direct or indirect beneficial owner of the undersigned, has not committed any Patriot Act Offense. "**Patriot Act Offense**" means any violation of any of the following (collectively, "**Applicable Laws**") (a) the Patriot Act; [1] or (b) the federal criminal laws of the United States of America or the state criminal laws of any state or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of such states, relating to terrorism or the laundering of monetary instruments; or (c) the requirements of any Executive Order[2] or OFAC (Office of Foreign Assets Control) Laws and Regulations;[3] or (d) crimes of conspiracy to commit, or aiding and abetting another to commit, any Patriot Act Offense.

(b) **Legal Source of Funds**: The funds invested by the undersigned in the DST, and all funds received, directly or indirectly, by the undersigned from any direct or indirect beneficial owner of the undersigned, are derived from legal sources and without violation of Applicable Laws.

(c) **Identity of the Undersigned**: The undersigned, and any direct or indirect beneficial owner of the undersigned, (i) is not listed on any Governmental Lists,[4] or a person who acts for or on behalf of, any person, group

[1] "Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Public Law 107 56 (October 26, 2001), as the same may be amended from time to time, and corresponding provisions of future laws.

[2] "Executive Order" means any Presidential Executive Orders, including, without limitation, Presidential Executive Order No. 13224 (September 24, 2001).

[3] "OFAC Laws and Regulations" means any lists, laws, rules, sanctions and regulations maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, including the Trading with the Enemy Act, 50 App. U.S.C. § 1 et seq., as amended from time to time, the International Emergency Economic Powers Act, 50 U.S.C. § 1 Working Interest 1 et seq., as amended from time to time, the un repealed provisions of the Iraqi Sanctions Act, Publ. L. No. 101 513, United Nations Participation Act, 22 U.S.C. § 287c et seq., as amended from time to time, the International Security and Development Cooperation Act, 22 U.S.C. § 2349aa 9 et seq., as amended from time to time, The Cuban Democracy Act, 22 U.S.C. § 6001 et seq., as amended from time to time, The Cuban Liberty and Democratic Solidarity Act, 22 U.S.C. § 6021 et seq., as amended from time to time, The Antiterrorism and Effective Death Penalty Act, 8 U.S.C. § 1189 et seq., and The Foreign Narcotics Kingpin Designation Act, 21 U.S.C. § 1901 et seq., as amended from time to time.

[4] "Governmental Lists" means (1) the SDN List (Specially Designated Nationals and Blocked Persons Lists maintained by OFAC, as such list is amended from time to time), (2) the Denied Persons List and the Entity List maintained by the United States Department of Commerce, (3) the List of Terrorists and List of Disbarred Parties

or entity on the Governmental Lists; or (ii) is not a person who has been determined by competent authority to be subject to the prohibitions contained in any Executive Orders, including without limitation being a person designated under Section 1(b), (c) or (d) of Executive Order 13224; or (iii) is not and has not in the past been under investigation by any governmental authority for, or has been charged with or convicted of, any Patriot Act Offense, or assessed civil penalties under Applicable Laws or related laws, or subject to seizure or forfeiture of its funds in any action under Applicable Laws or related laws.

(d) **Prohibited Activities**: The undersigned, and any direct or indirect beneficial owner of the undersigned, has not been, and will not in the future be (i) a person who is located in a country with which dealings are prohibited or restricted by the United States federal government; (ii) dealing in a prohibited manner with a country or person or entity in a country with which dealings are prohibited or restricted by the United States government; or (iii) a person who commits a Patriot Act Offense.

(e) **Consent to Disclosure of Information**: The undersigned consents to the DST performing a search of applicable Governmental Lists prior to acceptance of any purchase agreement for Interests, which search may be performed by a third party. The undersigned shall provide to the DST prior to acceptance of its subscription, and from time to time thereafter as requested by the DST, all information reasonably required by the DST to establish compliance with these Patriot Act Compliance Provisions.

(f) **Notice of Violation**: The undersigned shall immediately notify the DST in writing of the relevant facts and circumstances if any representation or warranty set forth in these Patriot Act Compliance Provisions is no longer true or accurate in any respect, including becoming a person who is listed on any of the Governmental Lists, or who has become a designated person pursuant to any of the Executive Orders, or who is under investigation by any governmental entity for or has been charged with or convicted of, any Patriot Act Offense.

(g) **Further Restriction on Transfers**: Without limiting any provisions in the Declaration of Trust or other governing document of the DST, it is further agreed that no transfer of any direct or indirect interest in the DST, or of the equity or other beneficial ownership interests in any undersigned that is an entity, shall be effective until the transferee has provided a written certification by the transferee to the DST that the transferee shall be bound by, subject to and shall comply with all of the Patriot Act Compliance Provisions set forth in this Section.

(h) **Indemnification and Consequences of Breach**: The undersigned acknowledges that the undersigned understands the meaning and legal consequences of the representations, warranties and covenants of these Patriot Act Compliance Provisions set forth in this Section, and understands that the DST has relied upon such representations, warranties and covenants, in connection with any sale of Interests pursuant thereto and the undersigned hereby agrees to indemnify and hold harmless the DST, the Trustees and their affiliates and their officers, managers, controlling persons, agents and employees, from and against any and all losses, damages or liabilities due to or arising out of a breach of any representation, warranty or covenant made by the undersigned herein (including losses, damages or liabilities under agreements with lenders or mezzanine financiers to and/or equity partners). Without limiting the foregoing, in the event of a breach by the undersigned (or its successors and assigns) of any of the representations, warranties, covenants and agreements set forth in these Patriot Act Compliance Provisions, the DST shall have, in addition to and without limiting all of the rights and remedies otherwise available at law or in equity, the right to purchase undersigned's Interests for cash at a purchase price equal to the lesser of (a) 70% of the purchase price of an Interest and (b) 70% of the NAV of such Interests (as determined in its sole discretion by the Signatory Trustee), regardless of the current fair value of the Interests or the DST's assets.

(i) **Acknowledgement of Terms**: The undersigned understands and acknowledges that these Patriot Act Compliance Provisions are fair and reasonable in light of the DST's business and operation, and that they (i) are a material condition precedent of the DST's acceptance of undersigned's subscription; (ii) are in addition to the other

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maintained by the United States Department of State, (4) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the OFAC Laws and Regulations, (5) any other similar list maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America, and (6) any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, as all such Governmental Lists may be updated from time to time.

representations, warranties, covenants and agreements set forth in this Subscription Agreement (and to the extent of a conflict, the terms of these Patriot Act Compliance Provisions shall control); (iii) shall survive the DST's acceptance of the undersigned's subscription; and (iv) shall be binding upon the undersigned's successors and assigns.

12. Irrevocability; Binding Effect. The undersigned hereby acknowledges and agrees that, except as provided under applicable state law, the purchase hereunder is irrevocable and may not be canceled, terminated or revoked and that this Purchase Agreement shall survive the death or disability of the undersigned and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.

13. Modifications. Neither this Purchase Agreement nor any provision hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

14. Notices. Any notice, demand or other communication that any party hereto may be required, or may elect, or give to any other party hereunder shall be sufficiently given if: (1) deposited, postage prepaid, in a United States mailbox, stamped registered or certified mail, return receipt requested, or with an established and reputable overnight delivery service, addressed to SRRT Square 2 DST, 901 North Third Street, Suite #100, Minneapolis, MN 55401, or to the undersigned Investor at the address set forth on the signature page of the Investor Questionnaire or such other address as the parties may agree; or (2) delivered personally at such address.

15. Counterparts; Signatures. This Purchase Agreement, the related Investor Questionnaire and supporting documents may be executed and delivered (including by facsimile transmission or portable document format (PDF)) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same Purchase Agreement, Investor Questionnaire or other document, as applicable.

16. Entire Agreement. This Purchase Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein. The undersigned acknowledges that it participated in, or had the meaningful opportunity to participate in, the negotiation and drafting of this Purchase Agreement. In the event an ambiguity or question of intent or interpretation arises, the undersigned agrees that this Purchase Agreement shall be construed to be the product of meaningful negotiations between the undersigned and the DST, and no presumption or burden of proof shall arise favoring or disfavoring either one of them by virtue of the authorship of any of the provisions of this Purchase Agreement.

17. Severability. Each provision of this Purchase Agreement is intended to be severable from every other provision, and the invalidity or illegality of any portion hereof shall not affect the validity or legality of the remainder hereof.

18. Assignability. This Purchase Agreement is not transferable or assignable by the undersigned except to a qualified intermediary in the case of a Section 1031 tax-deferred exchange.

19. Applicable Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota as applied to residents of that state executing contracts wholly to be performed in that state.

20. Choice of Jurisdiction. The undersigned agrees that any action or proceeding arising, directly, indirectly, or otherwise, in connection with, out of, or from this Purchase Agreement, and breach or threatened breach thereof, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within Hennepin County, Minnesota. The parties further agree that any such action for relief whatsoever in connection with this Purchase Agreement shall be commenced exclusively in the United States federal or state courts, or if the parties agree before an arbitral body, located within Hennepin County, Minnesota.

21. Reimbursement. If any action or other proceeding, other than arbitration, is brought to enforce this Purchase Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Purchase Agreement, the successful or prevailing party or parties shall be entitled to recover

reasonable attorneys' fees and other costs incurred in the action or proceeding in addition to any other relief to which they may be entitled.

22. Certificates of Non-Foreign Status. Under penalties of perjury, the undersigned declares that, to the best of his or her knowledge and belief the following statements are true, correct and complete: (1) the undersigned is not a foreign person for purposes of U.S. income taxation (i.e., he or she is not a nonresident alien, nor executing this document as an officer of a foreign corporation, as a partner in a foreign partnership, or as a fiduciary of a foreign employee benefit plan, foreign trust or foreign estate); (2) that the following information contained elsewhere in the Purchase Agreement or the Investor Questionnaire is true, correct and complete: the U.S. taxpayer identification number (i.e., social security number), and the home address; and (3) that the undersigned agrees to inform the DST promptly if the undersigned becomes a nonresident alien (in the case of an individual) or other foreign person (in the case of an entity) during the three years immediately following the date hereof.

23. Certification regarding Securities Laws. By signing below, the undersigned certifies that he or she has read and understands the following additional considerations:

> **The Interests have not been approved or disapproved by the Securities and Exchange Commission, or 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 Private Placement Memorandum. Any representation to the contrary is unlawful. The Interests offered hereby are subject to investment risk, including the possible loss of principal.**

[Remainder of the Page Intentionally Left Blank]

I (we) acknowledge and agree to all of the representations and warranties contained in this Purchase Agreement.

DST

Executed this ____ day of _____, 2025

SRRT Square 2 DST, a Delaware Statutory Trust

By: SR DST Trustee, LLC, a
Minnesota limited liability company
Its: Signatory Trustee

By: _____
Name: Evan Richardson
Title: Senior Vice President

INVESTOR

Executed this ____ day of _____, 2025
(*Date must be completed*.)

If a natural person:

Signature: _____

Name: _____

(*If Joint Ownership: to be signed by joint owner*.)

Signature: _____

Name: _____

If not a natural person:

Name of
Trust/Entity: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Exhibit B

Tax Opinion

[*see attached*]

HUSCH BLACKWELL

October 21, 2025

Schafer Richardson, LLC
c/o SR DST Trustee, LLC
900 North Third Street
Minneapolis, Minnesota 55401
Attn: Steven G. Norcutt

Re: Tax Opinion

You have requested our opinion as to certain U.S. federal income consequences in connection with the proposed transactions described in the Private Placement Memorandum of SRRT Square 2 DST, dated October 2025, as supplemented or amended (the "PPM"). More specifically, you have requested our opinion as to whether a purchase by an investor (a "Beneficiary") of a beneficial interest (an "Interest") in SRRT Square 2 DST, a Delaware statutory trust (the "Trust") described in Chapter 38 of Title 12 of the Delaware Code (the "Act"), should be treated for U.S. federal income tax purposes as a direct purchase of an undivided interest in all of the assets of the Trust for purposes of Section 1031 of the Internal Revenue Code of 1986, as amended.[1]

In formulating our opinion, we have reviewed the following documents: (i) the Trust Agreement of the Trust, dated August 21, 2025, made by and among SRRT Properties, LP, a Delaware limited partnership, as the initial beneficiary of the Trust (the "Initial Beneficiary"), The Corporation Trust Company, a Delaware corporation, as co-trustee of the Trust (the "Delaware Trustee"), SR DST Trustee, LLC, a Minnesota limited liability company, as co-trustee of the Trust (the "Signatory Trustee," and together with the Delaware Trustee, the "Trustees") (the "Trust Agreement"), (ii) the Ground Lease, dated as of August 6, 2025 (the "Lease" or "Ground Lease"), entered into and between the Trust and SRRT Square 2 GL, LLC, a Minnesota limited liability company (the "Tenant" or "Ground Lessee"); (iii) the Form of Investor Questionnaire & Purchase Agreement; (iv) the PPM; and (v) the form Asset Management Agreement. We have also assumed that the representations set forth in the letter addressed to us and signed on behalf of the Trustees on October 21, 2025 (the "Tax Certificate" and collectively with items (i) through (v), the "Transaction Documents")), are true, complete and correct in all respects as of the date hereof. Unless otherwise indicated, all capitalized terms used herein and not otherwise defined have the meanings set forth in the PPM.

Executive Summary

Based on our review of the Transaction Documents and the facts and assumptions described below, we are of the opinion that (i) from and after the time there is more than one Beneficiary of the Trust, the Trust should be treated as an investment trust described in Treasury Regulation section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation section

[1] Unless otherwise specified, all Section references provided hereinafter are to the Internal Revenue Code of 1986, as amended.

301.7701-4(a), and (ii) the Beneficiaries should be treated as owning an undivided fractional interest in the assets of the Trust for U.S. federal income tax purposes.

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 Beneficiary, constitute an acquisition of like-kind replacement property by any Beneficiary in a transaction that qualifies for nonrecognition of gain or loss under Section 1031.

The opinion set forth herein is based upon our interpretation of existing statutes, Treasury Regulations and administrative rulings and procedures, and the judicial and administrative interpretations of the foregoing as of the date hereof. Such statutes, Treasury Regulations, rulings, procedures, and interpretations are subject to change, and such changes could result in different tax consequences than those set forth herein. This opinion does not address any state or local tax consequences of the transactions described herein.

This opinion is limited to the legal matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. The Internal Revenue Service ("IRS") may challenge the conclusion herein stated, and there is no assurance that any such challenge will not be successful.

In providing the opinion expressed herein, we have relied as to the accuracy and truthfulness of various questions of fact material to our opinion, and upon the accuracy and truthfulness of the representations and warranties made in the respective Transaction Documents, and, except as otherwise stated herein or as required by Circular 230, have not undertaken any independent investigation to determine the existence or absence of such facts and no inference to the contrary should be drawn from our representation. However, in the course of our representation, nothing has come to our attention that would cause us to question the accuracy thereof.

This opinion is provided solely for your benefit in connection with the proposed transaction as described herein. This letter may be used and relied upon by each of the addressees and the direct members and partners of such parties and may neither be used nor relied upon by any other person without our prior written consent. Notwithstanding the foregoing, nothing contained herein shall be deemed to limit in any way the disclosure of the tax treatment or the tax structure of the transaction discussed herein to third parties. This opinion is rendered as of the date hereof. We assume no responsibility or obligation to withdraw or to update or revise this opinion or to notify any party if, at any time hereafter, there is a legal or factual change which in any manner affects any aspect of this opinion.

Background

The Trust is offering for sale Interests in the Trust, which owns the Real Estate.[2] The Initial Beneficiary has represented in the PPM that it may retain an Interest.[3] The purposes of the Trust are (i) to lease and operate the Real Estate and any related personal property; (ii) to enter into or assume and comply with, as necessary and appropriate, the terms of the Transaction Documents (as defined in the Trust Agreement); (iii) to conserve, protect, manage and dispose of the Real Estate; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing.[4] All material duties under the Trust Agreement reside with the Signatory Trustee,[5] who will act on behalf of the Trust and is responsible for the operation of the Trust.[6] Such duties include (but are not limited to) (a) conserving, protecting and selling Trust assets (including the Real Estate), (b) collecting rents and making distributions (less expenses and reserves) to the Beneficiaries, (c) entering into any agreement for the purposes of completing a tax-free exchange of real property (pursuant to Section 1031) for the Beneficiaries with each such Beneficiary's qualified intermediary, (d) notifying the relevant parties of any default under the Transaction Documents (as defined in the Trust Agreement), (e) solely to the extent necessitated by the default, bankruptcy or insolvency of a tenant, including the Ground Lessee, of an underlying parcel of Real Estate, renegotiating the Lease and entering into new leases with respect to the Real Estate, and (f) consenting to the exercise of any right held by the Ground Lessee with respect to the Real Estate (to the extent to maintain the value of the Trust assets, including the Real Estate).[7] However, the Signatory Trustee is prohibited from taking certain specified actions if any such action would constitute a power to "vary the investment of the certificate holders" as defined by Treasury Regulation section 301.7701-4(c)(1) or taking any other action that could cause the Trust to be treated as a "business entity" for U.S. federal income tax purposes.[8] Many of the prohibited activities are factual in nature. We are relying on the Tax Certificate regarding certain factual matters and will not independently verify the accuracy of the matters included therein.

The Trust shall dissolve and wind up at the earlier of August 1, 2074 and the sale of the Real Estate.[9] On August 6, 2025, the Trust and the Ground Lessee (an affiliate of the Initial Beneficiary) entered into the Ground Lease pursuant to which the Ground Lessee is leasing the underlying Real Estate for an original term of 50 years (plus five separate options to extend the term, each by an additional 10-year period).[10] The Tenant will construct and develop an

[2] As defined in the Trust Agreement. Hereinafter, the terms "Real Estate" and "Property" shall be used interchangeably.
[3] *See* PPM, Conflicts of Interest.
[4] Trust Agreement, section 2.03.
[5] The duties of the Delaware Trustee are limited to acting as a trustee to satisfy the requirement of the Act that at least one trustee has a principal place of business in Delaware. Trust Agreement, section 7.01(b).
[6] *See, e.g.,* PPM; Trust Agreement, sections 7.01 and 7.02.
[7] Trust Agreement, section 7.02.
[8] Trust Agreement, section 7.03.
[9] *See* PPM.
[10] Trust Agreement, Article I, section 2.01; Lease, sections 2.01, 26.01.

apartment building (the "Facility" or the "Project") on the Real Estate.[11] The Trust will have certain approval rights during the development and construction phase. The Lease is a net lease in which the Ground Lessee shall pay to the Trust an annual base rent plus all other expenses arising from the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Property.[12] The base rent shall increase annually by two percent.[13] The rent is not contingent on the Tenant's ability to lease the Facility or on Tenant's gross sales or net profits derived from the lease of the Facility.[14] The Trust will pay certain expenses as set forth in the Lease.[15] Following completion of construction and development of the Facility on the Real Estate, (i) the Ground Lessee will engage a third party property management company to manage and lease to residential tenants the Facility, and (ii) the Signatory Trustee and the Trust will enter into the Asset Management Agreement.[16] The Ground Lessee will receive rent from the residential tenants, net of the amount paid to the third property management company.[17] Under the Asset Management Agreement, (i) the Trust will pay the Signatory Trustee an annual fee equal to 0.4% of the Contributed Value (the "Asset Management Fee") as compensation for the Signatory Trustee managing the day to day operations of the Trust, and (ii) upon the sale of the Real Estate, the Signatory Trustee is entitled to receive a disposition fee equal to 3.0% of the gross sale price (the "Disposition Fee" and collectively with the Asset Management Fee, the "AMA Fees").[18]

In addition, in rendering this opinion, we have, with your permission, assumed that: (i) the Interests will be acquired by the Beneficiaries directly from the Trust and the Initial Beneficiary's interest in the Trust will be reduced in proportion to the amount of such acquisitions; (ii) none of the Initial Beneficiary, the Trust, the Trustees, or any Beneficiary has made or will make an election, or has taken or will take any other action, that would cause the Trust to be classified as an association taxable as a corporation or a partnership for U.S. federal income tax purposes; (iii) the Tenant is acting as a principal for its own account and is not acting as an agent for the Trust, Trustee or the Initial Beneficiary, and the Lease does not constitute a partnership, joint venture, or management, agency or nominee agreement; (iv) the Transaction Documents (without modification) are properly executed and delivered, and are enforceable in accordance with their terms; (v) all parties to the Transaction Documents will comply with all provisions of the Transaction Documents, and will take no action inconsistent with the Transaction Documents or any terms of this opinion; (vi) all transactions described in the PPM have occurred or will occur as described in the PPM; and (viii) neither the exchanged property nor the replacement property in any Section 1031 exchange involving the Trust is, or at any relevant time has been or will be, tax-exempt use property within the meaning of Section 470(e)(4)(A). Furthermore, with your permission, the conclusions we have made in this opinion

[11] *See* PPM.
[12] *See* Lease, Article III; PPM, Summary of the Master Lease.
[13] Lease, section 3.01(b).
[14] *See* Lease, section 3.02; Tax Certificate.
[15] Lease, section 3.03.
[16] *See* PPM.
[17] *Id*.
[18] *Id.*

do not take into account the tax consequences of a disposition fee payment made (if any) to the Signatory Trustee upon a disposition of the underlying Trust assets.

We have further assumed the accuracy and completeness of all documents and records that we have reviewed, the genuineness of all signatures, the authenticity of the documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as pro forma or reproduced copies.

Discussion and Analysis

I. Background

Section 1031(a)(1) provides that "[n]o gain or loss [is] 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 the productive use in a trade or business or for investment." Accordingly, a determination has to be made whether a Beneficiary who acquires an Interest will be treated as acquiring an undivided fractional interest in the Trust assets (including the Real Estate) for purposes of Section 1031.

The IRS concluded in Revenue Ruling 2004-86[19] that, under the limited circumstances set forth therein, beneficial owners of a Delaware statutory trust ("DST") that in turn owned real estate would be treated as owning a direct interest in such real estate for purposes of the nonrecognition provisions of Section 1031. In reaching this conclusion, the IRS determined that (i) the DST described therein would be treated as an "investment trust" under Treasury Regulation section 301.7701-4(c), classified as a "trust" under Treasury Regulation section 301.7701-4(a), and (ii) the beneficial owners of the DST were "grantors" of the trust and entitled to distributions of all trust income, and, as such, treated as owning direct, fractional interests in the DST's property for U.S. federal income tax purposes.

II. Treatment of Trust as an "Investment Trust"

In order for a trust to be classified as an "investment trust" under Treasury Regulation section 301.7701-4, the trust must (i) be recognized as an entity separate from the beneficial owners for U.S. federal income tax purposes, and (ii) be treated as an investment trust described in Treasury Regulation section 301.7701-4(c).

A. Separate Entity Treatment

Whether an organization is an entity separate from its owners for U.S. 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.[20] An entity that is formed under local law is not always

[19] 2004-2 C.B. 191 (hereinafter, "Rev. Rul. 2004-86").
[20] Treas. Reg. section 301.7701-1(a)(1).

recognized as a separate entity for U.S. federal income tax purposes.[21] When participants in a venture form a state-law entity and avail themselves of the benefits of that entity for a valid business purpose, however, the entity generally will be recognized for U.S. federal income tax purposes.[22]

Separate Entity

The IRS held in Rev. Rul. 2004-86 that a DST was an entity that was recognized as separate from its owners. In reaching this conclusion, the IRS analyzed the powers, limitations and benefits that Delaware law accorded to a DST and its beneficial owners. Under Delaware law, (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 one or more statutory entities or other business entities and (v) the DST was formed for investment purposes. These powers and privileges afforded to a DST and the beneficial owners thereof, as well as the purpose of a DST, led the IRS to conclude that a DST is an entity separate from its owners for U.S. federal income tax purposes.[23]

No Agency

However, an entity formed under state law that acts as a mere agent of its owners will not be treated as an entity separate from its owners for U.S. federal income tax purposes. Whether a trust or its trustee is an agent of a trust's beneficial owners depends upon the agreement between the parties.[24] The IRS concluded in Rev. Rul. 2004-86 that because (i) the DST's beneficial owners did not enter into an agency agreement with the DST or its trustee, and (ii) neither the DST nor its trustee acted as an agent for the DST's beneficial owners, neither the DST nor the trustee was an agent of the DST's beneficial owners.

In contrast, in *Commissioner v. Bollinger*,[25] a corporation was treated as an agent of its owners where the corporation functioned merely as the nominal debtor and record title holder to mortgaged property. The shareholders entered into an agreement providing that (i) the corporation would hold title to the property as the shareholders' nominee and agent solely to secure financing, (ii) the shareholders had sole control and responsibility for the mortgaged property, and (iii) the shareholders were the principals and owners of the property during its financing, construction, and operation. The Supreme Court held that the shareholders, rather than the corporation, were the owners of the property because the relationship between the

[21] Treas. Reg. section 301.7701-1(a)(3).
[22] *See Moline Properties, Inc. v. Commissioner*, 319 U.S. 436 (1943).
[23] Rev. Rul. 2004-86 (citing to Act §§ 3801-3824).
[24] Rev. Rul. 2004-86.
[25] 485 U.S. 340 (1988).

shareholders and the corporation was, in both form and substance, an agency with the shareholders as principals.

Similarly, the IRS concluded in Revenue Ruling 92-105[26] that an Illinois land trust was not to be treated as an entity separate from its owner for U.S. federal income tax purposes. A single taxpayer created an Illinois land trust and named a domestic corporation as trustee. The taxpayer transferred legal and equitable title to real property to the trust, subject to the provisions of an accompanying land trust agreement. Under the agreement, the taxpayer (i) retained exclusive control of the management, operation, rental, and sale of the real property, together with an exclusive right to the earnings and proceeds from the real property, and (ii) was required to file all tax returns, pay all taxes, and satisfy any other liabilities with respect to the real property. Under Illinois law, there was no limitation on liability of a beneficiary of an Illinois land trust. Because the trustee's only responsibility was to hold and transfer title to the property at the direction of the beneficiary, and because the beneficiary (a) retained the direct obligation to pay liabilities and taxes related to the property, and (b) retained the right to manage and control the property as well as any liability with respect to the property, the IRS concluded that the Illinois land trust could not rise to the level of an "entity" separate from the beneficial owner for U.S. federal income tax purposes.

Application of Law to Trust's Facts

Based on the authorities discussed above, the Trust should be recognized as an entity separate from the Beneficiaries.

First, similar to the DST in Rev. Rul. 2004-86, the Trust is organized as a DST and thus the Trust and Beneficiaries may avail themselves only of the limited powers and privileges afforded to them under the Act. The Trust Agreement similarly provides that the Trust shall hold the Trust assets (including the Property) for investment purposes.[27]

Second, neither the Trustee nor the Trust should be viewed as an agent of the Beneficiaries. Similar to Rev. Rul. 2004-86, neither the Trust, nor the Trustees, nor the Initial Beneficiary (i) has entered into a written agreement with any Beneficiary creating an agency relationship, or (ii) will represent itself as an agent of any Beneficiary.[28] Each of the Trustees will, and will cause the Trust, at all times to hold itself out to third parties as a legal entity separate and distinct from any other person (including the Beneficiaries).[29] Unlike the trusts in *Bollinger* and Revenue Ruling 92-105, the Beneficiaries have no right or power to direct in any manner the actions of the Trustees (in connection with the operation of the Trust) or the Ground Lessee (in connection with the management or operation of the Trust or the Project).[30] Additionally, the Trust Agreement requires the Trustees to cause the Trust to (i) observe

[26] 1992-2 C.B. 204.
[27] Trust Agreement, section 2.03.
[28] *See* Trust Agreement, section 2.04; Tax Certificate.
[29] Trust Agreement, section 2.07.
[30] *See*, *e.g.,* Trust Agreement, section 7.02.

statutory formalities with respect to the administration of the Trust and in the conduct of the Trust's activities[31], and (ii) prepare separate financial statements and, if the Trust is not treated for U.S. federal, state or local income tax purposes as a disregarded entity, file its tax returns, if any, separate from those of any other Person, and not file consolidated tax returns with any other Person except to the extent required by law to file such consolidated tax returns.[32] These requirements and prohibitions evidence an intent that the Trust be engaged in activities on its own behalf rather than as an agent of the Beneficiaries.

Accordingly, the Trust should be recognized for U.S. federal income tax purposes as an entity separate from the Beneficiaries, and the Trust and the Trustees should not be viewed as agents of the Beneficiaries for U.S. federal income tax purposes.

B. "Investment Trust" described in Treasury Regulation Section 301.7701-4(c)

A DST that is treated as a separate entity will either be treated as a "trust" or a business entity for U.S. federal income tax purposes.[33] 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.[34] The beneficiaries of such a trust may be the persons who create 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.[35] For U.S. federal income tax purposes, a trust arrangement generally will be classified as a "trust" (rather than another form of business entity) if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of a business for profit.[36] On the other hand, arrangements common known as business or commercial trusts, which are generally created by beneficiaries simply as a device to carry on a profit-making business that normally would have been carried on through a corporation or partnership are not classified as trusts for U.S. federal income tax purposes.[37]

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" for U.S. federal income tax purposes if there is no power under the trust agreement to vary the investment of the certificate holders.[38] As discussed in greater detail below, a power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that

[31] Trust Agreement, section 2.05(d).
[32] Trust Agreement, Section 2.07.
[33] Rev. Rul. 2004-86.
[34] Treas. Reg. section 301.7701-4(a).
[35] *Id*.
[36] *Id*.
[37] Treas. Reg. section 301.7701-4(b)
[38] Treas. Reg. section 301.7701-4(c)(1).

enables a trust to take advantage of variations in the market to improve the investment of the investors.[39] A trust with multiple classes of ownership interests that otherwise meets the description of an investment trust also will be classified as a trust if the existence of multiple classes of ownership interests is incidental to the purpose of facilitating the direct investment in the trust's assets.[40]

i. No Power to Vary Investments of the Trust

Applicable Case Law

Two opinions issued by the Second Circuit on the same day generally are viewed as the leading judicial guidance on the distinction between a trust arrangement that meets the description of an investment trust and a trust arrangement granting the power to vary the investments held therein.

In *Commissioner v. Chase National Bank*,[41] the court addressed whether a state-law trust arrangement should be classified as a "trust" for U.S. federal income tax purposes. The depositor in *Chase National Bank* purchased shares of the common stock of several corporations and made up "units" consisting of a number of shares of the common stock of each corporation. The "units" were deposited in a trust, and then certificates in the trust were sold to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The Second Circuit found that the trust instrument "prevented the trusts from being, or becoming, more than what are sometimes called strict investment trusts." The court concluded that the trust required "that the trust property was to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose. This distinction is what makes the difference tax-wise."[42]

The Second Circuit reached a different result in *Commissioner v. North American Bond Trust*.[43] The court recognized that, although the trust arrangement in the instant case was similar to the trust in *Chase National Bank*, such trust instrument was slightly different because it provided the depositor with the power "in effect to change the investment of certificate holders at his discretion."[44] In making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Additionally, the bonds of all units constituted a single pool

[39] *See Commissioner v. North American Bond Trust*, 122 F.2d 545, 546 (2d Cir. 1941).
[40] Treas. Reg. section 301.7701-4(c)(1).
[41] 122 F. 2d 540 (2d Cir. 1941).
[42] *Id*. at 543.
[43] 122 F.2d 545 (2d Cir. 1941), cert. denied, 314 U.S. 701 (1942).
[44] *Id*. at 545.

in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors could be used to purchase new bond issues that would in turn reduce the existing certificate holders' interests in the old bond issues. The depositor thus could "take advantage of market variations" in a manner that could improve the investment of the original investors through dilution of the original investment. Based on these facts, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will ..."[45] and, accordingly, that the trust was treated as taxable as an association rather than as a fixed investment trust.

Rev. Rul. 2004-86

In Rev. Rul. 2004-86, 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 as entering into the lease, Party A formed a DST and 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 will 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

[45] *Id.*

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, investment 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 non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provided that the trustee could engage in ministerial activities to the extent required to maintain and operate the 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 classified as a "trust" for U.S. federal income tax purposes, the IRS analyzed whether the trust agreement granted the power to vary the investment held by the DST. The IRS 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 (*i.e.,* the duration of the trust was the same as the duration of the loan and the lease, that were entered into on the same day as the date of the trust's formation). Further, the trustee was permitted to invest only in short-term obligations that matured prior to the next quarterly distribution date and was required to hold the obligations until maturity. The IRS 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 IRS emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Blackacre for other property, purchase assets other than short term investments or accept any additional contributions of assets (including money) for the 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 non-structural modifications to the property except to the extent required by law. The IRS noted that the trustee had none of the powers which evidence an intent to carry on a profit making business. The IRS concluded that because the trustee had no power to vary the investment of the beneficiaries of the trust, the DST would be classified as a "trust" for U.S. federal income tax purposes.

The IRS 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 one or more of the following:

- dispose of Blackacre and acquire new property;
- renegotiate the lease with Party Z, or enter into leases with a tenant other than Party (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 non-structural modifications to Blackacre that were not required by law.

Other Applicable Revenue Rulings

Revenue Ruling 75-192[46] involved a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates only in specified short-term obligations maturing prior to the next distribution date and to hold such obligations until maturity. The IRS concluded that, because the restrictions on the types of permitted investments limited the trustee to a fixed return similar to that earned on a bank account and eliminated any opportunity to profit from market fluctuations, the power to invest in such assets was not a power to vary the trust's investments.

Similarly, the IRS classified the trust arrangement described in Revenue Ruling 79-77,[47] which was formed to hold real property, as a "trust" for U.S. federal income tax purposes. The beneficiaries were required to approve all agreements entered into by the trustee and they were personally liable for the debts of the trust. The beneficiaries directed the trustee to enter into a 20-year lease that required the tenant to pay all taxes, assessments, fees, or other charges imposed on the property by federal, state, or local authorities. In addition, the tenant paid all insurance, maintenance, repairs, and utilities relating to the property. The trustee could determine whether to allow the tenant to make minor nonstructural alterations to the real estate. The trustee further could approve additional alterations, but only if the alterations would protect and conserve the property or were required by law. The trustee was empowered to institute legal or equitable actions to enforce any provisions of the lease. The trust would terminate on the sale of substantially all of its assets or upon unanimous agreement of the beneficiaries. Based upon the above, the IRS classified such trust arrangement as a "trust" for U.S. federal income tax purposes. Similarly, in PLR 7905046,[48] a trustee's powers included entering into a net lease with respect to a building held by the trust, collecting rents and distributing trust income, and determining whether to allow alterations to the building. The IRS ruled that the trust was a trust for U.S. federal income tax purposes because the trust was not carrying on a business and was formed to protect and conserve trust corpus.

[46] 1975-1 C.B. 384.
[47] 1979-1 C.B. 448.
[48] October 31, 1978.

In contrast, the IRS concluded that the trust arrangement described in Revenue Ruling 78-371[49] was classified as a business entity. Unlike the trust arrangement described in Revenue Ruling 79-77 that restricted the trustee to dealing with a single piece of property subject to a net lease, the trust arrangement in Revenue Ruling 78-371 expressly authorized the trustees to purchase and sell contiguous or adjacent real estate, to accept or reject certain contributions of contiguous or adjacent real estate, and to raze or erect any building or other structure or make any improvements to the land contributed to the trust. The trustees were also empowered to borrow money and to mortgage and lease the trust property. The IRS concluded that the trustee's power to engage in extensive real estate operations and to reinvest the sales proceeds in financial products indicated that the trust arrangement was not formed merely to protect and conserve the trust's property and, thus, ruled that the trust was taxable as a business entity treated as a corporation.

However, the existence of a power to sell trust assets does not always give rise to a power to vary the trust's investments.[50] The courts and the IRS have concluded that even though a trustee may possess the power to sell trust assets under certain limited circumstances, such a trust arrangement can still qualify as an investment trust classified for U.S. federal income tax purposes as a trust.[51] These authorities have clarified that, instead of the mere power to sell trust assets, it is the ability of the trustee to substitute new investments in order to take advantage of variations in the market to improve the investment of the investors that prohibits a trust arrangement from being treated as an investment trust classified as a trust for U.S. federal income tax purposes.

Application of Law to Trust's Facts

The powers and authority granted to the Trustees 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" and are intended in many respects to mirror the facts of Rev. Rul. 2004-86.

Just as in Rev. Rul. 2004-86, (i) the Lease does not expire before the end of the term of the Trust (*i.e.,* the Lease terms are fixed for the entire duration of the Trust), (ii) the Signatory Trustee is authorized to establish a reasonable reserve for Trust expenses, (iii) all available cash (net of any reserves) is to be distributed quarterly to the Beneficiaries, (iv) retained cash can only be invested in short-term obligations of (or guaranteed by) the United States (or any agency or instrumentality thereof), and in certificates of deposit or interest-bearing bank accounts having a minimum stated capital and surplus of $50,000,000, and (v) all such obligations must mature

[49] 1978-2 C.B. 344.
[50] *Id*.
[51] *See North American Bond Trust*; *Pennsylvania Co. for Insurances on Lives and Granting Annuities v. United States*, 146 F.2d 392 (3rd Cir. 1944); *see also* Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 73-460, 1973-2 C.B. 425 (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).

prior to the next distribution date and must be held to maturity.[52] Furthermore, similar to the trust agreement in Rev. Rul. 2004-86, the Trust Agreement provides that the Trustee cannot (i) exchange the Real Estate for other property, (ii) purchase assets other than short-term investments as described above, (iii) accept additional contributions of assets, including money, to the DST (other than pursuant to the PPM), (iv) renegotiate the terms of the Lease (except in the case of bankruptcy or insolvency), (v) enter into new financing; or (vi) make other than minor, non-structural modifications to the Real Estate, except as required by law.[53] Furthermore, no agency or nominee agreement between the relevant parties exist in the case at hand and neither the Trust, the Trustees, nor the Initial Beneficiary have acted or will act as an agent on behalf of the Beneficiaries.[54] Many of the prohibited activities are factual in nature. We are relying on the Tax Certificate regarding certain factual matters and will not independently verify the accuracy of the matters subject to such certification.

Additionally, the facts in the case at hand are stronger than in Rev. Rul. 2004-86 in some respects as the Trust Agreement expressly denies the Trustees (and any agent thereof) from (i) taking certain actions if any such action would constitute a power to "vary the investment of the certificate holders" as defined in Treasury Regulation Section 301.7701-4(c)(1), (ii) taking any action that, in the reasoned opinion of tax counsel, should be expected to cause the Trust to be treated as a "business entity" for U.S. federal income tax purposes,[55] or (iii) providing services that are not "customary services" within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261 ("Customary Services"). In addition, given that the Property is only raw ground and is subject to the Lease for an extended time period, little activity is possible with respect to the Property.

The Beneficiaries' co-ownership of the underlying assets of the Trust should not be viewed as giving rise to a carrying on a profit-making business carried on through a partnership for U.S. federal income tax purposes. The Trust Agreement provides that the parties do not intend create a partnership, joint venture, or other similar relationship between the Beneficiaries, the Beneficiaries do not have any liability for the debts or obligations incurred by any other Beneficiary, and generally no Beneficiary has the authority to act on behalf of any other Beneficiary or to impose any obligation with respect to the assets of the Trust.[56] Furthermore, no Beneficiary or its agent may provide services that are not "customary services".[57]

However, there are certain features of the Trust Agreement and the Lease that are not addressed in Rev. Rul. 2004-86, including (i) the Signatory Trustee's power to sell the Real Estate, (ii) the classification of the Trust immediately prior to and after the first acquisition of Interests, (iii) the power of the Trust to accept multiple contributions over time, and (iv) certain approval rights over construction of the Facility under the Lease. Nonetheless, we believe that

[52] Trust Agreement, section 4.02.
[53] *See, e.g.,* Trust Agreement, section 7.03.
[54] Trust Agreement, section 2.04.
[55] Trust Agreement, section 7.03.
[56] Trust Agreement, section 5.01(a).
[57] Trust Agreement, section 2.03.

none of these features should be viewed as permitting the Trustees to vary the investments of the Trust in a manner that results in the Beneficiaries improving their investment results based on variations in the market.

Sale of Real Estate

The power granted under the Trust Agreement to sell the Real Estate should not be viewed as a power to vary the Trust's investments. Similar to the trust in Rev. Rul. 79-77, the Trust Agreement provides that the Trust shall dissolve and wind up upon the sale of the Real Estate, and the proceeds distributed to the Beneficiaries.[58] Similar to other cases and rulings discussed above, the Signatory Trustee does not have the power to purchase replacement investments with the proceeds from the sale of the Real Estate to take advantage of market variations.[59] Accordingly, the sale of the Real Estate under these circumstances is consistent with the objective of achieving an investment return on the assets comprising the initial Trust estate when the Beneficiaries acquire their Interests. Because the sales proceeds cannot be reinvested (other than in short-term assets) by the Trustees, the Trust Agreement does not confer the power to vary the existing investments of the Trust and take advantage of market variations. The assets that can be held by the Trust are restricted to the Real Estate and incidental additional assets associated with the Real Estate, and the cash reserves that accumulate between quarterly distributions.[60] All cash reserves will be invested only in the types of debt instruments expressly permitted under Revenue Ruling 2004-86.[61] Thus, providing the Signatory Trustee with the discretion concerning the timing and amount of the sale of the Real Estate should not prevent the Trust from being treated as an investment trust that is classified as a "trust" for U.S. federal income tax purposes.

Disregarded Treatment

Prior to the time that the Initial Beneficiary sells an Interest to a third-party, the Trust will be treated as a disregarded entity for U.S. federal income tax purposes. Accordingly, the conversion of the tax treatment of the Trust from a disregarded entity to an investment trust should be viewed on its own as a mere formation of the Trust as an investment trust in a manner that is not inconsistent with the analysis under Rev. Rul. 2004-86.

Contributions over Multiple Times

Unlike in Rev. Rul. 2004-86, the Trust can accept additional contributions pursuant to the terms of the PPM. However, the ability to accept multiple contributions over time should not be viewed as raising additional capital (which is prohibited under Rev. Rul. 2004-86) because the capital of the Trust is not increasing. Rather, the proceeds of the additional closings will be used to redeem a proportionate share of the Initial Beneficiary's capital contribution to the Trust

[58] Trust Agreement, section 9.01.
[59] *Supra* note 51.
[60] *See* Trust Agreement, sections 2.05(d) and 4.02.
[61] *See* Trust Agreement, section 4.02.

(including certain fees and expenses incurred in connection with the acquisition of the Real Estate and offering of the Interests).[62] Each closing should be treated for U.S. federal income tax purposes as a direct sale of Interests by the Initial Beneficiary. Further, permitting Interests to be sold in multiple closings rather than in a single closing is driven by practical considerations and does not provide a basis for distinguishing a trust from a partnership. In addition, you have represented that if Interests are purchased at various times, the terms of the various offering of Interests will be fixed and pursuant to the terms of the PPM, and accordingly the additional contributions do not enable the Trust to benefit from market fluctuations over time.

Ground Lease

Unlike the lease in Rev. Rul. 2004-86 and the other cited rulings, the Lease is a ground lease under which the Ground Lessee will construct a Facility. While the Tenant is responsible for all aspects of development and construction, and the costs related thereto,[63] the Trust has certain approval rights over the development and construction process of the Facility. These rights include the approval of (i) development and construction agreements entered into between the Ground Lessee and contractors, (ii) all plans related to any excavation, construction, paving, or any other work associated with the Initial Construction, and (iii) Change Orders, provided that in each case, the Trust cannot unreasonably withhold, condition, or delay its approval (the "Approval Rights").[64] Under the Trust Agreement, the Trustee will hold the approval rights, provided that such rights may only be exercised to maintain the value of the Trust assets (including the Property).[65]

We believe the Approval Rights are not broader than the powers granted to the trustees in Revenue Ruling 79-77 and PLR 7905046. Similar to those rulings, the Trustee has the power to approve certain alterations. The Trustee cannot unreasonably withhold, condition or delay approval, and such rights can be exercised only to protect and preserve the value of the Trust assets (including the Property). In addition, the limitation on the Trustee's powers under section 7.03 the Trust Agreement applies to the approval rights contained in the Lease. However, unlike those rulings, the Approval Rights generally do not relate to the Property, but rather to the construction of the Facility, which is not an asset of the Trust. The Trustee has these rights primarily to insure the Ground Lessee can meet its financial obligations under the Ground Lease and to protect the Property from damage during construction of the Facility. Taken together, we believe the Approval Rights should be viewed as merely giving the Trustee the power to conserve and protect the Trust's property.

Furthermore, the facts in the case at hand are distinguishable from those in Revenue Ruling 78-371. The trustee in that ruling had various powers, including the ability to raze or erect any building or other structure or make any improvements to the land that was contributed to the trust. In comparison, the Trust has no ownership interest in the Project. With the length of

[62] *See* PPM, Summary of the Offering; *see also* Purchase Agreement
[63] Lease, section 3.03.
[64] *See* Lease, sections 6.02, 6.05 and 6.06.
[65] Trust Agreement, section 7.02(h).

the Lease being at least 50 years, the Trust will not ever likely benefit from the Project. As discussed above, the Trust's interest in the Project is to insure that the Ground Lessee has sufficient cash flow to service its financial obligations under the Ground Lease. In addition, neither the Trust Agreement nor the Lease provide the Trustees with unfettered power over any aspect of construction of the Facility or the power to engage in extensive real estate operations. The Tenant is responsible for all aspects of development and construction of the Facility, including the costs associated therewith, and the Trustee merely has limited approval rights over agreements and work related thereto, and furthermore such approval cannot be unreasonably withheld, conditioned, or delayed. Furthermore, the Tenant's activities should not be attributed to the Trust because the Tenant is not acting as an agent or nominee on behalf of the Trust. Although not free from doubt, we believe that the Approval Rights should not violate the intent and purpose of Revenue Ruling 2004-86 or the underlying cases and rulings governing whether the Trustees possess an impermissible right to vary the investments of the Trust.

ii. Single Class of Interests

Background

An investment trust with multiple classes of ownership interests ordinarily will be classified as a business entity, and not a trust, for U.S. federal income tax purposes unless the existence of multiple classes of ownership interests is incidental to the trust's purpose to facilitate direct investment in the assets of the trust and not for the purpose of providing investors with diverse interests in the trust assets.[66]

The primary feature of multiple classes is, in substance, that the interests of the beneficiaries are not undivided, but diverse, and such use may indicate the trust serves an additional purpose to provide investors with economic and legal interests that could not be acquired through a direct investment in the trust assets.[67] Investment arrangements with multiple classes of ownership are not investment trusts within the meaning of the Treasury Regulations where such arrangements enable investors to fulfill varying profit-making objectives through the division of rights and the sharing of risks in certain assets, and accordingly such arrangements are considered to have associates and an objective to carry on business and divide the resulting gains.[68]

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[66] Treas. Reg. section 301.7701-4(c)(1); Preamble to TD 8080, 1986-1 CB 371.

[67] Preamble to TD 8080 ("Multiple class trusts depart from the traditional form of fixed investment trust in that the interest of the beneficiaries are not undivided, but diverse. The existence of varied beneficial interests may indicate that the trust is not employed simply to hold investment assets, but serves a significant additional purpose of providing investors with economic and legal interests that could not be acquired through direct investment in the trust assets. Such use of an investment trust introduces the potential for complex allocations of trust income among investors, with correspondingly difficult issues of how such income is to be allocated for tax purposes. These issues are properly foreign to the taxation of trust income, where rules have not developed to accommodate the varied forms of commercial investment, and no comprehensive economic substance requirement governs the allocation of income for tax purposes.")

[68] IRS Announcement 84-62, 1984-24 IRB 29;

Whether the existence of multiple classes is merely incidental generally depends on the extent to which the investment attributes of trust interests differ from direct ownership of the trust assets.[69] The extent of the divergency may be revealed by determining whether the interests of the investors could be reproduced outside the trust without resort to the multiple classes of ownership.[70] The court in *Principal Life Insurance Co. & Subs.* observed that the Treasury Regulations and preamble demonstrate that the existence of multiple classes is not incidental if those interests could not be produced outside of the trust environment.

The Treasury Regulations provide examples of the "incidental" rule. In one example, the trust holds legal title to a pool of mortgages and there are two classes of certificates. Class A certificates are entitled to all payments of mortgage principal until the certificates are retired, and class B certificates receive payments of principal only after class A certificates have been retired. The different rights provide class B holders with call protection. The example concludes that the trust serves to create investment interests that differ significantly from a direct investment in the underlying mortgages, and consequently the "incidental" rule is violated.[71] The Treasury Regulations contain another example of a trust with similar assets to the first example and two classes of interests (class C and class D). However, the rights of the two classes are identical, except that in the event of default of an underlying mortgage, the payment rights of the class D certificates are subordinated to the payment rights of the class C certificates. The example reasons that the interest holders are substantially equivalent to an undivided interest in the pool of mortgages, coupled with a limited recourse guarantee by the holder of the class D certificates to the holders of the class C certificates. Accordingly, the multiple classes are merely incidental the trust is classified as such for U.S. federal income tax purposes.[72]

Application of Law to Trust's Facts

In form, the Trust utilizes only a single class of beneficial interests in its structure as, on its face, the Trust Agreement only provides for a single class of beneficial interests.[73] In this regard, the Trust's structure presents even more favorable facts than a structure utilizing multiple, albeit nominally different, classes that must otherwise rely on principles of law to be characterized as one single class.

It is possible that the IRS may assert that, if the Initial Beneficiary retains an Interest and receives distributions in connection therewith, while at the same time (i) the Ground Lessee, an affiliate of the Initial Beneficiary with 100% common ownership, receives income from subleasing the Project, and (ii) the Signatory Trustee, an affiliate of the Initial Beneficiary, receives compensation in its role as asset manager under the Asset Management Agreement, the

[69] Preamble to TD 8080. *See also, Principal Life Insurance Co. & Subs., et al. v. U.S.,* 116 Fed. Cl. 82 (Ct Fed Cl 2014) (citing the "Sears Regulations" and holding that multiple classes did not satisfy the "incidental" rule where taxpayer retained interest income of underlying assets and residual principal interests were sold to a third party).
[70] *Id.*
[71] Treas. Reg. section 301.7701-4(c)(2), example 1.
[72] Treas. Reg. section 301.7701-4(c)(2), example 2.
[73] Trust Agreement, Article I.

Initial Beneficiary's Interest amounts to a second class of beneficial interests separate and distinct from the Interests of the other Beneficiaries. However, we believe that the facts and circumstances sufficiently support the position that the Trust should be characterized as having only one single class of beneficial interests because the economic interests of the Ground Lessee and the Signatory Trustee are separate and distinct from the Initial Beneficiary's Interest. In particular, as to the Ground Lessee, the Ground Lessee owns totally separate and distinct interests in property with separate risks and opportunities. As to the Signatory Trustee, the Signatory Trustee is performing services for which it is receiving fair market value consideration.

There is no distinction between the Initial Beneficiary's Interest and the Interest of any other Beneficiary, whether by name, rights, economics or otherwise, under the Trust Agreement.[74] The Interest owned by the Initial Beneficiary, if any, is not linked to the Tenant's role as the lessee under the Lease or otherwise. For example, the Trust Agreement does not require that the Initial Beneficiary to alienate its Interest if the Lease or Asset Management Agreement terminates, and there further is no requirement that the Tenant, or any affiliate thereof, own an Interest. Similarly, the Transaction Documents do not restrict the ability of the Initial Beneficiary to own an Interest. In other words, the Initial Beneficiary could dispose of its Interest while the Tenant continues as a tenant under the Lease or the Signatory Trustee remains a party to the Asset Management Agreement, and the Lease or the Asset Management Agreement could be terminated while the Initial Beneficiary continues to hold its Interest.

The Ground Lessee's economic interest should not create a deemed second class of interests in the Trust because the Project, which will generate rental income for the Ground Lessee upon completion of development and construction thereof, is not an asset of the Trust. Accordingly, the Ground Lessee's economic interest (*i.e.*, rent received by leasing the Project to tenants, less all expenses) is separate and distinct from the Initial Beneficiary's economic interest in the Trust (*i.e.,* its allocable share of rental income received under the Lease, net of expenses), and there is no contractual or mechanical correlation between the two. The Trust does not share in any profit generated by the Ground Lessee in connection with leasing the Project, and the Trust is insulated from net losses (if any) incurred by the Ground Lessee. The Ground Lessee's rights and obligations under the Lease and any lease of the Project is completely disconnected from the Initial Beneficiary's Interest. The rent earned by the Trust is not dependent or contingent on the profitably of the operations conducted by the Ground Lessee.[75] The Ground Lessee will incur a construction financing loan to construct and develop the Project, and the loan will be secured by the leasehold interest, but not the underlying Trust assets (including the Property). The loan will be repaid from the rents generated from leasing the Project. In the event of default by the Ground Lessee under the constructing financing loan documents, the lender would only have the right to foreclose on the Ground Lessee's leasehold interest and would step into the shoes of the Ground Lessee.[76] The terms of the Lease, including the amount of rent charged, is set at arm's length rates. Furthermore, you have represented that you have

[74] *See*, *e.g.*, Trust Agreement, section 4.02.
[75] *See* Tax Certificate.
[76] *See* Tax Certificate, Article XII of the Lease, and the PPM.

reviewed the viability of all plans and documents related to the development, construction and rental of the Project, and it is reasonable to expect that the Ground Lessee will realize a commercially reasonable profit from the lease of the Project, taking into account all of the Ground Lessee's anticipated financial obligations (including, but not limited to, rent payments under the Lease, debt service payments and fees paid to the third party property management company). Accordingly, because the property held by the Ground Lessee and all profits realized are distinct and separate from the property held by the Trust and the profits generated by the Trust, the interests of the Ground Lessee and the interests of the Initial Beneficiary should not be collapsed and treated as creating a second class of interests in the Trust.

The AMA Fees earned by the Signatory Trustee should not give rise to a deemed second class of stock because common beneficial ownership between the Signatory Trustee and Initial Beneficiary is less than 50%. Accordingly, more than half of the economics under the Asset Management Agreement inure to different ultimate beneficial owners than the ultimate beneficial owners of the Initial Beneficiary. Second, because the Asset Management Fee (and the Disposition Fee) is determined as a percentage of Contributed Value of the Real Estate (as a percentage of the of the gross sales price received upon sale of the Real Estate), there is (i) no correlation between the profitability of the Trust and the AMA Fees earned by the Signatory Trustee, and (ii) no shifting or extraction of profits generated by the Trust in favor of the Initial Beneficiary (to the extent of the overlap in ownership) and away from the other Beneficiaries. Even if the Ground Lessee defaults on payments under the Ground Lease and the Trust does not generate income in a period, the Signatory Trustee would still be entitled to the Asset Management Fee for such period. Similarly, if the Real Estate hypothetically were sold at a loss in the future, the Signatory Trustee would still be entitled to the Disposition Fee based on the gross sales price. The Asset Management Fee was set at an arm's-length rate and represents an ordinary and necessary expense of the Trust for duties typically performed by a trustee of Trust holding similar assets.[77] The Disposition Fee was also set at an arm's-length rate, is akin to a broker's fee to reasonably compensate the Signatory Trustee for services performed in connection with the sale of the Real Estate in the future, and it is normal and customary for a trustee of a Trust holding similar assets to receive such Disposition Fee.[78] The AMA Fees should be viewed as proper and necessary expenses paid to a third party for customary services required by the Trust, and such fees are borne *pro rata* by each Beneficiary. Because of the lack of common ownership and the fact that the AMA Fees are normal and customary expenses of the Trust, the AMA Fees should not be treated as indirectly (i) stripping profits of the Trust in favor of the Initial Beneficiary and away from the other Beneficiaries through complex allocations or (ii) reallocating risk among the Beneficiaries.

Because the Trust's structure in form utilizes one single class of beneficial interests and because in substance such interests should not be characterized as multiple classes, we believe the Trust should be characterized as having a single class of beneficial interests and is, therefore, consistent with treating the Trust as a fixed investment trust.

[77] *See* Tax Certificate.
[78] *Id*.

iii. Conclusion

Based on the analysis above, the Trust should be treated as an investment trust described in Treasury Regulation Section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation Section 301.7701-4(a).

III. Exchange of Real Property for Interests

A. Background

In Rev. Rul. 2004-86, the IRS held that Party B and Party C owned an undivided fractional interest in Blackacre for U.S. federal income tax purposes. In reaching this conclusion, the IRS determined that (i) Party B and Party C were grantors[79] of the DST when they acquired their interests in the DST from Party A, (ii) they had the right to distributions of all trust income attributable to their undivided fractional interest in the trust, (iii) because of their right to distributions, they owned an aliquot portion of the DST and all income, deductions and credits attributable to that portion were includible[80] in computing their taxable income, and (iv) because they owned an undivided fractional interest of the DST, they were considered to own the DST assets (*i.e.,* real property) attributable to that interest for U.S. federal income tax purposes.

B. Beneficiaries Treated as Grantors of the 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.[81] A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[82] The term "grantor" also includes any person who acquires an interest in a trust from a "grantor" of the trust if the interest acquired is an interest in an investment trust described in Treasury Regulation Section 301.7701-4(c).[83]

Application of Law to Trust's Facts

Each Beneficiary should be treated as a "grantor" of the Trust. A Beneficiary will transfer cash to the Trust in exchange solely for an interest therein, and the proceeds will be used to redeem a proportionate share of the Initial Beneficiary's capital contribution to the Trust (including certain fees and expenses).[84] The transfer should be treated as an acquisition of an Interest from the Initial Beneficiary (the grantor of the Trust). Accordingly, the Beneficiaries should be treated as "grantors" of the Trust.

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[79] Treas. Reg. section 1.671-2(e)(3).
[80] Section 671.
[81] Treas. Reg. section l.671-2(e)(1).
[82] Treas. Reg. section 1.671-2(e)(2).
[83] Treas. Reg. section 1.671-2(e)(3).
[84] PPM, Summary of the Offering; *see also* Purchase Agreement.

C. Right to Distributions and Ownership of an Undivided Interest in Trust Assets

Under Section 677(a), 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 nonadverse party, or both, may be distributed, or held or accumulated for future distribution to the grantor. Under Section 673, a grantor is treated as owning any portion of a trust in which the grantor has a reversionary interest in either the trust assets or the income therefrom if, as of the inception of that portion of the trust, the value of such interest exceeds 5% of the value of such portion.

A person that is treated as the owner of an undivided fractional interest of a trust under Sections 671 through 679 is considered to own the trust assets attributable to that undivided fractional interest of the trust for U.S. federal income tax purposes.[85]

Application of Law to Trust's Facts

Similar to the beneficial owners in Rev. Rul. 2004-86, the Beneficiaries generally have the right to the distribution of all income received by the Trust without the approval, consent or exercise of discretion by any person.[86] Additionally, the Beneficiaries have a total reversionary interest in the assets of the Trust.[87] Accordingly, the Beneficiaries should be treated as owning an aliquot portion of the Trust.

Because the Beneficiaries should be treated as "grantors" of the Trust and should be treated as owning an aliquot portion of the Trust, the Beneficiaries should be treated as owning direct interests in the Trust's assets under Sections 673 and 677 and therefore for all U.S. federal income tax purposes, including Section 1031.

IV. Treatment of the Ground Lease as a True Lease and not a Financing

A long-term ground lease is generally respected as a true lease and not a financing for U.S. federal income tax purposes.[88] However, if a lease precludes reversion of the property at the end of term and the rent approximates the property value, such lease may not be respected as a true lease.[89]

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[85] *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. section 1.1001-2(c), Example 5.
[86] *See, e.g.,* Trust Agreement, Article IX.
[87] *Id.*
[88] *See, e.g., Minneapolis Syndicate v. Commissioner*, 13 B.T.A. 1303 (1928) (holding that a 130-year ground lease was a lease of ground and a building because the tenant had to return the building to the landowner at the end of the lease term); *Duffy v. Central Railroad Co. of New Jersey*, 268 U.S. 55 (1925); Rev. Rul. 61-217, 1961-2 C.B. 49.
[89] *See, e.g.*, *Lieber v. Commissioner*, T.C. Memo. 1993-391; Rev. Rul. 62-82, 1962-1 C.B. 155.

Revenue Procedure 2001-28[90] (the "Revenue Procedure") sets forth guidelines for obtaining an advance ruling that a lease constitutes a true lease (and not a financing) for U.S. federal income tax purposes. While the Revenue Procedure analyzed the facts in the context of a leveraged lease transaction and not a ground lease, analyzing the facts of the Lease in the context of the Revenue Procedure further supports our conclusion that the Lease should be treated as a true lease for U.S. federal income tax purposes. The IRS stated in the Revenue Procedure that it would still consider a ruling even if all of its stated guidelines were not met. The stated guidelines include (i) the lessor must have a minimum unconditional "at risk" investment in the property (at least 20%) at all times during the term of the lease, (ii) no member of the lessee group may have a right to purchase the property at a price less than its fair market value at the time the right is exercised, (iii) the lessee group cannot furnish the cost of the property or cost of improvements, modifications or additions (subject to certain exceptions), (iv) the lessee group cannot lend funds necessary to acquire the property or guarantee indebtedness created in connection with such acquisition, (v) the lessor must expect and demonstrate it intends to receive a profit from the transaction, apart from any tax benefits. This last requirement is met if (a) the aggregate amount paid by the lessee plus the residual value of the investment exceeds the all disbursements required to by paid by the lessor plus its equity investment in the property (plus financing costs, if any) ("Overall Profit Test"), and (b) the aggregate amount to be paid to the lessor exceeds by a reasonable amount the aggregate disbursements to be paid by the lessor in connection with ownership of the property ("Positive Cash Flow Test").

Application of Law to Trust's Facts

The Lease is a standard ground lease. The Lease is for a term of at least 50 years, after which the title to all improvements and personality located on the Property (including the Project to be constructed) shall automatically and immediately vest in the Landlord.[91] However, given the minimum 50 year term of the Lease, the value of the Project upon reversion to the Landlord will not likely be material. Rent payments under the Lease do not approximate the value of the Property. Accordingly, based on the case law addressing ground leases, we believe the Lease should be treated as a true lease and not a financing for U.S. federal income tax purposes.

Furthermore, the Lease should be treated as a true lease based on the guidelines set forth in the Revenue Procedure. You have represented that (a) you have and will have at all times during the term of the Lease at least a 20% equity investment in the Trust assets (including the Property) (based on original cost), (b) neither the Tenant nor any affiliate thereof has a right to purchase the Real Estate at less than fair market value, and (c) the Overall Profit Test and Positive Cash Flow Test will be satisfied. While requirement (iii) described above will not be met, we believe this requirement should be given less weight because the Lease is a ground lease.

V. Ground Lease should be treated as True Lease and not a Deemed Partnership

[90] 2001-1 C.B. 1156.
[91] Lease, sections 6.10, 14.01.

It also is necessary to consider whether the Lease could be recharacterized as a partnership for U.S. federal income tax purposes. If the Trust or the Beneficiaries are treated as partners with the Ground Lessee with respect to the ownership of the Property and the Facility, the Beneficiaries might not be regarded as directly holding interests in the Property.[92] Case law provides that certain factors are indicative that a purported lease may in fact be a partnership for U.S. federal income tax purposes.[93] Such factors include (i) the intent of the parties, (ii) the presence of a joint contribution of capital or services, (iii) the presence of a joint control over the capital and earnings, (iv) whether profits and/or losses were shared as co-proprietors, (v) whether shared control over the business existed, (vi) the parties agreement and conduct, (vii) the maintenance of separate books, and (viii) whether partnership tax returns were filed.

A. Intent

In *Commissioner v. Culbertson*,[94] the Supreme Court indicated that a partnership exists when "considering all the facts – the agreement, the conduct of the parties in execution of its provisions, their statements, the testimony of disinterested persons, the relationship of the parties, their respective abilities and capital contributions, the actual control of income and the purposes for which it is used, and any other facts throwing light on their true intent – the parties in good faith and acting with a business purpose intended to join together in the present conduct of the enterprise."[95]

Since *Culbertson*, the intent of the parties has been the key factor in determining whether a particular arrangement constitutes a partnership for tax purposes.[96] The requisite intent is not the intent to be treated as a partnership for state law or tax purposes, but the intent to carry on a business or venture for joint economic gain. Thus, a partnership may be found to exist for U.S. federal income tax purposes even where there is an expressed intention not to form a partnership.[97]

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[92] Because the property manager (if one is retained) will not be in privity of contract with the Trust, there should be little doubt that there is no partnership between the property manager and the Trust.

[93] *See Haley v. Commissioner*, 203 F.2d 815 (5th Cir. 1953), *rev'g and rem'g* 16 T.C. 1509 (1951) (citing *Culbertson* and stating that a transaction will be treated as a partnership rather than a lease "if the agreements and the conduct of the parties . . . plainly show the existence of such [a partnership] relationship, and the intent to enter into it"); *Bussing v. Commissioner*, 88 T.C. 449 ("A partnership for U.S. federal income tax purposes is formed when the parties to a venture join together capital or services with the intent of conducting a business or enterprise and of sharing the profits and/or losses of the venture"). In *Bussing*, the parties entered into a multiparty sale lease back transaction intended to qualify under *Frank Lyon*. Rent payments generally offset amounts due under the debt incurred to purchase the asset, giving the purchaser-lessor an interest in the rent. Because of a remarketing agreement that enabled the seller-lessee to share along with the purchaser lessor in the residual value of the leased property. The purchaser-lessee took the property subject to already existing debt and therefore bore a risk of loss if this debt was not repaid.

[94] 337 U.S. 733 (1949); *see, also, Commissioner v. Tower*, 327 U.S. 280 (1946).

[95] *Id*. at 742.

[96] *See, also, Gilford v. Commissioner*, 11 T.C.M. 175 (1952), *aff'd* 201 F.2d 735 (2nd Cir. 1953) and *Coffin v. United States*, 120 F. Supp. 9 (S.D. Ala. 1954).

[97] *See Haley v. Commissioner*, 203 F.2d 815 (5th Cir. 1953).

In the present case, there is no evidence that the Trust and the Ground Lessee intend to form a partnership or carry on a business or venture for joint economic gain. The Lease expressly provides that the parties do not intend to form a partnership or agency relationship between the parties.[98] To our knowledge, the parties have not otherwise expressed an intent to join together as partners. Further, you have represented that the Lease is intended to be characterized as a true lease and that the parties shall reflect the Lease as such in all applicable books, records and reports, including income tax filings.[99] Finally, the Trust only receives its interest in the Ground Lease revenues and does not suffer the risks involved in building and operating the Project or participating in the benefits of such operations.

B. Joint Contribution of Capital or Services

Where persons combine their capital and services together in an enterprise such that they are required to deal with each other to realize the economic benefits from the property, the arrangement generally will be characterized as a partnership.[100]

The Trust and the Ground Lessee do not intend to pool either their capital or services. The parties do not need to join together and contribute capital and/or services in order to realize income. The Trust will make the Property available to the Ground Lessee in exchange for determinable lease payments and will not participate in, or provide services to, the Ground Lessee's business (except to the extent necessary to protect its investment in the Property). Similarly, the Ground Lessee will not provide capital to enable the Trust to acquire or improve the Property and will not provide services to the Trust (except to the extent necessary to comply with its obligations under the Lease).

C. Joint Control of Capital and Earnings

Another factor is whether the participants will have the necessary joint control over the capital and earnings of the venture. Generally, the ability to spend or distribute capital or earnings demonstrates that a participant is actually a partner.[101] The requisite power to spend or distribute earnings generally only occurs if the participant "owns" a portion of the capital and the earnings. Consequently, a participant generally has this "control" if the participant has the power and the authority to take such action.

Here, the Trust and the Ground Lessee will each earn a separate profit. The Ground Lessee will have control over cash generated from leasing the Facility. The Ground Lessee will recognize income or loss based on the difference between the rent it receives on its leases and the

[98] Lease, section 27.10.
[99] *See* Tax Certificate.
[100] *Bussing v. Commissioner*, 89 T.C. 1050 (1987); *Alhouse v. Commissioner*, 62 T.C.M. 1678 (1991).
[101] *Terrell v. Commissioner*, 54 T.C.M. 870 (1987) (partnership existed where each participant could withdraw funds at any time); *Estate of Smith v. Commissioner*, 313 F.2d 724 (8th Cir. 1963) (no partnership because the participant had no right to claim or withdraw any of the cash and all remaining capital belonged to the other participants).

expenses of leasing and operating the Facility. The Trust will receive rent from the Ground Lessee. Neither the Trust nor the Ground Lessee will have, or should be deemed to have, any ownership interest over the profits earned by the other party. Furthermore, neither party will have the power to spend or distribute the capital of or profits earned by the other party (except pursuant to the specific terms provided in the Lease, which generally require reimbursement). In addition, the rental payments under the Lease are not based on expected or actual net operating income or net cash flow generated from the operation of the Facility.[102] Thus, none of these parties will jointly share in profits or losses; rather, each will bear its own separate risk that a profit will be realized.

D. Sharing of Profits as Co-proprietors

A joint sharing of profits will only be treated as a partnership if two or more of the participants have a proprietary interest in the enterprise.[103] A profit sharing arrangement will not be treated as a partnership if only one party has a proprietary interest.[104] Generally, co-proprietors divide the net income generated by a joint participation. As a result, a division of the net profits is a strong indication that an arrangement is a partnership.

As discussed above, the Trust does not share in the gross or net rents generated from leasing of the Facility, and the Ground Lessee does not share in the profits earned by the Trust under the Lease. Thus, the Trust and the Ground Lessee should not be viewed as sharing any net profits.

E. Sharing of Losses

Although a direct and mutual sharing of potential partnership losses is neither necessary nor sufficient for a business to be treated as a partnership,[105] its absence is not generally characteristic of a partnership relationship.[106]

In this case, the Ground Lessee will not share in losses generated from an ownership interest in the Property. Further, in the case of the Lease, the Trust will lease the Property to the

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[102] *See, e.g.,* Lease, Article III.

[103] *See Federal Bulk Carriers. Inc. v. Commissioner*, 66 T.C. 283, (1976), *aff'd*, 558 F.2d 128 (2d Cir. 1977) ("central feature" of joint venture is "a proprietary interest in the net profits of the enterprise coupled with an obligation to share its losses"); Rev. Rul. 75-43, 1975-1 C.B. 383 (cattle operator not a partner even though he received a share of the net income because no intent to form a partnership and operator had no control.)

[104] *See*, *e.g.*, *Estate of Smith v. Commissioner*, 313 F.2d 724 (8th Cir. 1963) (no partnership because the participant had no right to claim or withdraw any of the cash and all remaining capital belonged to the other participants); *Pounds v. United States*, 372 F.2d 342 (5th Cir. 1967); *Luna v. Commissioner*, 42 T.C. 1067 (1964); *Allison v. Commissioner*, 35 T.C.M. 1069 (1976); *Robert W. Ewing*, 17 T.C.M. 626 (1958) (participant who had shares of profits not a partner because no risk of loss and no control); *Paul J. Kelly*, 29 T.C.M. 1090 (1970) (participant who shared in profits was not a partner because no control and no sharing of losses); *Kenneth E. Ronemus*, 28 T.C.M. 799 (1969) (no partnership because no ownership interest and no control); Rev. Rul. 75-43 1975-1 C.B. 383.

[105] *See Pogetto v. United States*, 306 F.2d 76 (9th Cir. 1962).

[106] *See* G.C.M. 36436 (Sept. 25, 1975); *Luna v. Commissioner*, 42 T.C. 1067 (1964); *Miller-Smith Hosiery Mills v. Commissioner*, 22 T.C. 581 (1954); PLR 8046064 (undated).

Ground Lessee, and will not share in losses, if any, sustained by the Ground Lessee with respect to operating and subletting of the Facility. If the losses incurred by the Ground Lessee result in the inability of the Ground Lessee to pay all rent due under the Lease, the Facility would revert to the Trust in accordance with the terms of Lease.

F. Control Over the Business

An arrangement whereby two or more persons share the profits of a common undertaking does not constitute a joint venture in the absence of the power to control.[107] Typically, a lessor does not jointly manage the leased property with the lessee. The right of a lessor to participate in the management of the property, therefore, is an important factor distinguishing leases from partnerships.[108]

Under the terms of the Lease, the Trust will have no rights to participate in the management of the Project and the Trust only has ability to make sure that the Ground Lessee has complied with the terms of the Lease. The Ground Lessee will have the right to manage the day-to-day operation of the Project. Any Sublease (as defined in the Lease) by the Ground Lessee does not require the consent of the Trust so long as the term of such Sublease terminates prior to the term of the Lease.[109] While any decision to sell or refinance the Real Estate will be made by the Signatory Trustee on behalf of the Trust, this right is typical for a lessor to possess as the owner of the Real Estate and, therefore, does not support partnership characterization. As discussed above, the Trust will have certain Approval Rights. However, we view such rights as giving the Trust the power to conserve and protect the Property, and such rights do not give the Trust unfettered control over the activities of the Ground Lessee.

G. Parties' Agreement and Conduct in Executing its Terms

The terms of the agreement between the participants bear on the question of the intent of the participants as set forth in *Culbertson*.[110] Obviously, if the participants have signed a partnership agreement they intend to be partners.[111]

As stated above, the Lease specifically states that the parties do not intend to create a partnership or agency relationship.[112] Accordingly, the parties' agreement and, to our knowledge, their conduct in executing its terms should not be indicative of a partnership for U.S. federal income tax purposes.

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[107] *Joe Balestrieri and Co. v. Commissioner*, 177 F.2d 867 (9th Cir. 1949); *O'Conner v. Commissioner*, 19 T.C.M. 380 (1960) (broker split profits but compensated for losses).
[108] *See, e.g., Grandview Mines v. Commissioner*, 282 F.2d 700 (9th Cir. 1960); *Haley v. Commissioner*, 203 F.2d 815 (5th Cir. 1953).
[109] *See* Lease, section 11.02.
[110] G.C.M. 36436 (Sept. 25, 1975).
[111] *Wheeler v. Commissioner*, 37 T.C.M. 883, 890 (1978). A written partnership agreement is not essential, however.
[112] Lease, section 27.10.

H. Maintenance of Separate Books

A partnership generally maintains separate books and records of its business. Consequently, if separate books and records are maintained the more likely a partnership will be deemed to exist. However, separate books and records may be a non-factor if separate books and records are needed for other business purposes.[113]

The Ground Lessee will not keep books or records on behalf of the Trust, such tasks will be performed by the Trustees on behalf of the Trust.[114]

I. Filing of Tax Returns or Other Partnership Action

Since the existence of a partnership as determined under *Culbertson* is based on the intention of the participants, the fact that the parties have a partnership agreement and represent themselves to third parties and to the IRS as partners can be extremely important. Indeed, if a partnership income tax return is filed by a venture, the members of the venture are virtually precluded from denying their status as partners.[115] Further, if co-owners hold themselves out as partners,[116] filed documents as partners,[117] or operated as a partnership, the requisite intent is likely to be found.[118]

In the present case, the parties are prohibited from filing partnership tax returns or otherwise representing the Lease as creating a partnership, thus no partnership returns will be filed, nor will any party hold themselves out as partners. Furthermore, each party shall specifically reflect the transactions represented by the Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with true lease treatment.[119]

Based on these factors, the arrangement between and among the Trust and the Ground Lessee should not give rise to a deemed partnership for U.S. federal income tax purposes.

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[113] G.C.M. 36961 (Dec. 21, 1976).
[114] *See* Tax Certificate.
[115] *McManus v. Commissioner*, 583 F.2d 443 (9th Cir. 1978) *cert. denied*, 440 U.S. 959 (1979); *Maletis v. United States*, 200 F.2d 97 (9th Cir. 1952) *cert. denied*, 345 U.S. 924 (1953); *Halstead v. Commissioner*, 296 F.2d 61 (2d Cir. 1961) (per curiam); *Smith v. Commissioner*, 37 T.C.M. 1731 (1978); TAM 199907029 (September 30, 1998) (partnership found where parties entered into a partnership agreement and filed partnership tax returns); PLR 9741017 (July 10, 1997) (parties filed partnership tax returns; IRS found intent so no need to look at level of business activity); *c.f. Allison v. Commissioner*, 35 T.C.M. 1069, 1078 (1976) (no partnership existed; failure to file partnership tax returns described as "admission against interest"); *but see Powell v. Commissioner*, 26 T.C.M. 161 (1967) (no partnership even though partnership returns filed).
[116] *Beck Chemical Equipment Corp. v. Commissioner*, 27 T.C. 840 (1957) acq. 1957-2 C.B.3.
[117] *Demirjian v. Commissioner*, 54 T.C. 1691 (1970) aff'd, 457 F.2d 1 (3rd Cir. 1972) (property held as "partners").
[118] *Rothenberg v. Commissioner*, 48 T.C. 369 (1967).
[119] *See* Tax Certificate.

VI. Conclusion

We are of the opinion that (i) from and after the time there is more than one Beneficiary of the Trust, the Trust should be treated as an investment trust described in Treasury Regulation section 301.7701-4(c) that is classified as a "trust" under Treasury Regulation section 301.7701-4(a), and (ii) the Beneficiaries should be treated as owning an undivided fractional interest in the Trust assets for U.S. federal income tax purposes.

Very truly yours,

Husch Blackwell LLP

Husch Blackwell LLP