COVE CAPITAL INVESTMENTS, LLC

Confidential - Do Not Forward

**Debt-Free DST Offering**

**Available for 1031 Exchange and Cash Investment**

**721 Exchange Exit Potential***


**Tax-Optimized Cost Segregation Report Available to Investors Seeking Enhanced Tax Efficiencies***

**Private Placement Memorandum**

# Essential Net Lease Industrial 114 DST

## 3211 Anton St, Mobile, AL 36612

- ✔ Brand New 2025 Construction Which Serves as a Product Exchange Center for Frito Lay/Pepsi Co.
- ✔ ±23,018 Rentable Square Feet
- ✔ 10 Year Net Leased Asset that Commenced in May 2025
- ✔ Strategic Interstate Access - Positioned directly along Interstate 65 and in close proximity to Interstate 10
- ✔ Prime Port Location - The Port of Mobile ranks as the Second Fastest Growing Port in the Nation Over the Past Decade (Forbes/Yahoo)*
- ✔ Sponsor Co-Investment - The Cove Capital Principals are Investing Their Own Dollars into the Offering
- ✔ All-Cash/Debt-Free DST Offering
- ✔ Tax-Optimized Cost Segregation Report Available to Investors Seeking Enhanced Tax Efficiencies*
- ✔ 721 Exchange Exit Strategy Potential with FULL Investor Optionality: a Key Differentiator Amongst 721 UPREIT DST Offerings*

***Source: https://www.yahoo.com/news/port-mobile-ranked-2nd-fastest-230332888.html***

**** The date of this Private Placement Memorandum is February 6, 2026. * Past performance does not guarantee future results. Source: Offering Memorandum***

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# Risks and Disclosures

- This Offering is made only to Accredited Investors per Regulation D, Rule 506c.
- This material is intended for Accredited Investors generally defined as an individual having a net worth of over 1 million dollars exclusive of primary residence, and certain entities with gross assets of greater than 5 million dollars or made up entirely of accredited individuals. If you are unsure if you or your entity is considered accredited, please verify with your CPA and attorney prior to considering an investment.
- There are significant limitations on the ability to sell or transfer interests.
- Securities offered through FNEX Capital, member FINRA, SIPC. Cove Capital Investments, LLC and FNEX Capital are unaffiliated entities.
- The Internal Revenue Code Section 1031 contains complex tax concepts. You should consult your legal or tax professional regarding the specifics of your particular situation prior to considering an investment. This material is not to be interpreted as tax or legal advice.
- Past performance is not indicative of future results.
- The Sponsor and their Affiliates will all receive substantial fees and compensation relating to the syndication and sale of interests, as well as relating to the ongoing management and disposition of the Property owned by the DST.
- Investors should read the entire PPM carefully, including the "Risk Factors" section of the PPM before investing.
- This material is obtained from sources believed to be reliable however Cove Capital and its principals/affiliates cannot guarantee that it is accurate or complete.
- Potential cash flows / distributions / appreciation are not guaranteed and could be lower than anticipated.
- There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities. These include illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, the risk of new supply coming to market and softening rental rates, general risks of owning / operating commercial properties, potential adverse tax consequences, loss of entire investment principal, declining market values, and general economic risks.
- Principals and associates of Cove Capital Investments, LLC ("Cove Capital"), which are registered representatives of FNEX Capital, may represent investors considering an investment in the beneficial interests and may make offers and sales of beneficial interests, thereby receiving an economic benefit from the sale of beneficial interests.
- All real estate and DST investments carry the risk of a complete loss of invested capital and that returns / cash flow / appreciation / distributions are not guaranteed and could be lower than anticipated. Please read the entire Private Placement Memorandum (PPM) for a full discussion of the business plan and risk factors prior to investing. By accepting this material, you agree to keep all terms and provisions of this offering and the lease confidential, and you will not share or disseminate any of the information in this offering or the lease.
- The Sponsor may potentially utilize equity or financing in the form of a bridge loan, first mortgage, preferred equity or mezzanine financing regarding the acquisition of the Property. This poses a level of risk to investors if the Sponsor was unable to raise the entire offering amount and retire the equity or financing, including foreclosure and a complete loss of investor capital.

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# Investment Memo

## Essential Net Lease Industrial 114 DST




### Executive Summary

This offering represents a **build-to-suit** development for **Frito-Lay**, which previously operated from an older former facility it leased for over 20 years. The tenant strategically relocated closer to the interstate network to reduce transportation times across existing delivery routes and to support anticipated growth along the surrounding logistics corridor. **In addition to serving as a core distribution node**, this facility has been designed to function as a **regional training center for other Frito-Lay** operations across the Southeast—evidenced by a dedicated training room and approximately **50 front-of-building employee parking spaces**, materially above typical requirements for comparable facilities. *

### Investment Highlights

#### Brand-New, Highly Functional Industrial Facility

The property consists of a newly constructed **±23,018 square foot** distribution warehouse situated on **±4.70 acres** (approximately **11.23% building-to-land coverage**). The facility operates as a **Product Exchange Center** and is designed with **16 dock-high doors, one grade-level door**, and ample secured yard space for truck maneuvering and parking. The low site coverage also provides **future expansion optionality**, enhancing long-term functional relevance.*

#### Long-Term Net Lease Structure

Frito-Lay has executed a **10-year net lease**, which commenced in **May 2025**. The lease structure shifts specific operating expenses to the tenant and includes **annual rent increases**, providing the potential for durable cash flow with built-in inflation protection backed by a global, best in class operator.*

Frito Lay | Funyuns | Tostitos | Fritos | Baked | Smartfood | Doritos

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COVE CAPITAL INVESTMENTS, LLC

# Investment Memo

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**Essential Net Lease Industrial 114 DST**




## Prime Port & Logistics Location

The property benefits from proximity to the **Port of Mobile**, which was ranked as the second fastest growing port in the nation over the past decade (Forbes/Yahoo*). The port's strategic positioning allows distributors to reach **approximately 50% of the U.S. population within 48 hours** of cargo arrival. As of 2025, the Alabama Port Authority is nearing completion of a significant deepening and widening initiative that will make Mobile the **deepest port on the Gulf Coast.** This infrastructure enhancement is expected to materially improve vessel capacity, global trade access, and long-term regional economic growth potential.*

## Strategic Interstate Access

The asset is positioned directly along **Interstate 65 (I-65)** with immediate connectivity to **Interstate 10 (I-10)**—two of the most critical freight corridors in the United States. I-65 provides a primary north–south route linking Mobile to the Midwest, while I-10 spans more than 2,400 miles across the southern U.S. from California to Florida. The location also offers efficient access to key transportation nodes, including the Brookley Aeroplex and Mobile International Airport.*

## Best-in-Class Operator: Frito-Lay / PepsiCo

Frito-Lay, a division of **PepsiCo**, continues to be a cornerstone of the U.S. snack food market with iconic brands including Lay's, Doritos, Fritos, Cheetos, Tostitos, Sun Chips, and Ruffles. For the trailing twelve months ending in **2025**, PepsiCo reported approximately **$92.4 billion in net revenue**, reflecting modest growth year-over-year. While segment-level disclosures specific to Frito-Lay North America's full 2025 revenue are not yet reported publicly, PepsiCo's overall revenue growth underscores the ongoing contribution of its snacks business and the resilience of its global portfolio.*

FritoLay · Funyuns Onion Flavored Rings · Tostitos · Fritos · Baked Lay's Cheetos Ruffles Tostitos · Smartfood · Doritos

***Source: https://www.macrotrends.net/stocks/charts/PEP/pepsico/revenue  Source: https://www.yahoo.com/news/port-mobile-ranked-2nd-fastest-230332888.html***

***Source: https://finance.yahoo.com/news/pepsico-q3-earnings-revenues-beat-170300432.html?utm_***

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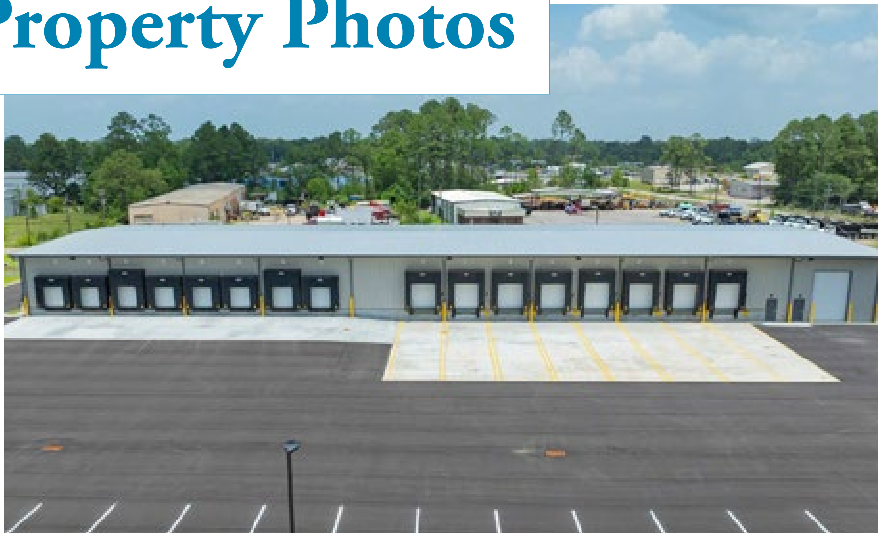
# Property Photos



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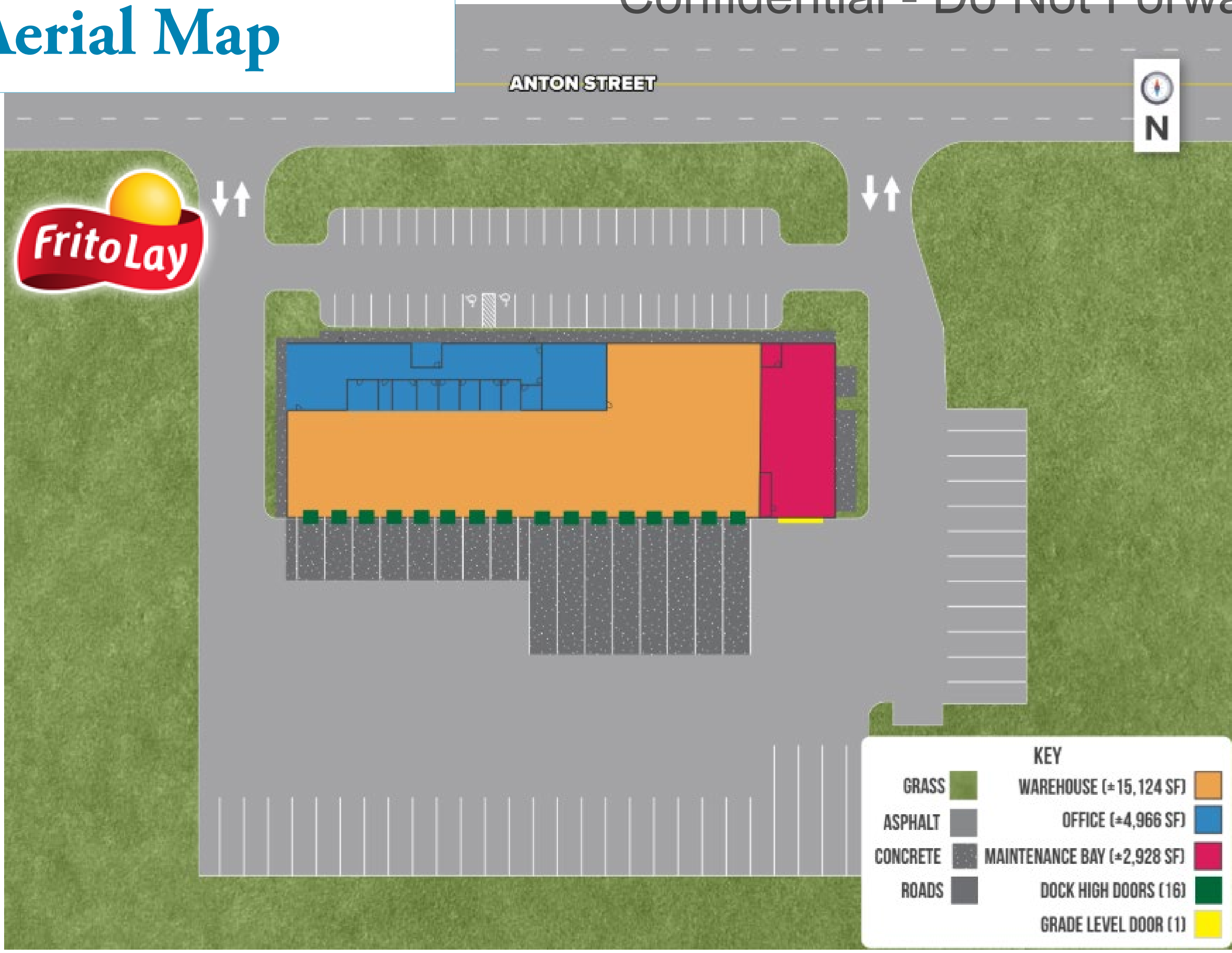
# Aerial Map





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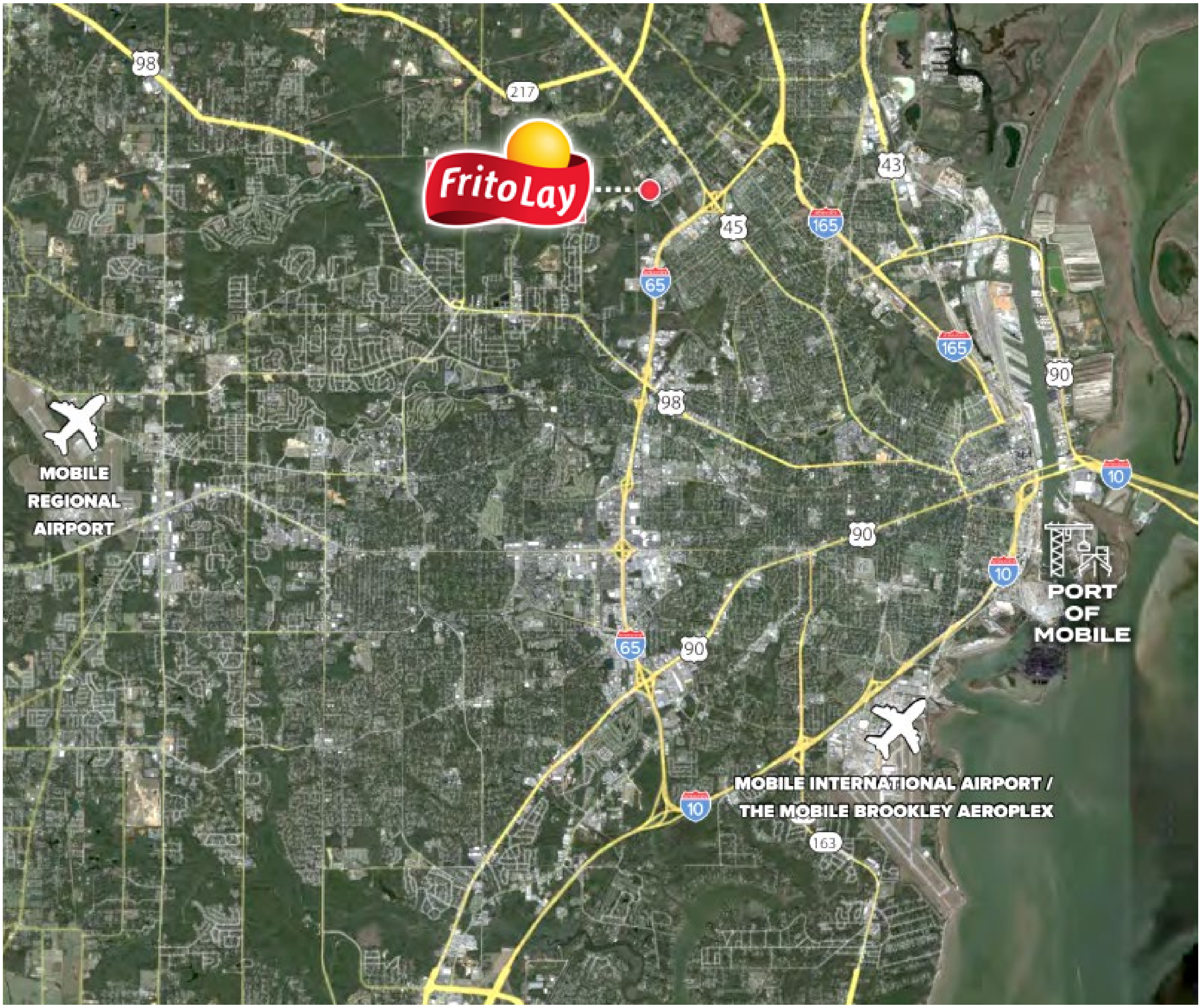
# Aerial Map






FritoLay FUNYUNS Onion Flavored Rings TOSTITOS Fritos BAKED Smartfood Doritos

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# About PepsiCo. & Frito-Lay

## Global Leader in Convenient Foods and Beverages

PepsiCo, Inc. ("Pepsi") is the parent company for both Rolling Frito-Lay Sales, LP and Frito Lay North America, Inc. PepsiCo, Inc is a leading global food and beverage company with a complementary portfolio of brands including Frito-Lay, Gatorade, Pepsi-Cola, Quaker, Tropicana, and SodaStream. Through operations, authorized bottlers, contact manufacturers and other third parties, the company makes, markets, distributes, and sells a wide variety of convenient beverages, foods and snacks, serving customers and consumers in more than 200 countries and territories. PepsiCo generated more than $91 billion in net revenue in 2024 and has a product portfolio including 23 brands that generate more than $1 billion each in estimated annual retail sales. The company was founded in 1898 and is headquartered in Purchase, New York.

## PepsiCo. Brands Include...

## ...And Over 500 Other Popular Brands

## Frito-lay North America, Inc.

Frito-Lay North America, Inc. is the branded food and snack business unit of PepsiCo (NYSE: PEP). Frito-Lay North America sells and distributes its snack foods in Canada and the U.S. Snacks include Lay's and Ruffles potato chips Doritos tortilla chips, Cheetos snacks, Tostitos tortilla chips, and branded dips, Sun Chips multigrain snacks, and Fritos corn chips. FLNA's branded products are sold to independent distributors and retailers. In addition, FLNA's joint venture with Strauss Group makes, markets, distributes, and sells Sabra refrigerated dips and spreads.

***Source: http://waterwaysjournal.net/2025/09/12/with-harbor-expansion-port-of-mobile-poised-for-growth/***

***Source: https://www.alabama-asce.org/wp-content/uploads/winter-meeting/2020/presentations/04-1030-Port-of-Mobile-Facilities-and-Expansion.pdf***

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# Mobile is one of the fastest growing port cities on the Gulf Coast*

**The Port of Mobile, Alabama,** connects to key trade routes via the Gulf of Mexico, **offering access to international markets in Latin America, Europe, and Asia, as well as domestic routes through the inland waterways of the Mississippi River.** Its proximity to major U.S. rail lines and highways enables efficient distribution across the country. *

This connectivity, **combined with the port's ability to accommodate large vessels, makes it highly attractive to investors looking for opportunities in logistics, manufacturing, and global trade**. The port serves as a gateway for exporting agricultural products, chemicals, and more. This efficiency and connectivity, combined with investments in infrastructure, attract businesses in industries such as manufacturing, logistics, and transportation, potentially making it an appealing location for companies seeking growth opportunities in global commerce.*

**$98B**

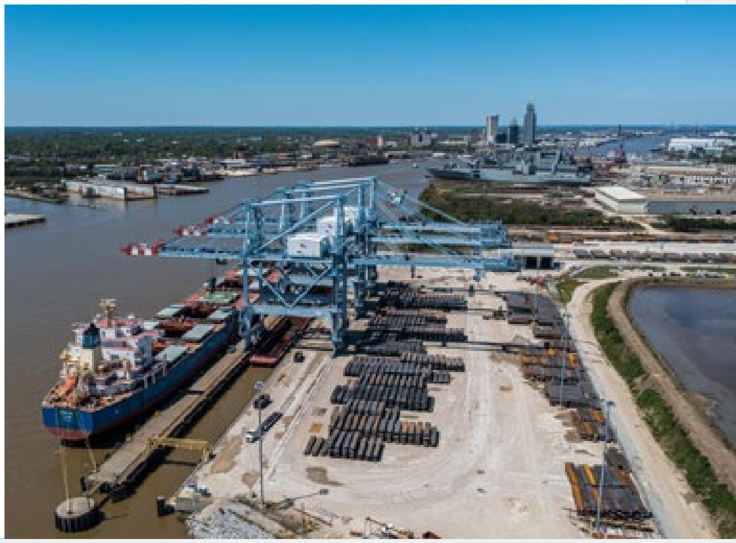
**Impact on Alabama's Economy**

**312K**

**Jobs Provided from the Port**

## Port Expansion Project

The expansion is expected to significantly boost the local economy by increasing the port's capacity for larger vessels and more cargo. **This potentially will lead to increased job creation in logistics, transportation, and related industries.** As the port becomes a more attractive hub for international shipping, it potentially **could further stimulate economic growth in the region by attracting new business investments and expanding global trade opportunities.** *



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# Cove Capital Portfolio Overview



## *We are different. We are debt-free.*

**2,500+**
Investors

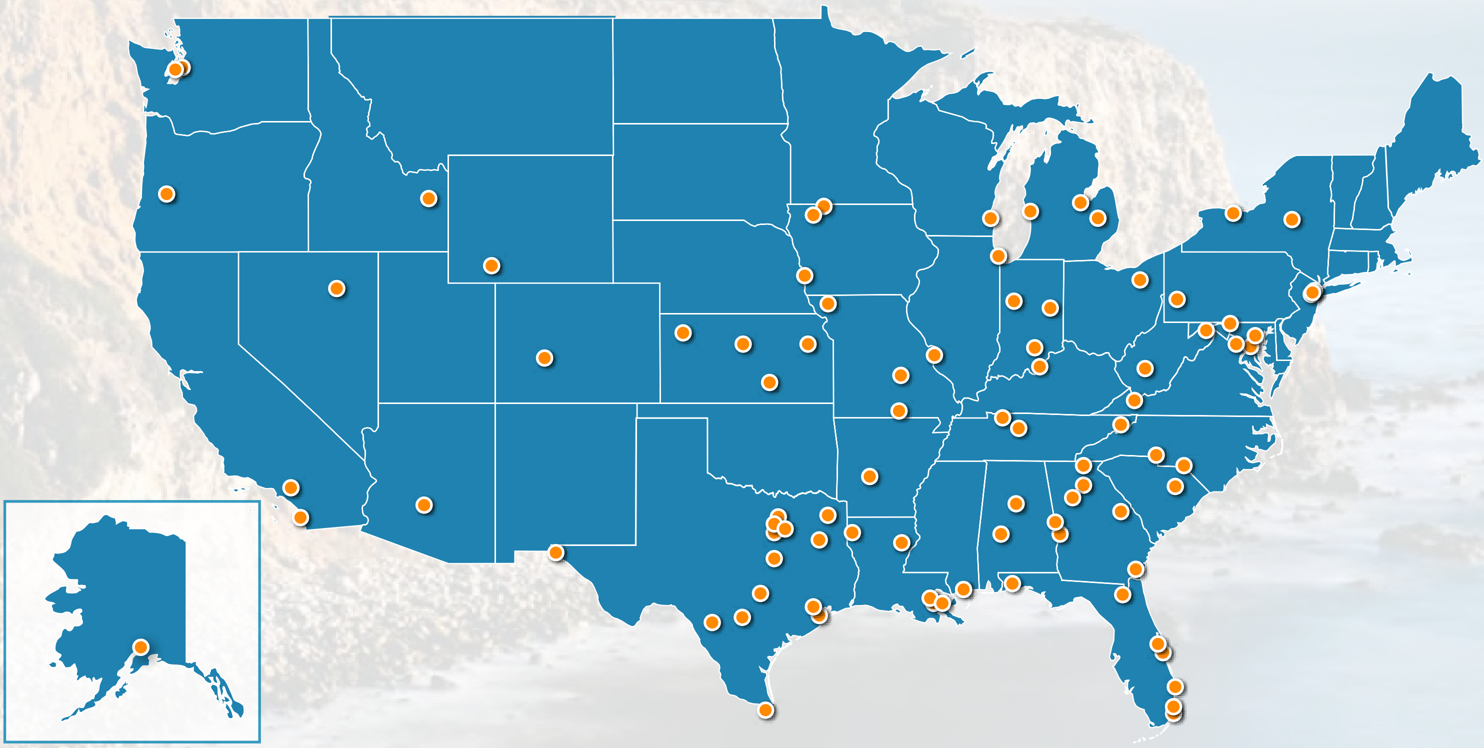
**11.01%**
Average Annualized Return on all Full Cycle Debt Free DSTs*

**127**
Properties in the Cove Portfolio

**5.21%**
Current Average Annual Investor Distribution Rate Across All Active DSTs*

**$180M+**
in Capital Returned to Investors Since Inception*

**3.6M+**
Square Feet of Real estate Sponsored



*** Investors in the offering will not have an ownership interest in the properties represented above.**
*** Includes current and past tenants and properties in the Cove Capital portfolio.**

**Updated 1.14.2026**

*All information is as of 1.14.26 and subject to change after this date. For the most updated track record please contact Cove Capital. The individual DST offering average annualized return consists of total distributions and net proceeds upon sale, less the total original invested equity, over the life of the investment. The average annualized return on all full cycle DSTs is the total simple average of the individual full cycle DST offerings. *Past performance does not guarantee or indicate the likelihood of future results. No representation is made that any DST or investment will or is likely to achieve profits similar to those achieved in the past or that losses will not be incurred on future offerings.*

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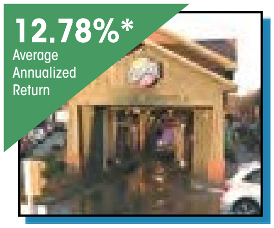
**11.81% - Average Annualized Return on all Full Cycle Debt Free DSTs***

# COVE CAPITAL TRACK RECORD*

## FULL CYCLE OFFERINGS*




| | |
|---|---|
| **Offering Name:** | Cove Greenville 17 Debt-Free DST |
| **Asset Class:** | Single Tenant Net Lease |
| **Location(s):** | Greenville, SC |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | March 30, 2020 |
| **DST Closing Date:** | December 14, 2021 |
| **Average Annualized Return:*** | **12.78%** |
| **Total Return:*** | **121.88%** |


| | |
|---|---|
| **Offering Name:** | Cove Winston-Salem Industrial Distribution Facility DST |
| **Asset Class:** | Distribution Center Net Lease |
| **Location(s):** | Winston-Salem, NC |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | August 18, 2018 |
| **DST Closing Date:** | May 2, 2022 |
| **Average Annualized Return:*** | **7.30%** |
| **Total Return:*** | **127.14%** |


| | |
|---|---|
| **Offering Name:** | Cove Missoula Multifamily Debt-Free DST |
| **Asset Class:** | Multifamily |
| **Location(s):** | Missoula, MT |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | February 10, 2020 |
| **DST Closing Date:** | October 20, 2022 |
| **Average Annualized Return:*** | **18.26%** |
| **Total Return:*** | **149.21%** |


| | |
|---|---|
| **Offering Name:** | Cove Airport Distribution 21 Debt-Free DST |
| **Asset Class:** | Industrial Net Lease |
| **Location(s):** | Elk Grove Village, IL |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | September 23, 2020 |
| **DST Closing Date:** | June 6, 2022 |
| **Average Annualized Return:*** | **12.37%** |
| **Total Return:*** | **121.08%** |


| | |
|---|---|
| **Offering Name:** | Cove Tacoma Data Center Debt-Free DST |
| **Asset Class:** | Net Lease Data Center |
| **Location(s):** | Tacoma, WA |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | December 6, 2018 |
| **DST Closing Date:** | September 14, 2021 |
| **Average Annualized Return:*** | **6.58%** |
| **Total Return:*** | **118.27%** |


| | |
|---|---|
| **Offering Name:** | Cove Dulles Distribution Debt-Free DST |
| **Asset Class:** | Industrial Net Lease |
| **Location(s):** | Washington D.C. Metro Area |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **DST Start Date:** | September 18, 2019 |
| **DST Closing Date:** | October 5, 2022 |
| **Average Annualized Return:*** | **8.76%** |
| **Total Return:*** | **126.73%** |


| | |
|---|---|
| **Offering Name:** | Cove Acquisition Fund 1, LLC |
| **Asset Class:** | Debenture |
| **Location(s):** | Various Locations |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **Average Annualized Return:*** | **7.00%** |
| **Total Return:*** | **109.84%** |


| | |
|---|---|
| **Offering Name:** | Cove Acquisition Fund 2, LLC |
| **Asset Class:** | Debenture |
| **Location(s):** | Various Locations |
| **Offering LTV:** | 0% All Cash/Debt-Free |
| **Average Annualized Return:*** | **7.00%** |
| **Total Return:*** | **120.58%** |

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Name of Offeree: ________________________ Copy No.: ______

**ESSENTIAL NET LEASE INDUSTRIAL 114 DST**

**Year 1 Master Lease Cash Flow to Investors: 5.50%**
**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**
**BENEFICIAL INTERESTS IN A DELAWARE STATUTORY TRUST**

**February 6, 2026**

1% Interest Equals: $121,267.36
Minimum Purchase: 0.824624% Interest
Offering Amount: $12,126,736



Essential Net Lease Industrial 114 DST, a Delaware statutory trust (the “Trust”), has been formed for the purpose of acquiring that single tenant facility (the “Improvements”) located at 3211 Anton Street, Mobile, Alabama (the “Land” and collectively with the Improvements, the “Property”). The Land consists of approximately 4.70 acres. The Improvements were constructed in 2025. The Property is currently leased to Rolling Frito-Lay Sales, L.P. (the “Tenant” or “Frito Lay”) The Property is used as a Frito Lay industrial distribution center.

The Trust is expected to acquire a fee simple interest in the Property on or about February 27, 2026, from an unaffiliated third party seller (collectively the “Seller”) for a purchase price of $10,080,000, plus payment of closing costs and related transactional costs, all pursuant to the terms of that certain Purchase and Sale Agreement, as amended (the “Property Purchase Agreement”), by and between the Seller and Cove Capital Investments, LLC, a California limited liability company (the “Sponsor”). The Sponsor has negotiated a credit from the Seller in the amount of approximately $3,500, reflecting the difference between the Tenant’s current rent and the rental increase that takes effect on June 1, 2026. The credit will be contributed to the Operating Reserves. The Signatory Trustee also will set aside in Operating Reserves from Offering Proceeds a total of $160,000 for anticipated repairs, improvements, costs, fees and expenses.

The Sponsor will assign the Property Purchase Agreement to Essential Net Lease Industrial 114 Holdings, LLC, a Delaware limited liability company and an Affiliate (defined below) of the Trust (the “Depositor”). The Depositor intends to assign its right to acquire the Property to the Trust in exchange for the transfer of 100% of the initial beneficial interests of the Trust to Depositor. If the Trust is unable to raise the entire Offering Amount on or before the closing of the acquisition of the Property, the Depositor will also contribute to the Trust an amount equal to the Offering Amount less the Selling Expenses (defined below), and (b) the net equity proceeds from the sale of Interests as of the date of the closing of the acquisition of the Property.

The Trust will master lease the Property to Essential Net Lease Industrial 114 MT, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Sponsor and an Affiliate of the Depositor (the “Master Tenant”), pursuant to a master lease, which is available upon written request to Info@covecapitalinvestments.com (the “Master Lease”). The Master Tenant will sub-lease the Property to Frito Lay, who occupy the Property pursuant to a commercial lease (the “Lease”), the current form of which is available upon request. Capitalized terms relating to the Master Lease that are not defined in this Memorandum are defined in the Master Lease. The Master Tenant may engage third parties or Affiliates of the Master Tenant to manage some, or all, of its responsibilities under the Master Lease.

Based on the Sponsor’s assessment of the Property and future market conditions, the Master Tenant will pay a base rent of $121,267.36, and Threshold Rent in the amounts listed in the Memorandum (See Sections: “SUMMARY OF OFFERING: MASTER LEASE” and “SUMMARY OF THE MASTER LEASE.”) The Sponsor may decide to capitalize, in part, Essential Net Lease Industrial 114 MT, LLC, (the “Master Tenant”) through a Master Tenant Reserve. The Master Tenant Reserve may be utilized to provide a portion of the Master Tenant’s Base and Threshold Rent. The Master Tenant Reserve may consist of a Sponsor Acquisition Fee reallowance.

Investors in the Trust (the “Investors”) will acquire beneficial interests in the Trust (the “Interests”). The Interests are being offered pursuant to this Confidential Private Placement Memorandum (collectively with the exhibits attached hereto, the “Memorandum”). The offering of the Interests (the “Offering”) is sponsored by the Sponsor.

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TO REQUEST A DUPLICATE COPY OF THIS MEMORANDUM, AN ELECTRONIC COPY OF THIS MEMORANDUM AND/OR A COPY OF THIS MEMORANDUM IN LARGER FONT, PLEASE CONTACT COVE CAPITAL INVESTMENTS, LLC AT (844) 499-8358 OR VIA EMAIL AT INFO@COVECAPITALINVESTMENTS.COM

Pursuant to the terms of the Trust Agreement, which is available upon request to info@covecapitalinvestments.com (the "Trust Agreement"), the Trust is managed by Essential Net Lease Industrial 114 ST, LLC, a Delaware limited liability company (the "Signatory Trustee"), and Sorensen Entity Services, LLC, which serves as the Delaware statutory trustee for the Trust (the "Delaware Trustee"). The Trust's organization and operation is governed by the terms and conditions of the Trust Agreement. Capitalized terms relating to the Trust Agreement that are not defined in this Memorandum are defined in the Trust Agreement. Upon the sale of Interests to the Investors, the Signatory Trustee will use a portion of the net equity proceeds from the Offering available to the Trust at such time to redeem a proportionate amount of the beneficial interests held by the Depositor, which will reduce the ownership of the Depositor in the Trust. In connection with the acquisition of the Interests, each Investor will acknowledge that such Investor is bound by the terms of the Trust Agreement.

An investment in the Interests involves substantial investment and tax risks, including, without limitation, the following risks:

- This is a "best efforts" offering with no minimum raise requirement.
- There are various risks associated with owning and operating a single-tenant property in Mobile, Alabama.
- The Property is leased to Frito Lay, who is responsible for maintaining the Property in a clean condition and good repair, ordinary wear and tear expected.
- Investors have no voting rights with respect to the management or operations of the Trust or the Property, including the sale of the Property. Investors must completely rely on the Master Tenant under the Master Lease and the Property Manager to collect the Rent and operate, manage, lease and maintain the Property.
- Phase I Environmental Assessments may reveal evidence of a recognized environmental condition, a historical recognized condition, and other environmental issues concerning the Property. Phase II Environmental Assessments may reveal evidence of the need for remediation and other environmental issues concerning the Property.
- The Interests do not represent a diversified investment.
- There are various conflicts of interests among the Trust, the Sponsor, the Signatory Trustee, the Depositor, the Master Tenant and their Affiliates.
- The interests are illiquid.
- Investors must completely rely on the Master Tenant under the Master Lease to Operate and maintain the Property.
- The economic impact of the COVID-19 virus, the Omicron Variant, the BA2 Variant, and other variants, internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property throughout all or much of 2026, or longer.
- The economic impact of the Monkeypox Virus internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property throughout all or much of 2026, or longer.
- The economic impact of a subsequent global pandemic or COVID-19 variant internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property.
- The risk that the Local, State, or Federal Governments may implement an additional eviction moratorium or otherwise intervene in the operations of the Property leading to declining revenue and potential foreclosure and loss of the investors' entire equity invested.
- There is a risk that the ongoing wars in Ukraine, and the potential conflict between the Peoples Republic of China, as well as other wars or potential armed conflicts worldwide could detrimentally affect capital markets and the Property's value.
- There is a risk that the ongoing wars and military operations in Israel, Gaza, Lebanon, Venezuela may intensify and spread throughout the world. If these wars and military operations do intensify, these conflicts could determinately affect capital markets and the Property's value.
- The Sponsor and its affiliated companies have numerous potential conflicts of interest as outlined in further detail in the conflicts of interest section of this memorandum.
- The Sponsor may utilize equity or financing in the form of a bridge loan, first mortgage, preferred equity or mezzanine financing regarding the acquisition of the Property. This poses a level of risk to investors if the Sponsor was unable to raise the entire offering amount and retire the equity or financing, including foreclosure and a complete loss of investor capital.
- The risks of long-term financing include, but are not limited to, the loss of the entire invested principal if the lender forecloses on the Property.
- The Interests are subject to the restriction in the Trust Agreement.
- There are significant material tax risks associated with an investment in the Interests, including treatment of the Interests for Internal Revenue Code Section 1031 ("Section 1031") exchange purposes.
- There are risks related to competition from properties similar to and near the Property.
- They may be environmental risks related to the Property.
- The recent sharp increase, and any future increases or fluctuations, in unemployment domestically and/or internationally.
- Civil unrest including protesting, rioting, and/or any criminal activity due to, or associated with, any such civil unrest.
- There is a risk that the operating reserves, offering fees, and expenses may be considered taxable boot and investors should speak with their CPA and tax attorney for guidance regarding their particular 1031 exchange and situation.

- There is a risk the Master Lease could be deemed invalid. If this occurs, the invalidation of the Master Lease could have a material effect on the investor's 1031 exchange and the DST structure.
- Capitalized upfront offering and investor operating reserves may be used to pay for property and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, as well as any number of other property or trust level expenses.
- If the Property is contributed to a Section 721 Exchange the investors tax liability will be deferred; however, the investors cannot exceed the tax deferral capacity set by Section 1031. If an investor sells its interest in the Section 721 tax vehicle they may have a larger tax consequence.
- The economic impact of Tariffs in the United States, could adversely affect the financial condition and operating results of the Property through all of 2026, or longer.
- The economic impact of inflation internationally and in the United States, could adversely affect the financial condition and operating results of the Property through all of 2026, or longer.
- As interest rates rise the property's value may be adversely affected.
- As interest rates rise the property's return may be adversely affected or reduced.

**INVESTORS MUST READ AND CAREFULLY CONSIDER THE DISCUSSION SET FORTH UNDER "RISK FACTORS" FOR A COMPLETE DISCUSSION OF THESE AND OTHER RISKS PERTAINING TO THIS INVESTMENT.** See "RISK FACTORS" and "CONFLICTS OF INTEREST."

The purchase price for a 1% Interest is $121,267.36. The minimum purchase is 0.824624% Interest or $100,000, unless the Signatory Trustee, in its sole discretion, allows a smaller investment. See "SUMMARY OF PURCHASE AGREEMENT AND INSTRUCTIONS."

| | Price to Investors(1) | Selling Expenses(2) | Proceeds to the Trust (3) |
|---|---|---|---|
| Per 1% Interest in the Trust | $121,267.36 | $10,914.06 | $110,353.30 |
| Minimum Purchase | $100,000.00 | $9,000.00 | $91,000.00 |
| Maximum Offering | $12,126,736.00 | $1,091,406.24 | $11,035,329.76 |

(1) The minimum purchase per Investor in the Trust is 0.824624% Interest for $100,000, except that the Signatory Trustee may permit a smaller investment in its sole discretion. See "SUMMARY OF PURCHASE AGREEMENT AND INSTRUCTIONS."

(2) Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (collectively, the "Selling Group") who are members of the Financial Industry Regulatory Authority ("FINRA"). Members of the Selling Group will receive selling commissions (the "Selling Commissions") of up to 6.00% of the gross equity proceeds of the Offering (the "Offering Proceeds"), subject to certain discounts for certain investors as further described below. Members of the Selling Group may also receive a non- accountable marketing and due diligence allowance in an amount equal to 1.50% of the Offering Proceeds. FNEX Capital, LLC, a member of the Selling Group, will also receive a wholesaling fee in an amount equal to 1.50% of the Offering Proceeds, all or a portion of which will be reallowed to principals and associates of the Sponsor who are registered representatives of FNEX Capital, LLC. The total aggregate amount of Selling Commissions and fees (collectively, the "Selling Expenses") will not exceed 9.00% percent of the Offering Proceeds. The Sponsor reserves the right to reallocate the Selling Expenses as set forth herein, provided that the maximum shall not exceed 9.0% of the Offering Proceeds. The Signatory Trustee, in its sole discretion, may accept purchases of Interests net (or partially net) of the Selling Commissions and other items of compensation due to the Sponsor or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion, including by way of illustration, but not limitation, from Investors purchasing through a registered investment advisor or from Investors who are Affiliates of the Sponsor. For purposes of this Memorandum, 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. **Principals, affiliates, and associates of the Sponsor, who are registered representatives of FNEX Capital, LLC, may represent Investors considering an investment in the Interests and may make offers and sales of Interests, thereby receiving an economic benefit from the sale of Interests. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest", "PLAN OF DISTRIBUTION" and "ESTIMATED USE OF PROCEEDS."**

(3) Amounts shown are proceeds after deducting the Selling Expenses, but before deducting other expenses incurred in connection with the acquisition of the Property. See "PLAN OF DISTRIBUTION" and "ESTIMATED USE OF PROCEEDS."

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Inquiries regarding purchases of Interests should be directed to Essential Net Lease Industrial 114 DST, c/o Cove Capital Investments, LLC, 2958 Columbia Street, Torrance, CA 90503. The telephone number for Cove Capital Investments, LLC is (877) 899-1315. E-mails should be directed to info@covecapitalinvestments.com.

The Interests have not been approved or disapproved by the United States Securities and Exchange Commission (the "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 offer and sale of Interests pursuant to this Memorandum is limited to Accredited Investors who meet the requirements described in the "WHO MAY INVEST" section of this Memorandum. This Memorandum constitutes an offer only to the offeree whose name appears in the appropriate space on the cover page of this Memorandum. Furthermore, this Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

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

An investment in the Interests involves certain substantial risks, including material tax risks. Investors must read and carefully consider the discussion set forth below in "RISK FACTORS" and "FEDERAL INCOME TAX CONSEQUENCES." An investment in the Interests is suitable only for persons of substantial financial means who satisfy certain suitability requirements and have no need for liquidity in their investment. See "WHO MAY INVEST."

This Memorandum has been prepared solely for the benefit of prospective Investors (and their authorized representatives and advisors) interested in the Offering, and recipients of this Memorandum are required to keep the information set forth herein confidential. 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 Signatory Trustee is expressly prohibited. By accepting delivery of this Memorandum, the recipient agrees to the foregoing, and agrees to return this Memorandum and all other documents furnished in connection with the Offering to the Signatory Trustee immediately upon request if the recipient does not elect to invest or if the Offering is withdrawn or terminated by the Signatory Trustee.

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

This Memorandum may contain brand names and registered trademarks, service marks and copyrights owned by third-party information providers. Any brand names, trademarks, service marks and copyrighted works appearing in this Memorandum are the property of their respective owners. None of the third-party information providers are endorsing the offering of, and shall not in any way be deemed an issuer or underwriter of, the Interests, and shall not have any liability or responsibility for any statements made in this Memorandum or for any financial statements, financial projections or other financial information contained in, or attached as an exhibit to, this Memorandum.

**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.**

FOR FLORIDA RESIDENTS

The securities referred to in this Memorandum have not been registered under the Florida Securities Act. If sales are made to five (5) or more Investors in Florida, any Florida Investor may, at such Investor's option, void any purchase hereunder within a period of three (3) days after such Investor (a) first tenders or pays to the Trust, an agent of the Trust, or an escrow agent the consideration required hereunder, or (b) delivers such Investor's executed subscription documents, whichever occurs later. To accomplish this, it is sufficient for a Florida Investor to send a letter or telegram to the Trust within such 3-day period, stating that such Investor is voiding and rescinding the purchase. If any Investor sends a letter, it is prudent to do so by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

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## WHO MAY INVEST

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. Accordingly, distribution of this Memorandum is strictly limited to persons who meet the requirements and make the representations set forth below. The Signatory Trustee, in its sole discretion, reserves the right to declare any prospective Investor ineligible to purchase the Interests based on any information which may become known or available to the Signatory Trustee concerning the suitability of such prospective Investor or for any other reason or for no reason. This Offering is made pursuant to Rule 506 (c) of Regulation D of the Securities Act, and the Interests may be sold only to “Accredited Investors” (as defined under Rule 501 of Regulation D of the Securities Act).

In making an investment decision, you must rely on your own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved. The securities offered pursuant to this Offering have not been recommended by any federal or state securities commission or regulatory authority.

The Interests involve substantial risk and are suitable only for persons of substantial financial means who have no need for liquidity in this investment. Interests will be sold only to prospective Investors who (i) represent in writing that they are Accredited Investors, and (ii) satisfy the investor suitability requirements established by the Signatory Trustee and as may be required under federal or state law.

Each prospective Investor must represent in writing that such Investor meets, among others, <u>ALL</u> of the following requirements:

(a) The Investor has received, read and fully understands this Memorandum, is basing the Investor’s decision to invest only on this Memorandum, has relied only on the information contained in this Memorandum, and has not relied upon any representations made by any other person or any other means;

(b) The Investor understands that an investment in the Interests involves substantial risk and is fully cognizant of, and understands, all of the risk factors relating to a purchase of the Interests, including, without limitation, those risks set forth below in the section entitled “RISK FACTORS”;

(c) The Investor’s overall commitment to investments that are not readily marketable or redeemable is not disproportionate to the Investor’s individual net worth, and the Investor’s investment in the Interests will not cause such overall commitment to become excessive;

(d) The Investor has adequate means of providing for the Investor’s financial requirements, both current and anticipated, and has no need for liquidity in this investment;

(e) The Investor can bear, and is willing to accept, the economic risk of losing the Investor’s entire investment in the Interests;

(f) The Investor is acquiring the Interests for the Investor’s own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Interests; and

(g) The Investor is an Accredited Investor.

In addition to certain institutional entities, a person or entity that meets one of the following tests will qualify as an Accredited Investor:

(1) 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;

(2) A natural person whose individual Net Worth (as defined below), or joint net worth with that person’s spouse, excluding the value of the primary residence, exceeds $1,000,000 at the time of purchase of the Interests;

(3) A natural person who holds a Series 7, 65, or 82 license that is in good standing;

(4) An organization described under Section 501(c)(3) of the Internal Revenue Code (the “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 $5,000,000;

(5) An entity in which each of the equity owners is an Accredited Investor (as defined in subparagraphs (1), (2), or (3) above);

(6) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Interests, or a revocable trust whose settler-trustees are all Accredited Investors; or

(7) An employee benefit plan within the meaning of the Employee Retirement Income Security Act, U.S.C. Title 29, Chapter 18 (“ERISA”) in which the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA) 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 a prospective Investor’s Net Worth, “Net Worth” means the excess of the Investor’s total assets at fair market value (including personal and real property, but excluding the estimated fair market value of the Investor’s primary home) over the Investor’s total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home’s estimated fair market value as long as the mortgage was incurred more than sixty (60) days before the securities were purchased, but includes (i) any mortgage amount in excess of the home’s fair market value, and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of the Interests for the purpose of investing in the Interests. In the case of fiduciary accounts, the net worth and/or income suitability requirements must 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.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trusts where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clause (1) or (2) of the first sentence above. However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of an Investor’s unique facts.

Representations with respect to the foregoing and certain other matters will be made by each prospective Investor in the Purchase Agreement and Instructions ("Purchase Agreement"). For a copy of the Purchase Agreement, please reach out to info@covecapitalinvestments.com. Prospective Investors who are unable or unwilling to make the foregoing representations may not purchase the Interests. The Trust will rely on the accuracy of such representations and may require additional evidence that the prospective Investor satisfies the applicable standards at any time prior to acceptance. Prospective Investors are not obligated to supply any information so requested by the Signatory Trustee, but the Signatory Trustee may reject a Purchase Agreement from any prospective Investor who fails to supply any information so requested.

The investor suitability requirements stated above represent minimum suitability requirements, as established by the Signatory Trustee for prospective Investors. However, satisfaction of such requirements will not necessarily mean that the Interests are a suitable investment for the prospective Investor, or that the Signatory Trustee will accept the prospective Investor's Purchase Agreement. Furthermore, the Signatory Trustee, as appropriate, may modify such requirements, at its sole discretion from time to time, and any such modification may increase the suitability requirements for certain prospective Investors.

**THE INTERESTS MAY NOT BE A SUITABLE INVESTMENT FOR A QUALIFIED PLAN, AN INDIVIDUAL RETIREMENT ACCOUNT ("IRA") OR OTHER TAX-EXEMPT ENTITY. SUCH INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES AND ERISA IMPLICATIONS THAT MAY BE ASSOCIATED WITH AN INVESTMENT IN THE INTERESTS.**

EACH INVESTOR MUST FURTHER REPRESENT IN WRITING THAT SUCH INVESTOR UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS, ESPECIALLY THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031 AND THE RELATED TREASURY REGULATIONS (THE "REGULATIONS") ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL INVESTOR. FURTHER, EACH INVESTOR MUST REPRESENT AND WARRANT THAT: (I) SUCH INVESTOR HAS CONSULTED SUCH INVESTOR'S OWN INDEPENDENT TAX ADVISOR REGARDING AN INVESTMENT IN THE INTERESTS AND THE QUALIFICATION OF THE TRANSACTION UNDER SECTION 1031 AND APPLICABLE STATE TAX LAWS; (II) EXCEPT FOR THE TAX OPINION ATTACHED AS EXHIBIT B (THE "TAX OPINION"), WHICH IS BASED ON NUMEROUS ASSUMPTIONS AND QUALIFICATIONS THAT MAY NOT BE APPLICABLE TO THE INVESTOR, SUCH INVESTOR IS NOT RELYING ON ANY STATEMENTS MADE IN THIS MEMORANDUM REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031; (III) SUCH INVESTOR UNDERSTANDS THE TAX OPINION IS COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THERE IS NO GUARANTEE THAT THE INTERNAL REVENUE SERVICE ("IRS") WILL AGREE WITH SUCH OPINION; (IV) SUCH INVESTOR IS AWARE THAT THE IRS HAS ISSUED REVENUE RULING 2004-86 SPECIFICALLY ADDRESSING DELAWARE STATUTORY TRUSTS (THE "REVENUE RULING"), THE REVENUE RULING IS MERELY GUIDANCE AND IS NOT A "SAFE HARBOR" FOR TAXPAYERS AND, WITHOUT THE ISSUANCE OF A PRIVATE LETTER RULING ON A SPECIFIC OFFERING, THERE IS NO ASSURANCE THAT THE INTERESTS WILL NOT BE DEEMED PARTNERSHIP INTERESTS FOR FEDERAL INCOME TAX PURPOSES; AND (V) SUCH INVESTOR SHALL, FOR FEDERAL INCOME TAX PURPOSES, REPORT THE PURCHASE OF INTERESTS AS A PURCHASE OF A DIRECT OWNERSHIP INTEREST IN THE PROPERTY.

No person has been authorized by the Signatory Trustee to make any representations or furnish any information with respect to the Interests other than as set forth in this Memorandum or other documents or information furnished by the Signatory Trustee upon request as described herein. 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 Offering and related documents and agreements, if readily available to the Trust, will be made available to a prospective Investor or such Investor's representatives upon request to the Signatory Trustee. During the course of this Offering and prior to sale, each prospective Investor is invited to ask questions of and obtain additional information from the Signatory Trustee concerning the terms and conditions of this Offering, the Signatory Trustee, the Trust, the Interests and any other relevant matters, including, but not limited to, additional information necessary or desirable to verify the accuracy of the information set forth in this Memorandum. The Signatory Trustee will provide the information to the extent it possesses such information or can obtain it without unreasonable effort or expense.

If you do not meet the requirements, this Memorandum does not constitute an offer to sell Interests to you, and therefore, do not read further and immediately return this Memorandum to the Signatory Trustee.

**Restrictions Imposed by the USA PATRIOT Act and Related Acts**

The Interests may not be offered, sold, transferred or delivered, directly or indirectly, to any "Unacceptable Investor." "Unacceptable Investor" means any person who is a:

- Person or entity who is a "designated national," "specially designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or "blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the U.S. Treasury Department;
- Person acting on behalf of, or any entity owned or controlled by, any government against whom the U.S. maintains economic sanctions or embargoes under the Regulations of the U.S. Treasury Department;
- Person or entity who is within the scope of Executive Order 13224 - Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001; or
- Person or entity subject to additional restrictions imposed by the following statutes or regulations and executive orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act and the Foreign Operation, Export Financing and Related

Programs Appropriations Act or any other law of similar import as to any non-U.S. country, as each such act or law has been or may be amended, adjusted, modified or reviewed from time to time.

**HOW TO PURCHASE**

The Interests may only be purchased by Accredited Investors. See "WHO MAY INVEST." Prospective Investors who would like to invest in Interests must read this Memorandum carefully and then complete and execute (i) the Purchase Agreement, the form of which is available upon request, and (ii) the Purchaser Questionnaire, the form of which is available upon request. Unless otherwise directed by the Trust, the Purchase Agreement and the Purchaser Questionnaire should be mailed, e-mailed or otherwise delivered to the Trust at the following address or e-mail address, as applicable:

ESSENTIAL NET LEASE INDUSTRIAL 114 DST
c/o Cove Capital Investments, LLC
2958 Columbia Street, Torrance, California 90503
Attn: Investor Relations
E-mail: info@covecapitalinvestments.com

The purchase price for the Interests will be payable in accordance with the terms of the Purchase Agreement. Within thirty (30) days after its receipt of both the completed, executed Purchase Agreement and the completed, executed Purchaser Questionnaire, and verification of the prospective Investor's investment qualifications, the Trust will notify the prospective Investor of the acceptance or non-acceptance by the Trust, in its sole discretion, of such Investor's Purchase Agreement. If the Trust accepts a prospective Investor's Purchase Agreement, then such Investor shall tender the purchase price for such Investor's Interests in accordance with such Investor's Purchase Agreement prior to the closing of such Investor's purchase of Interests. See "SUMMARY OF PURCHASE AGREEMENT AND INSTRUCTIONS" and "EXHIBIT B – PURCHASE AGREEMENT AND INSTRUCTIONS."

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## SUMMARY OF THE OFFERING

The following summary is intended to provide select, 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 THIS ENTIRE MEMORANDUM BEFORE INVESTING IN AN INTEREST Regarding the proforma below.

| Essential Net Lease 114 DST | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Master Tenant Lease Payment** | $666,971 | $669,396 | $671,821 | $674,247 | $676,672 |
| **Master Tenant Lease Payment (as a % of investor equity)** | 5.50% | 5.52% | 5.54% | 5.56% | 5.58% |

This Pro Forma provides a hypothetical cash flow analysis for each Property. There is no guarantee that any Property will perform as indicated in this Pro Forma or that any cash distributions will be made to Investors. This offering is dynamic and there is no guaranty that any of the listed Properties will be purchased by the Trust, and properties may be added or subtracted within the sole and absolute discretion of the Signatory Trustee. Any such addition or subtraction of properties may also alter the projected returns. See "RISK FACTORS - Real Estate Risks - No Guaranteed Cash Flow."

For ongoing accounting and offering management services rendered, the Sponsor shall be entitled to receive from the Trust an ongoing accounting and offering management fee, paid in twelve monthly payments, totaling $18,000 annually. This fee may be funded and paid from the Trust via Operating Reserves or from operating cash. This is a non-accountable fee paid to the Sponsor by the Trust due each month until the offering is wound down and the properties are sold. The ongoing accounting and offering management fee may be deferred, in whole or in part, by the Manager, and if so deferred, such amount may be paid at a later date within the sole discrection of the Manager, but not later than the final sale of the Properties. Any such deferral(s) shall not constiue a waiver.

Projected NOI and/or Projected Net Cash Flow does not account for fees and expenses that may be payable by the Trust. The following fees and expense reimbursements may be payable to the Sponsor or its Affiliates; provided, however, that the Sponsor or the applicable Affiliate may elect, in its sole discretion, to either waive or defer such fee or reimbursement until a later date, as determined within the sole discretion of the Signatory Trustee, but not later than the sale of the Property, at which time such fee or reimbursement will be paid from the proceeds of the sale of the Property: (a) the Signatory Trustee shall be entitled to an annual fee in an amount up to $25,000, this fee may be funded and paid from the Trust via Operating Reserves or from operating cash; (b) the Signatory Trustee will be entitled to reimbursement of reasonable and necessary expenses paid or incurred by the Signatory Trustee in connection with the operation of the Trust, including any legal and accounting costs and office and administration overhead expenses; and (c) for its services in managing any construction occurring on the Property, which construction is the responsibility of the Trust, the Trust will pay the Sponsor a construction management fee of up to fifteen percent (15%) of the costs of such construction. Certain additional fees and expenses will be payable in the event of a Transfer Distribution, including the following: (a) for its services in re-leasing the Property, the Sponsor will receive a leasing fee from the Springing LLC in an amount equal to six percent (6%) of the total rent to be paid by the tenant(s) for the initial/primary term of the new lease(s), which shall be in addition to any leasing commission payable to one or more brokers in connection with the leasing of the Property and (b) the Manager of the Springing LLC will be entitled to receive various fees from the Springing LLC, which may include, but not be limited to, an administrative fee, a finance coordination fee, real estate commissions and other compensation for services performed on behalf of the Springing LLC. The Signatory Trustee shall be entitled to an annual fee in an amount up to $25,000, which amount may be waived or deferred by the Signatory Trustee in its sole discretion with such amount paid at a later date but not later than the sale of the Property. A deferral of the Signatory Trustee fee for one or multiple years, does not waive the right of the Signatory Trustee to collect the entire amount of the accrued fee at such later date. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

In the event that the Trust or the Springing LLC is required to pay any of the fees described in the paragraph above, the actual Cash on Cash Return realized by investors will be reduced. See "RISK FACTORS - Real Estate Risks - No Guaranteed Cash Flow."

The Trust will be responsible for the costs of the DST administration and accounting services, accounting and offering management fees, Delaware Trustee expenses, Signatory Trustee fees, and all other costs assocated with maintaining the Trust. The Trust administration and accounting expenses are a non-accountable fee expense. If the costs for administration and accounting services, Delaware Trustee fees, Signatory Trustee fees, capital expenses, or any other costs associated with maintaining the Trust during the Trust's ownership are greater than the DST Operating Reserves, then the Trust will be responsible for the remaining costs. If said costs are less than the DST Operating Reserves, then the Trust will retain the difference. All DST Operating Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors on a pro rata basis.

Annual Asset Management Fee, as outlined in the Private Placement Memorandum, will be paid as an operating expense of the Property for the duration of the Trust's ownership of the Property. The Asset Management Fee may be deferred, in whole or in part, during the Trust's ownership of the Property, unless the Signatory Trustee determines within its sole discretion that the Property expenses can sustain the payment thereof, or in the event the Property is sold, at, as out which point, the current Asset Management Fee, and the accrued Asset Management Fees (which may be waived by the Sponsor within the Sponsor's sole discretion) will be due. If the Asset Management Fee is deferred, in whole or in part, at any time throughout the Trusts' ownership of the Property by the Signatory Trustee in its sole discretion, such amount may be paid at a later date, as determined within the sole and absolute discretion of the Signatory Trustee, but not later than the sale of the Property. A deferral of the Asset Management Fee for one or multiple years, does not waive the right of the Signatory Trustee to collect the entire amount of the accrued fee at such later date. The Asset Management Fee is a non-accountable fee.

Operating Reserves are estimates, and may be used to pay for property level repairs and improvements, Trust accounting and administrative costs, ongoing accounting and offering management fees, monthly maintenance fees, Delaware Trustee fees, Signatory Trustee fees and capital expenses associated with maintaining the DST. DST Operating Reserves may also be used to pay any other DST related costs, offering fees, disposition fees, asset management fees or any other fees and/or expenses incurred. All DST Operating Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors on a pro rata basis.

This material should be read in conjunction with the Private Placement Memorandum (the "Memorandum"). This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Memorandum. Please read the entire Memorandum paying special attention to the risk section prior investing. This material contains information that has been obtained from sources believed to be reliable. However, Cove Capital Investments, LLC, FNEX Capital, LLC. and their representatives do not guarantee the accuracy and validity of the information herein. Investors should perform their own investigations before considering any investment. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. This material is not intended as tax or legal advice. There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances. Securities offered through FNEX Capital, LLC. Member FINRA/SIPC. Cove Capital Investments, LLC and FNEX Capital, LLC. are separate entities. This material, including attachments, may include non-public, proprietary, confidential or legally privileged information. If you are not an intended recipient or an authorized agent of an intended recipient, you are hereby notified that any dissemination, distribution or copying of the information contained in or transmitted is unauthorized and strictly prohibited. If you have received this material in error, please notify the sender by replying to this message and permanently delete this material, its attachments, and any copies of it immediately. You should not retain, copy or use this material or any attachment for any purpose, nor disclose all or any part of the contents to any other person.

This proforma is no guarantee for cash flows or returns. Actual cash flows and/or returns may be lower than anticipated. Please note that the proforma includes various assumptions of tenants renewing or extending leases and/or exercising options which may or may not occur. The proforma is no guarantee for cash flows which may or may not occur as outlined and will be dependent upon the tenants continued occupancy at the properties. Please view the Private Placement Memorandum (PPM) risk factor section for a full discussion of the risks involved with an investment in the offering and real estate.

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| **Interests Offered:** | The Interests being offered pursuant to this Memorandum are beneficial interests in a Delaware statutory trust. Up to $12,126,736 of Interests are being offered to prospective Investors, or $121,267.36 per 1% Interest. The minimum purchase will be 0.824624% Interest or $100,000. Purchases in excess of the minimum purchase must be in increments of $1,000. The Offering will continue until the earlier of (i) 100% of the Interests have been sold, (ii) February 5,2027, which date may be extended in the sole and absolute discretion of the Signatory Trustee, or (iii) the Signatory Trustee, in its sole discretion, terminates the Offering. The Signatory Trustee has the right, in its sole discretion, to waive the minimum purchase requirement or the requirement that purchases in excess of the minimum purchase requirement be in increments of $1,000. See "PLAN OF DISTRIBUTION." |
| **Beneficial Owners:** | Only Investors who are Accredited Investors may be eligible to purchase an Interest. See "WHO MAY INVEST." Purchasers of Interests ("Beneficial Owners") will own beneficial interests in the Trust. Each Beneficial Owner will be subject to the terms of the Trust described in the Trust Agreement, a copy of which is available upon request. Beneficial Owners will have no voting rights with respect to the affairs of the Trust and will not have legal title to any portion of the Property. Beneficial Owners will not be permitted to seek partition of the assets of the Trust, including the Property, and will not be permitted to file a petition in bankruptcy on behalf of the Trust or to otherwise take any action in support of the filing of an involuntary bankruptcy proceeding involving the Trust. Except as provided otherwise in the Trust Agreement and as summarized in this Memorandum, the Beneficial Owners will be entitled, based on their respective Interests in the Trust, to the net operating cash flow of the Trust and the net proceeds from any sale, exchange or financing of the Property after reimbursement of the Trustees for expenses, amounts necessary to pay anticipated ordinary current and future expenses of the Trust, and other commissions and fees. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."<br><br>At no time shall the number of Beneficial Owners exceed the number of persons constituting the threshold for registration of the Interests under Section 12(g) of the Securities Exchange Act of 1934, as amended, or any successor provision. See "SUMMARY OF THE TRUST AGREEMENT." |
| **Trust Agreement:** | The management of the Trust will be governed by the Trust Agreement, a copy of which is available upon request, to which all of the Investors will become a party. The Trust Agreement will govern the rights and obligations of the Beneficial Owners with respect to the Trust and the Trust's interest in the Property. Pursuant to the Trust Agreement, the Investors do not have any rights or control with respect to the operation and ownership of the Property or the management of the Trust, except after the occurrence of certain events of default under the Trust Agreement.<br><br>The Trust will be managed by the Trustees. The Sponsor anticipates that there will be two Trustees: (1) the Signatory Trustee, and (2) the Delaware Trustee. The Trust is expected to acquire the Property from the Seller at the direction of the Signatory Trustee. The Signatory Trustee will have primary responsibility and the right to manage the Trust and the Property, including the sole power to determine when it is appropriate to sell the Property. The Signatory Trustee, without the consent of any of the Investors or the Delaware Trustee, may sell or otherwise dispose of the Property. The Trust will, upon receipt of a notice from the Signatory Trustee that the Signatory Trustee has determined in its sole discretion that a sale of the Property is appropriate, sell the Property. The Trust will remain in effect until the earliest to occur of the following: (i) Not later than 21 years after the death of the last living descendent of the Chairman of the Federal Reserve of the United States, who was alive on the Deposit Date (the "Termination Date"); (ii) a Transfer Distribution (defined below) has occurred; (iii) the Property is sold; or (iv) the Trust is terminated as required under applicable law.<br><br>The Signatory Trustee will distribute, or cause to be distributed, any available cash up to the Annual Rent and Threshold Rent (if available from the gross rents of the property), to the Beneficial Owners on a monthly basis. If the Signatory Trustee determines that (i) the Tenant has defaulted in paying Rent (defined below), (ii) the Lease with the Tenant is terminated, or (iii) certain other circumstances described in the Trust Agreement have occurred, then the Signatory Trustee may terminate the Trust and transfer title to the Property (the "Transfer Distribution") to a limited liability company (the "Springing LLC"). The Beneficial Owners will become members in the Springing LLC and the Signatory Trustee will become the manager of the Springing LLC. See "SUMMARY OF THE TRUST AGREEMENT" and "RISK FACTORS – Risks Relating to the Trust Structure." |
| **Property – Description:** | The Property, which consist of approximately 23,018 leasable square foot building, is located at 3211 Anton St., Mobile, Alabama 36612. The Property is currently 100% occupied by Frito-Lay.<br><br>The Improvements were constructed in 2025. The Property contains fifty (50) parking spaces. The Property is in an overall good condition and is 100% occupied by Frito Lay; who is are generally responsible for most operating expenses of the Improvements, which include: general maintenance, utilities, real estate taxes, and insurance.<br><br>Property Condition Assessment ("PCA"), a Phase I Environmental Site Assessment Report ("ESA") and an appraisal (the "Appraisal") will be obtained by the Sponsor and the Trust. Copies of such third-party reports will be provided electronically upon request. See "DESCRIPTION OF THE PROPERTY" and "RISK FACTORS – Real Estate Risks." |

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| **Property – Acquisition:** | The Trust intends to acquire a fee simple interest in the Property by the contribution to the Trust of the right to acquire the Property by the Depositor in exchange for the transfer of 100% of the initial beneficial interests of the Trust to the Depositor, which entity is wholly owned by the Sponsor.<br><br>The closing on the acquisition of the Property from the Seller is expected to occur on or before February 27, 2026, unless extended, for a purchase price of $10,080,000, plus payment of closing costs, fees, expenses, and related transactional costs pursuant to the terms of the Property Purchase Agreements and Private Placement Memorandum. The Sponsor has negotiated a credit from the Seller in the amount of $3,500, which will be contributed to the Operating Reserves. The Signatory Trustee also will set aside a total of $160,000 in Operating Reserves from Offering Proceeds for benefit and use of the Trust and Master Tenant for anticipated repairs, improvements, costs, fees, and expenses.<br><br>In the event the Trust is not able to raise the entire Offering Amount on or before the closing of the acquisition of the Property, the Depositor will also contribute to the Trust an amount equal to the Offering Amount less (i) the Selling Expenses, and (ii) the net equity proceeds from the sale of Interests as of the date of the closing of the acquisition of the Property. See "ACQUISITION OF THE PROPERTY" and "ESTIMATED USE OF PROCEEDS". |
| **Property – The Lease:** | The Property is subject to that certain Lease with the Tenant, of which a form of the current Lease is available upon request. Capitalized terms relating to the Lease that are not defined in this Memorandum are defined in the Lease.<br><br>The current term of the Lease commenced on May 9, 2025. Currently, Tenant is paying $56,001.12 per month in rent. The Lease expires on May 31, 2035. During the term of the Lease, the Tenant will pay the following monthly rent escalations:<br>• June 1, 2027 – $57,121.14;<br>• June 1, 2028 - $58,263.57;<br>• June 1, 2029 - $59,428.84;<br>• June 1, 2030 - $60,617.41;<br>• June 1, 2031 - $61,829.76;<br>• June 1, 2032 - $63,066.36;<br>• June 1, 2033 - $64,327.68;<br>• June 1, 2034 - $65,614.24<br>• June 1, 2035 - $66,926.52<br><br>The Tenant has two (2) options to extend the Lease by five (5) years, with a 2.0% increases in rent. To exercise said options, Tenant must notify Landlord no later than nine (9) months before the conclusion of their term.<br><br>The duties of the Tenant generally include, but are not limited to: (i) maintenance; (ii) utilities; and (iii) taxes on the Property. See "SUMMARY OF THE LEASE AND UNITS", "RISK FACTORS – Real Estate Risks." |
| **Property – Master Lease** | Simultaneously with the acquisition of the Property, the Trust will enter into the Master Lease with the Master Tenant, a wholly owned subsidiary of the Sponsor and an affiliate of the Depositor. For a copy of the Master Lease, please reach out to infro@covecapitalinvetments.com. Capitalized terms relating to the Master Lease that are not defined in this Memorandum are defined in the Master Lease.<br><br>During the term of, and subject to the provisions of, the Master Lease, the Master Tenant is obligated to pay the Rent (defined below) to the Trust and to Pay certain other expenses. See "Summary of the MASTER LEASE" and "RISK FACTORS – Real Estate Risks." The rent payable by the Master Tenant consists of (i) base rent in an amount equal to an estimated $121,267.36 per year for the duration of the Master Lease after fees ("Annual Base Rent"), and (ii) Threshold rent ("Threshold Rent") in the following amounts:<br><br>• Year 1 - $545,702.64;<br>• Year 2 - $548,128.64;<br>• Year 3 - $550,553.64;<br>• Year 4 - $552,979.64;<br>• Year 5 - $555,404.64; and<br>• Years 6 through 20 - $555,404.64 annually.<br><br>The Master Tenant will be entitled to retain all remaining rent received by the Master Tenant from the Property after payment of the Annual Base Rent and Threshold Rent to the Trust. Rent received by the Trust from the Master Tenant will be distributed to the Beneficial Owners net of (i) any operating reserves, and (ii) payment of property expenses and fees incurred by the Trust, including those expenses incurred by the Trust, including those expenses described in the section of this Memorandum titled "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."<br><br>The Master Tenant will engage third parties or Affiliates of the Master Tenant to manage some or all of its responsibilities under the Master Lease and the Trust shall be responsible for payment of all property management and other fees payable under any property management agreement. The property management fee paid to a third-party property manager currently amounts to the percentage of the gross Rent of the Property as dictated by the market, which may be subject to change. See "SUMMARY OF THE MASTER LEASE". |

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| **Property – Disposition:** | The anticipated holding period of the Property is subject to the sole discretion of the Signatory Trustee based on market conditions at the time; provided, however, the Trust is required to hold the Property for a minimum of one (1) year after the date of the admittance of the last Investor to the Trust. The Beneficial Owners will not be entitled to approve a sale of the Property or any Transfer Distribution necessary to effectuate a financing of the Property, if necessary. The Property, including all property reserves, may also be sold to a 721 vehicle, which may take the form of either a limited liability company fund, limited partnership fund, or a Real Estate Investment Trust ("REIT"), which may or may not be an Affiliate, in exchange for limited partnership interests in a limited partnership managed by the 721 Vehicle in lieu of receiving cash proceeds for the sale (an "721 transaction"). The Signatory Trustee will provide investors with an option whereby they will be to choose if they would like to participate in a 721 exchange transaction or not. See "SUMMARY OF THE TRUST AGREEMENT", "RISK FACTORS – Tax Risks" and "RISK FACTORS – Risks Relating to the Trust Structure – Beneficial Owners Have Limited Control over the Trust." Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors. |
| **Potential 721 Exchange Tax Protection Agreement (TPA)** | The potential exists that the Property, and all reserves, may be sold to a 721 vehicle, which may take the form of either a limited liability company fund, limited partnership fund ("Operating Partnership"), or a Real Estate Investment Trust ("REIT"), which may or may not be an Affiliate, in exchange for limited partnership interests in a limited partnership, or other entity managed by the 721 vehicle in lieu of receiving cash proceeds for the sale (a "721 transaction"). The Signatory Trustee will provide investors an option whereby they will be able to choose if they would like to participate in a 721-exchange transaction or not. Investors who become limited partners in a subsequent investment in a 721 vehicle would no longer be permitted to complete Section 1031 "like-kind" exchanges upon a sale of these limited partnership interests. In the event limited partnership interests are received in a 721 vehicle, they may be converted to stock in a REIT at a pre-set conversion rate. Conversion from limited partnership interests in a 721 limited partnership to REIT shares is a taxable event. The Signatory Trustee may choose not to provide a third-party valuation or fairness opinions on the 721's stock price, or the conversion rate offered by the 721 for the Investor's limited partnership interests. Investors choosing to take limited partnership interests through a proposed 721 transaction must carefully and independently evaluate the details of any proposed 721 transaction. Investors will be personally responsible for assessing and determining the tax implications and risks associated with a 721 transaction and should consult their personal attorney, accountant, or other tax advisor before deciding to accept limited partnership interests in a 721 transaction. The Signatory Trustee will have conflicts of interest related to any sale of the Property to an Affiliated party. Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors.<br><br>The potential exists that Signatory Trustee may elect to contribute the Property, and all operating reserves, to an exchange roll-up transaction pursuant to Internal Revenue Code Section 721.<br><br>If the Property are contributed to a Section 721 Exchange the investors' tax liability will be deferred; however, the investors cannot exceed the tax deferral capacity set by Code Section 1031. If an investor sells its interest in the Section 721 tax vehicle, they may have a larger tax consequence.<br><br>In the case of a Sponsor affiliate 721 exchange, the Sponsors affiliated Operating Partnership is offering a Tax Protection Agreement ("TPA") to investors who participate in any Sponsor affiliate's potential 721 exchange transaction, providing significant tax deferral protection. Under the terms of this agreement, if the investors' property is contributed into the Sponsor affiliate's 721 exchange vehicle's Operating Partnership via a 721 exchange, the Operating Partnership will indemnity the investors with a 20-year protection period, if the Operating Partnership were to sell the contributed property and fails to complete a qualifying 1031 exchange to defer taxes, the REIT will cover the investors' resulting federal, state, and local tax liabilities attributable to the sale. This agreement is designed to provide investors with greater confidence and clarity around the long-term tax implications of participating in a 721 UPREIT structure. The TPA is not related to cash proceeds from the sale of interests in the Operating Partnership, or conversion to shares in a REIT. |
| **Property – Disposition Fee:** | Upon the sale of the Property, the Master Tenant will be entitled to a disposition fee (the "Disposition Fee") in an amount equal to two percent (2.0%) of the gross sales price of the Property (including, for the avoidance of doubt, any 721 transaction(s)), which Disposition Fee shall be in addition to any sales commission payable to one or more brokers in connection with the sale. Master Tenant alone shall be entitled to this fee regardless of whether the purchaser is a third-party or an Affiliate, and regardless of whether the consideration received for the sale(s) of the Property is cash, limited partnership interests in a 721 transaction or some other form of consideration. However, payment of the Disposition Fee will be subordinated until the Beneficial Owners receive a return of 100% of their capital invested in the Offering from any special distributions, including but not limited to a refinance and final distributions upon the sale or other disposition of the Property; but exclusive of (not including) monthly distributions of annual rent. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST." Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors. |
| **Operating Reserves:** | The Sponsor will set aside Operating Reserves in the amount of $160,000 for operating and capital expenses of the Property. Upon the sale of the Property, all remaining reserve funds will be distributed 100% to the Beneficial Owners, except in the case of a 721 exchange transaction whereby the Operating Reserves will be included with the property that is contributed to the 721 vehicle. See "ESTIMATED USE OF PROCEEDS" and "SUMMARY OF THE TRUST AGREEMENT".<br><br>Operating Reserves are estimates and may be used to pay for property level repairs, improvements, Trust accounting and administrative costs, ongoing accounting and offering management fees, Asset Management Fees, Initial and Subsequent Financing Fees, Delaware Trustee Fees, Signatory Trustee fees, Ongoing Accounting and Offering Management Fees, and capital expenses associated with maintaining the DST. DST Operating Reserves may also be used to pay any other DST related costs, offering fees, disposition fees, asset management fees or any other fees and/or expenses incurred. All DST Operating Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors. |

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| **Cash from Operations:** | The Rent received by the Trust from the Master Tenant will be distributed monthly to the Beneficial Owners, net of any reserves established by the Signatory Trustee, operating expenses of the Property, or other liabilities and expenses of the Trust under the Trust Agreement. See "SUMMARY OF THE TRUST AGREEMENT" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." |
| **Cash from Capital Transactions:** | All net cash from capital transactions (which include a sale or financing of the Property) will be distributed 100% to the Beneficial Owners. See "SUMMARY OF THE TRUST AGREEMENT". |
| **Compensation of the Sponsor and its Affiliates and Conflicts of Interest:** | The Sponsor, the Depositor, the Signatory Trustee and their Affiliates will receive substantial fees and compensation from (1) the Offering, (2) the operation of the Property, and (3) managing the Trust, all as described in this Memorandum. See "RISK FACTORS – Risks Relating to the Management of the Property," "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES", "CONFLICTS OF INTEREST" and "ESTIMATED USE OF PROCEEDS." |
| **Investor Suitability Standards:** | The Offering of the Interests is strictly limited to Accredited Investors who meet certain minimum financial requirements as to income and/or net worth, among other requirements. See "WHO MAY INVEST." |
| **Purchase of Interests:** | To purchase Interests, a prospective Investor will be required to deliver to the Trust a number of executed documents, including, but not limited to, the following: (i) a Purchase Agreement; (ii) a Purchaser Questionnaire; and (iii) any documents reasonably requested by the Signatory Trustee. Prospective Investors may be accepted or rejected by the Signatory Trustee, in its sole discretion, at any time within thirty (30) days after the executed documents are received. If the Trust accepts a prospective Investor's Purchase Agreement, then such Investor shall tender the purchase price for such Investor's Interests in accordance with such Investor's Purchase Agreement. See "HOW TO PURCHASE." For a copy of the Purchase Agreement and Purchase Questionnaire please reach out to info@covecapitalinvestments.com. |
| **Investment Objectives:** | The Sponsor's principal investment objectives for the Trust are to: (i) preserve the Investors' capital investment, (ii) realize income through the operation of the Property, (iii) make monthly distributions to the Investors from the Annual Base Rent collected by the Trust under the Master Lease, after expenses, which will be passive income and may be partially sheltered as a result of depreciation expenses, and (iv) sell the Property at a profit at a time deemed by the Signatory Trustee to be in the best interest of the Trust, subject to the modifications and limitations described in this Memorandum. The Signatory Trustee anticipates that the Property will provide the Investors with the potential for stable cash flow and preservation of capital. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THESE OBJECTIVES WILL BE ACHIEVED. |
| **Use of Proceeds:** | The Offering of the Interests is being made for the purposes of capitalizing the acquisition of the Property by the Trust, paying all related acquisition fees and costs of the organization of the Offering, and paying other fees and costs as described in this Memorandum. See "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." |
| **Tax Considerations:** | Tax counsel to the Sponsor ("Tax Counsel") has provided a tax opinion (the "Tax Opinion"), a copy of which is attached to this Memorandum as <u>Exhibit B</u>, which states that, for federal income tax purposes, the acquisition of an Interest by an Investor should be treated as the acquisition of a direct interest in the Property by the Investor for purposes of Code §1031. The Tax Opinion is specifically limited to the treatment of an Interest for purposes of Code §1031, however, and does not address any other tax issues that may be of interest to prospective Investors based on their own particular circumstances. The Tax Opinion is subject to certain limitations and relies upon the accuracy and completeness of certain documents, facts, representations and assumptions that may not be applicable to a particular prospective Investor. See the Tax Opinion of Tax Counsel attached to this Memorandum as <u>Exhibit B</u>, "FEDERAL INCOME TAX CONSEQUENCES", and "RISK FACTORS – Tax Risks" below. All prospective Investors must consult their own independent legal, tax, accounting and financial advisors and must acknowledge that they have done so as an investment requirement. In addition, the Tax Opinion has been provided to the Sponsor to support the marketing of the Interests and is not intended to be used and cannot be used to avoid penalties that may be imposed under federal tax law. See "FEDERAL INCOME TAX CONSEQUENCES" and the Tax Opinion of Tax Counsel attached as <u>Exhibit B</u> to this Memorandum. |
| **Tax-Exempt Investors:** | The Trust intends to limit investments by "benefit plan investors" to less than 25% of the total value of the Interests outstanding at any time in order to prevent the Signatory Trustee from being a fiduciary to employee benefit plan investors under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). See "ERISA CONSIDERATIONS." |
| **State Taxes:** | **Each prospective Investor should consult with such Investor's own tax advisor regarding the effect of state fees and taxes on an investment in the Interests.** Each Investor will be individually responsible for determining whether such Investor owes any state taxes or fees, and, if any such fees or taxes are due, for paying any and all such fees and taxes arising from such Investor's ownership of an Interest. Investors are also responsible for filing all applicable forms and tax returns. The payment of such fees and taxes is not included in the Financial Projections attached as part of <u>Exhibit A</u> (the "Projections"). See "RISK FACTORS – Tax Risks." |
| **Risk Factors:** | There are numerous material risk factors associated with the Offering. See "RISK FACTORS." |

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**DESCRIPTION OF THE PROPERTY**

**The information supplied in the following sections is derived from information provided by third parties, and is believed to be accurate, but has not been independently verified by the Sponsor or the Trust. No assurance can be given as to the accuracy of such information.**

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| **Name:** | Frito Lay Industrial Distribution Center | **Address:** | 3211 Anton Street, Mobile, AL 36612 |
| **Property Use:** | Industrial | **Occupancy:** | 100% |
| **Land Acreage:** | 4.70 | **Number of Buildings:** | 1 |
| **Number of Stories:** | 1 | **Year Built:** | 2025 |
| **Gross Building Area:** | 23,018 | **Gross Rentable Area:** | 23,018 |
| **Foundation:** | 4" concrete slab with foundation walls around the entire perimeter | **Exterior Walls/Framing:** | Steel PEMB with metal studs |
| **HVAC System:** | Split system electric heat pump | **Plumbing/Water Supply:** | 2" domestic supply |
| **Parking Count:** | 50 (inc. ADA) | **ADA Parking Spaces:** | 2 |
| **Electrical:** | 1200A 3P 12/208V | **Fire Suppression System:** | Fire Extinguishers |

**DESCRIPTION OF THE LEASE**

The following sets forth a summary of the more significant terms of the Lease for the Property and is qualified in its entirety by the terms of the Lease; which, is available for review upon written request.

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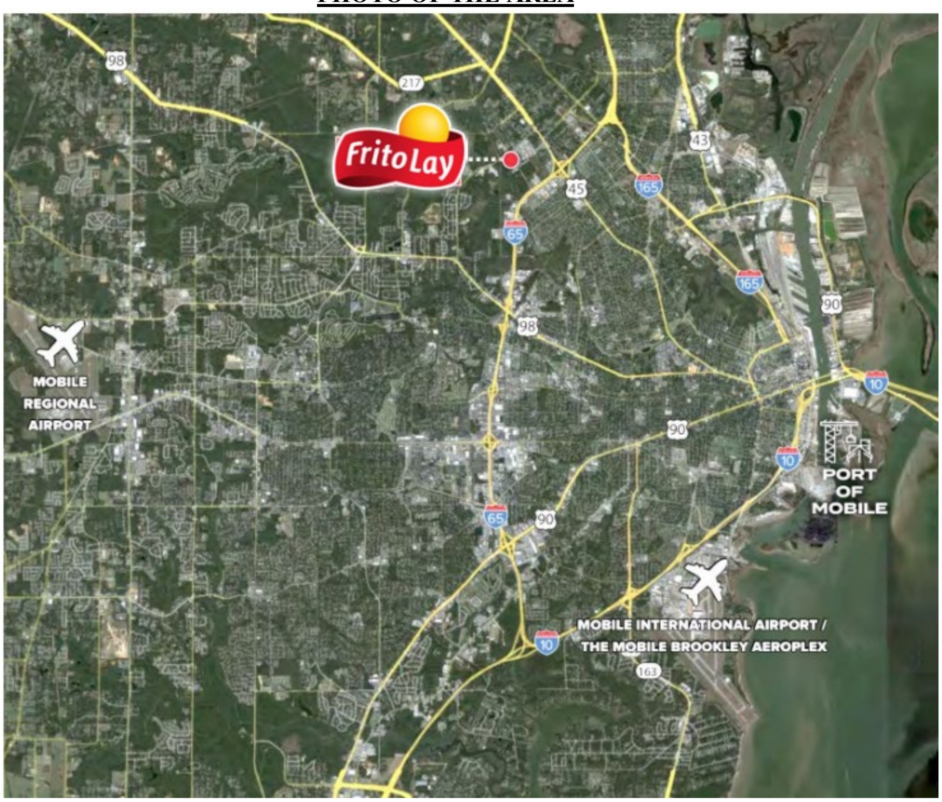
| Expiration of the Current Term: | May 31, 2035 |
| Options to Renew: | Two (2) options to renew the lease by five (5) years. |
| Current Monthly Base Rental Rate Per Rentable Square Foot: | $2.43 per rentable square foot. |
| Current Annual Base Rent: | $56,001.12 per month |
| Rent Escalations: | During the term of the Lease, the Tenant will pay the following monthly rent escalations:<br>• June 1, 2027 – $57,121.14;<br>• June 1, 2028 - $58,263.57;<br>• June 1, 2029 - $59,428.84;<br>• June 1, 2030 - $60,617.41;<br>• June 1, 2031 - $61,829.76;<br>• June 1, 2032 - $63,066.36;<br>• June 1, 2033 - $64,327.68;<br>• June 1, 2034 - $65,614.24; and<br>• June 1, 2035 - $66,926.52. |
| Tennant Responsibilities: | Per the Lease, the Tenant is responsible for the following:<br>• Real estate taxes;<br>• Utilities;<br>• All maintenance, except for any maintenance that is the responsibility of the landlord under the lese; and<br>• After June 1, 2026, landscaping, utility lines, and the parking lot. |
| Landlord Responsibilities: | Per the Lease, the Landlord is responsible for the following:<br>• The roof and all other structural aspects of the building;<br>• Capital repairs/replacement of HVAC;<br>• Landscaping, utility lines, and the parking lot until May 31, 2026. |

**PHOTOS OF THE PROPERTY**

**PHOTO OF THE AREA**



## DESCRIPTION OF THE TENANT

***About Frito-Lay***

Frito-Lay North America is the $23 billion convenient foods division of PepsiCo, Inc. (NASDAQ: PEP), which is headquartered in Purchase, NY. Frito-Lay snacks include Lay's and Ruffles potato chips, Doritos and Tostitos tortilla chips and branded dips, Cheetos snacks, Stacy's pita chips, PopCorners popped-corn snack, SunChips multigrain snacks and Fritos corn chips. The company operates 30+ manufacturing facilities across the U.S. and Canada, more than 200 distribution centers and services 315,000 retail customers per week through its direct-store-delivery model. In 2024, Frito-Lay North America's revenue was reported as $24.75 billion and an Operating Profit of 6.32 billion. Known for its diverse range of popular snack brands, Frito-Lay has a significant presence both in the United States and internationally. In 1965, Frito-Lay merged with Pepsi-Cola to form PepsiCo., significantly expanding its resources and market reach. The Company is committed to sustainable practices, including reducing its environmental footprint through initiatives like water and energy conservation, waste reduction, and sustainable sourcing of ingredients.

Frito-Lay is known for its "Direct Store Delivery" system – the largest DSD system in North America. Frito-Lay products are delivered directly to stores to ensure freshness and merchandise the items themselves, giving a tremendous competitive advantage in the marketplace. Their go-to-market system also includes warehouse distribution, giving additional flexibility that helps to drive a strong partnership with their customers. Frito-Lay has nearly 15,000 routes that make over 500,000 weekly service calls on approximately 315,000 customers. Frito-Lay has one of the largest private fleets in North America. In the U.S. specifically, Frito-Lay's fleet is made up of approximately 23,000 vehicles, everything from cargo vans up to Class 8 tractor-trailers. This includes several different fuel-efficient models, including the largest commercial fleet of EV trucks in the United States, more than 560 compresses natural gas freight trucks (about 38 percent of the company's long-haul inventory) and advanced diesel technology from some of the leading manufacturers around the world.

## LOCATION OF THE PROPERTY

**The information provided in this section is derived from information provided by the real estate broker for the Property and third-party reports, and is believed to be accurate, but has not been independently verified by the Sponsor or the Trust. No assurance can be given as to the accuracy of such information.**

Mobile is the county seat of Mobile County, Alabama. In 2023, Mobile had a population of 185,097; with a median age of 37.7. The median property value in 2023 was $170,000; with a median household income of $51,090. 83,195 residents are employed, and most drove to work alone, with an average commute of 22.7 minutes.[1]

Mobile, Alabama presents a strategic opportunity for commercial and residential real estate investment, driven by its deepwater port, expanding logistics infrastructure, and proximity to major transportation corridors, including interstate 10, 65, and 165. As one of the fastest-growing port cities on the Gulf Coast, Mobile offers a cost-effective and business-friendly environment that attracts logistics, manufacturing, and industrial users. The city's access to the Port of Mobile — soon to be the deepest port in the Gulf — along with Class I retail, air cargo facilities, and robust highway systems, positions it as a key regional gateway for trade and distribution. Ongoing public and private investment across the metro area supports redevelopment, infrastructure improvements, and workforce housing, aligning with broader Gulf Coast economic growth trends. Mobile appeals to value-driven businesses and developers seeking long-term opportunity in a well-connected, growth-oriented market.

## OTHER PROPERTY INFORMATION

***Appraisal***

The Appraisal will be prepared by the Appraiser and certified to the Sponsor and the Trust. A copy of the Appraisal shall be available electronically upon written request.

***Property Condition Assessment***

A PCA will be issued and certified to the Sponsor and the Trust. Additional capital, maintenance, and operating expenditures will be necessary at the property level. A copy of the PCA shall be available electronically upon written request.

***ESA***

The ESA and will be prepared and certified to Sponsor and the Trust. A copy of the ESA shall be available electronically upon written request.

***Warranty Regarding the Appraisal, PCA Report, ESA and Other Property Information***

While the Sponsor and the Trust believe that the Appraisal, PCA, and ESA are generally accurate, they have not engaged in any independent review to verify the same and note that the scope of such materials is limited as described therein (and is particularly limited in connection with compliance with the ADA). Therefore, the Sponsor and the Trust do not warrant the accuracy or completeness of the information in such materials. In addition, the Sponsor, the Trust and the Depositor have not engaged in any independent review to verify Property information obtained from any other source and summarized herein, including, without limitation, information provided by the Seller, and the Sponsor, the Trust and the Depositor do not warrant the accuracy or completeness of such information.

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[1] See https://datausa.io/profile/geo/mobile-al

In addition, the Appraisal, the PCA, and the ESA are addressed to the Sponsor and may not be relied upon by the Investors and are being provided to the Investors for reference purposes only. Individual Investors will have no contractual rights against the preparers of such third-party reports.

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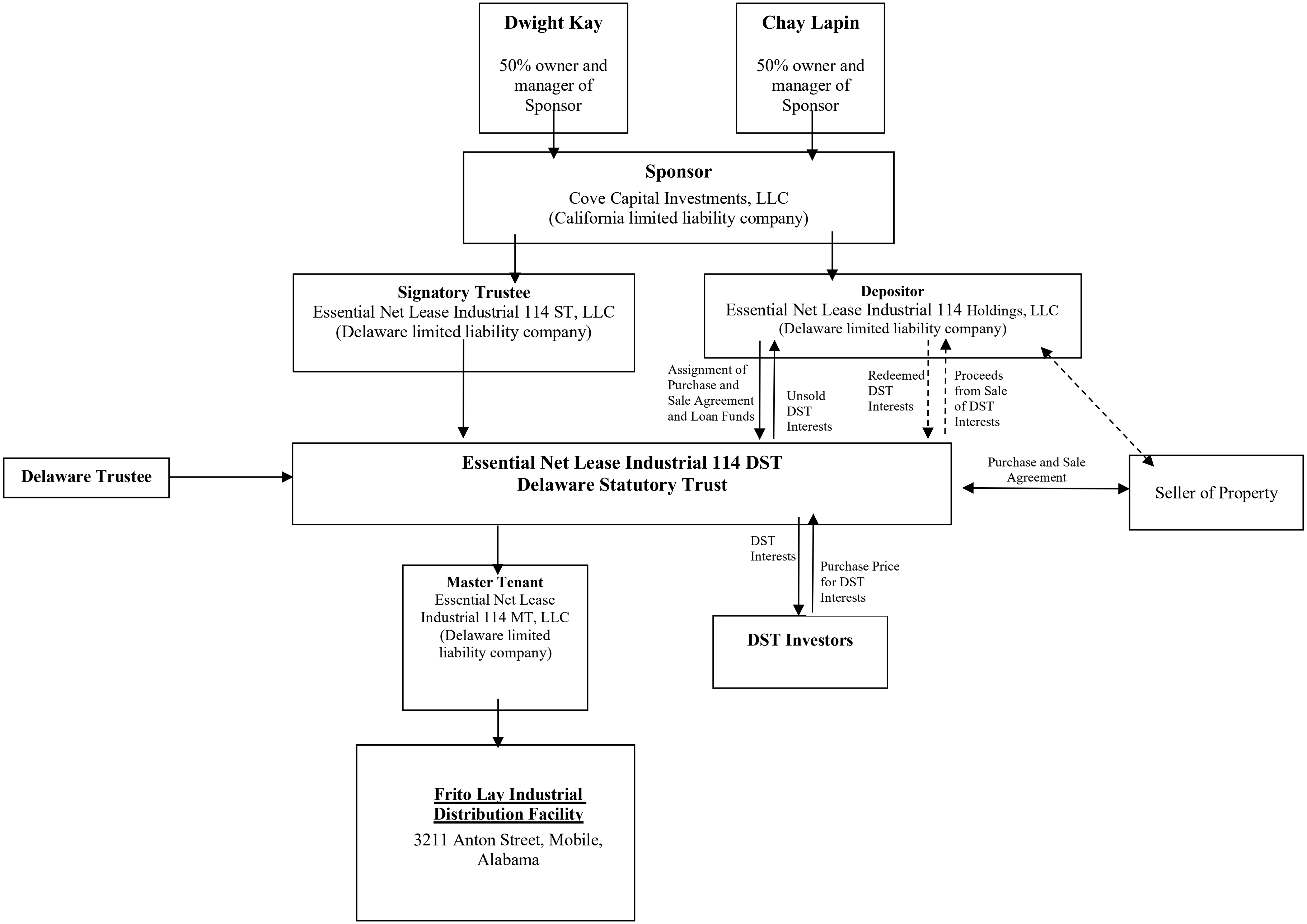
## ORGANIZATIONAL CHART



## RISK FACTORS

**The purchase of Interests involves a substantial 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 such Investor's 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.**

### RISKS RELATED TO FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements that are subject to various risks and uncertainties. The Sponsor has based these forward-looking statements on its current expectations and predictions about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Property, including, among other things, the factors discussed below:

- This is a "best efforts" offering with no minimum raise requirement.
- There are various risks associated with owning and operating a single-tenant property in Mobile, Alabama.
- The Property is leased to Frito Lay, who is responsible for maintaining the Property in a clean condition and good repair, ordinary wear and tear expected.
- Investors have no voting rights with respect to the management or operations of the Trust or the Property, including the sale of the Property. Investors must completely rely on the Master Tenant under the Master Lease and the Property Manager to collect the Rent and operate, manage, lease and maintain the Property.
- Phase I Environmental Assessments may reveal evidence of a recognized environmental condition, a historical recognized condition, and other environmental issues concerning the Property. Phase II Environmental Assessments may reveal evidence of the need for remediation and other environmental issues concerning the Property.
- The Interests do not represent a diversified investment.
- There are various conflicts of interests among the Trust, the Sponsor, the Signatory Trustee, the Depositor, the Master Tenant and their Affiliates.
- The interests are illiquid.
- Investors must completely rely on the Master Tenant under the Master Lease to Operate and maintain the Property.
- The economic impact of the COVID-19 virus, the Omicron and BA2 Variants internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property throughout all or much of 2026, or longer.
- The economic impact of the Monkeypox Virus internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property throughout all or much of 2026, or longer.
- The economic impact of a subsequent global pandemic or COVID-19 variant internationally and in the United States, could adversely affect the financial condition and operating results of the Interests and/or Property.
- The risk that the Local, State, or Federal Governments may implement an additional eviction moratorium or otherwise intervene in the operations of the Property leading to declining revenue and potential foreclosure and loss of the investors' entire equity invested.
- There is a risk that the ongoing war in Ukraine, and the potential conflict between the Peoples Republic of China and Republic of China, as well as other wars or potential armed conflicts worldwide could detrimentally affect capital markets and the Property's value.
- There is a risk that the ongoing wars and military operations in Israel, Gaza, Lebanon, Venezuela may intensify and spread throughout the world. If these wars and military operations do intensify, these conflicts could determinately affect capital markets and the Property's value.
- The Sponsor and its affiliated companies have numerous potential conflicts of interest as outlined in further detail in the conflicts of interest section of this memorandum.
- The Sponsor may utilize equity or financing in the form of a bridge loan, first mortgage, preferred equity or mezzanine financing regarding the acquisition of the Property. This poses a level of risk to investors if the Sponsor was unable to raise the entire offering amount and retire the equity or financing, including foreclosure and a complete loss of investor capital.
- The risks of long-term financing include, but are not limited to, the loss of the entire invested principal if the lender forecloses on the Property.
- The Interests are subject to the restriction in the Trust Agreement.
- There are significant material tax risks associated with an investment in the Interests, including treatment of the Interests for Internal Revenue Code Section 1031 ("Section 1031") exchange purposes.
- There are risks related to competition from properties similar to and near the Property.
- They may be environmental risks related to the Property.
- The recent sharp increase, and any future increases or fluctuations, in unemployment domestically and/or internationally.
- Civil unrest including protesting, rioting, and/or any criminal activity due to, or associated with, any such civil unrest.
- There is a risk that the operating reserves, offering fees, and expenses may be considered taxable boot and investors should speak with their CPA and tax attorney for guidance regarding their particular 1031 exchange and situation.
- There is a risk the Master Lease could be deemed invalid. If this occurs, the invalidation of the Master Lease could have a material effect on the investor's 1031 exchange and the DST structure.
- Capitalized upfront offering and investor operating reserves may be used to pay for property and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, as well as any number of other property or trust level expenses.
- If the Property are contributed to a Section 721 Exchange the investors tax liability will be deferred; however, the investors cannot exceed the tax deferral capacity set by Section 1031. If an investor sells its interest in the Section 721 tax vehicle they may have a larger tax consequence.
- The economic impact of inflation internationally and in the United States, could adversely affect the financial condition and operating results of the Property through all of 2026, or longer.
- As interest rates rise the Property's value and return may be adversely affected or reduced.

The Sponsor intends to identify forward-looking statements in this Memorandum by using words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "objective," "plan," "predict," "project," "may be" and "will be" and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. All forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual transactions, results, performance or achievements of the Property to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. The cautionary statements set forth under the caption "RISK FACTORS" and elsewhere in this Memorandum identify important factors with respect to such forward-looking statements. **ALTHOUGH THE SPONSOR BELIEVES THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, IT CANNOT GUARANTEE INVESTORS THAT ITS EXPECTATIONS WILL BE ATTAINED OR THAT ANY DEVIATIONS WILL NOT BE MATERIAL. THE SPONSOR 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.**

**PROPERTY SPECIFIC RISKS**

***Risks of Single Tenant Occupancy.*** The Property is leased to a commercial tenant. If the tenant were to stop paying rent for any reason, the Trist would not be able to make distributions to the Investors, and the Trust would likely need to terminate the Lease and find a new tenant for the Property. The financial success of the Property, and the ability of the Property to produce current income in the form of rental income is dependent upon the performance of the Tenant. In the event that the Tenant is unable to pay the rent required by the Lease, the success of the Property may be limited.

***Long-Term Lease.*** The Lease for the Property is a long-term lease with varying expiration dates. If the Tenant exercises any rights it may have to extend the term of the Lease, the Annual Base Rent will be adjusted based on the specific Lease's description of the respective option term. If the Master Tenant and the Tenant do not mutually agree, there is a risk the Tenant could choose not exercise the renewal options.

***Leasing to a Sponsor Affiliated Entity***. In the event the Tenant stops paying rent and the Master Tenant elects to terminate the Lease, the Master Tenant may lease any vacant property to a Sponsor affiliated entity at market rate rent subject to any and all leasing incentives. Said lease would not be an arms length negotiation and could pose a conflict of interest.

***Failure of Tenant to Pay Certain Property Expenses.*** Pursuant to the Lease, the Tenant is obligated to pay real estate taxes, to maintain certain insurance to pay certain operating expenses and to ensure that the Property is operating in compliance with all legal requirements. If the Tenant fails to satisfy its obligations, the Trust may not have sufficient funds to pay such expenses and the return to Investors will be reduced.

***Competitive Commercial Tenant Market***. A number of other similar properties are located within the vicinity of the Property and other leasing options are available with profiles and amenities that might be more attractive to some potential tenants. In addition, future development of commercial business parks in the area of the Property might affect vacancy and rental rates. Competition from nearby properties could make it more difficult to attract new tenant. The Property will also experience competition for real property investments from individuals, corporations and other entities engaged in real estate investment activities. Competition for investments may increase costs and reduce returns on the Property and thus reduce returns to the Trust and the Investors.

***Physical Condition of the Improvements.*** If significant maintenance is required at the Improvements beyond that which has been anticipated, budgeted operating reserves may be insufficient to complete such repairs, thereby not only depleting cash flow but also the operating reserves for the Property. This could have a material adverse effect on the investment of Investors in the Trust.

The Trust is responsible, and shall pay, for the cost of capital expenses, repairs, maintenance, and all other costs that are the Trust's responsibility as Landlord under the Master Lease. If the operating reserves are insufficient to make necessary capital improvements, in order to avoid a default by the Master Tenant under the Lease, the Signatory Trustee may be required to either utilize funds received by the Trust from the Tenant in the form of Total Annual Rent to pay for such necessary capital improvements or terminate the Trust by converting it into (or otherwise effecting the transfer of the Property to) the Springing LLC. If all or a portion of the cost of the repairs or replacements must be funded out of funds received by the Trust from the Total Annual Rent, it will negatively impact the income the Investors will receive from the Trust. If the Trust is converted into the Springing LLC or the Property is transferred to the Springing LLC, the Interests would be converted into or exchanged for membership interests in the Springing LLC, which cannot be transferred in an exchange that qualifies for tax-deferred exchange treatment under Section 1031. If, after the conversion of the Trust into the Springing LLC or the transfer of the Property to the Springing LLC, Investors wish to engage in a tax-deferred exchange of their indirect interests in the Property, the Springing LLC's manager would attempt 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 will be accomplished, or that any strategy exists that allows the Investors to complete a Section 1031 exchange once the Trust has been converted into the Springing LLC or the Property has been transferred to the Springing LLC. See "RISK FACTORS – Real Estate Risks" and "RISK FACTORS –Tax Risks – Transfer Distribution to the Springing LLC."

***Strict Enforceability of the Lease***. Although the Trust and the Master Tennant intend to strictly enforce the terms of the Lease against Tenant, it is possible that the Lease may not be strictly enforceable in accordance with its terms because of a prior course of conduct between the Seller and the Tenant. If the Tenant were successful in making such a claim, the Trust may not be able to benefit from all of the terms of the Lease. This could have a material adverse effect on the investment of Investors in the Trust.

***Mezzanine or First Mortgage Loan Obtained by the Sponsor.*** The Sponsor may obtain a short-term loan from a third-party lender to capitalize the Depositor with sufficient funds to make its capital contribution to the Trust as described herein. The loan from such third-party lender will likely be secured by the Sponsor's pledge of its ownership interests in the Depositor and the Signatory Trustee, but the debt may also be secured by a mortgage lien or deed of trust on the Property, which would be promptly released when the debt is repaid. If an event of default were to occur under such short-term loan, the third-party lender would foreclose on such pledged ownership interests, thereby assuming control of the Trust and the Property through its control of the Signatory Trustee or through its ownership of the Property. No assurance can be given that such third-party lender would have the proper experience to manage the Property or that the interests of such third-party lender would align with the interests of Investors, and if such third-party lender held a mortgage or deed of trust and foreclosed on the Property itself, then the Trust would lose Property and the investors would suffer a total loss on their investment.

The Sponsor has negotiated, or may be shortly negotiating, a short-term loan (the "Loan") that will be used to acquire the Property. The Loan term and additional loan details are yet to be determined and/or finalized, but the Sponsor anticipates the Loan will be repaid in full early. There is likely to be no prepayment penalty or premium, though not guaranteed. The Loan will likely be secured by either (i) a pledge of ownership in the Depositor and the Signatory Trustee, or (ii) a mortgage lien or deed of trust on the Property, and the Trust will be liable for repayment of the Loan as owner of the Property. Upon an uncured event of default under the Loan with respect to the Property, the Lender will have the right to foreclose on such pledged ownership interests, thereby assuming control of the Trust and the Property through its control of the Signatory Trustee or through its ownership of the Property. No assurance can be given that such third-party lender would have the proper experience to manage the Property or that the interests of such third-party lender would align with the interests of Investors, and if such third-party lender held a mortgage or deed of trust and foreclosed on the Property itself. If this were to occur, Investors would be likely to lose their entire investment. Additional information and documentation concerning the Loan is available upon request to the Sponsor.

***Financing from Sponsor Affiliated Entities.*** The Sponsor may utilize financing to acquire the subject property in the form of bridge loans or promissory notes from third party lenders and/or from the following Sponsor Affiliated Entities. Cove Acquisition Fund 3, LLC – 9.25% APR due June 21, 2027, Cove Acquisition Fund 4, LLC – 9.75% APR due June 15, 2026, unless extended to June 2028, Cove Acquisition Fund 5, LLC – 8.25% due November 25, 2026, unless extended to November 2028, Cove Net Lease Income Fund 18, LLC, Cove Multifamily Income Fund 28, LLC, Cove Opportunistic Income Fund 75, LLC, and Cove Bridge Income Fund 100, LLC. Any additional financing may be received from a Sponsor Affiliated entity at any rate and terms determined at the sole and absolute discretion of the Company. Such Bridge loans or promissory notes pose a level of risk to investors if the Sponsor is unable to raise the entire offering amount or if the source of funds intended to repay such notes is not received, including foreclosure and may result in a complete loss of investor capital. All real estate investments provide no guarantees for cashflow, distributions, or appreciations; moreover, they could result in a full loss of invested principal. Please do not invest in this offering if you are not willing to bear the loss of your entire principal amount invested.

***Financing from a Third Party.*** The Sponsor may utilize financing in the form of bridge loans from, or make promissory notes to any other third-party lender at the sole and absolute discretion of the Sponsor and such loans and promissory notes will be at rates and terms determined at the sole and absolute discretion of the Sponsor. Such bridge loans or promissory notes pose a level of risk to investors if the Sponsor is unable to raise the entire offering amount or if the source of funds intend to repay such notes is not received, including if rent is not received from the Tenant to enable the Sponsor to retire the equity or financing, including foreclosure and may result in a complete loss of investor capital. All real estate investments provide no guarantees of cashflow, distributions, or appreciations; moreover, they could result in a full loss of invested principal. Please do not invest in this offering if you are not willing to bear the loss of your entire invested principal.

***Use of Operating Reserves.*** Capitalized upfront offering and investor operating reserves may be used to pay for property, offering, and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business license, fees and taxes imposed by federal, state, county and city authorities, property management fees, asset management fees, ongoing accounting and offering management fee, Signatory Trustee fees, financing fees owed to the Sponsor and its affiliates, as well as any number of other property, offering or trust level fees and/or expenses.

***Risk of Litigation.*** The Sponsor, Cove Capital Investments, LLC, and Management, operate a large portfolio of business and commercial real estate with hundreds of tenants nationwide and over 3.6 million square feet of properties under control. It is not uncommon, with businesses and companies of this size, for there to be litigation from time to time when dealing with the business and tenants of this size. Any litigation may have a material adverse impact on the Trust and may result in a loss of principal to investors. There are no material federal, state, or local court proceedings pending against the Manager or the Sponsor, nor, to the knowledge of management, is any material litigation threatened against any of them, any of their management or any affiliate, which may materially affect the Trust's operations or projected goals.

***Toxic Mold***. Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions and respiratory problems. Toxic molds can be found almost anywhere; they can grow on virtually any organic substance, as long as moisture and oxygen are present. There are molds that can grow on wood, paper, carpet, foods and insulation. When moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all molds and mold spores in the indoor environment. While the Trust has no reason to believe that the Property suffers from toxic mold, there can be no assurance that toxic mold does not or will not exist at the Property. The difficulty in discovering indoor toxic mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the Property. Because of attempts to exclude investigations, abatement and damage costs caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

**REAL ESTATE RISKS**

***Uncertain Economic Conditions.*** Investors should be aware that the national and global financial markets are currently volatile and that the condition of the financial markets has become significantly weakened and destabilized in recent months. Continued weakness and instability could adversely affect the Property and/or Interests. Further, financial market instability could result in significant regulatory changes that would have an unpredictable effect on the financial markets in general and the Property and Interests in particular.

***Unemployment and Recession.*** The recent sharp increase, and any future increases or fluctuations, in unemployment domestically and/or internationally could adversely affect the economic performance of the Interests and/or the Property. Investors should be aware that unemployment at any or all levels of the economy, both domestically and internationally, may slowly, moderately, or sharply increase, fluctuate, or worsen, any of which may negatively impact any or all of the Investors' investments in the Offering. Similarly, the current state of the United States economy and/or the global economy may, by many standards, be in an economic recession. Investors should be aware of that an economic recession may adversely impact the Property and/or the Interests. Furthermore, any continuation or further downturn in the economic conditions affecting the Property and/or Interests, including the potential or actualized risk of a depression or further economic downturn or uncertainty, could adversely affect the overall performance and value of the Property and/or the Interests, and Investors could lose all or a portion of their investment in the Offering.

**A further economic downturn or regional economic softness could adversely affect the economic performance of the Interests and/or the Property. Investors should be aware that periods of weak economic performance in the United States and softness in a regional or state economy could materially and adversely impact real estate operations or markets and, if so, may significantly adversely affect the Company's ability to service the Interests and/or the Property.**

***Potential Effect of COVID-19.*** The outbreak of the COVID-19 virus and its variants, internationally and in the United States, could adversely disrupt the global and U.S. economies, and consequently, adversely affect the financial condition and operating results of the Property. It is possible that this global pandemic, or any subsequent or additional pandemic or health emergency may disrupt lending, real estate markets, financial markets, supply chains and businesses throughout 2026, or longer. The tenant(s) of the Property may experience loss of revenue, income, wages, unemployment, or may be unable to make their rental payments therefore causing the Trust to not be able to make distributions to Investors, and eviction of tenants, including proceedings to evict tenants, or similar means of potential remedy, may not be possible due to federal, state and/or local laws or regulations or lender requirements. Due to these factors and the uncertainty of the economic market as a result of the COVID-19 virus, there is no assurance that the value of the investment and financial projections as described in the Offering have not declined and could drop further. The occurrence of such events or other related matters could adversely affect the overall performance and value of the Property and/or the Interests, and Investors could lose all or a portion of their investment in the Offering.

***Potential Inability to Collect Rents.*** There is a risk that economic effects of the COVID-19 virus, future pandemics, and/or economic disruption will cause the Tenant to cease paying rents or request relief. In such event, there is a risk that Investors will not receive distributions or could decrease available distribution amounts to Investors. There is no assurance that the value of the investment and financial projections as described in the Offering have not declined and could drop further. The occurrence of such events or other related matters could adversely affect the overall performance and value of the Property and/or Interests, and Investors could lose all or a portion of their investment in the Offering.

***Bankruptcy of a Tenant.*** In addition to a loss of annual base rent and threshold rent, a bankruptcy or similar insolvency proceeding with respect to a Tenant of the Property will adversely affect the Sponsor and its affiliates. For example, the bankruptcy trustee of the Tenant might attempt to reject the Lease. Further, because of the automatic stay provided imposed by the bankruptcy laws, the Sponsor and its affiliates might not be able to enforce the Lease, including the obligation to pay the annual base rent and additional rent. In the event of the bankruptcy or insolvency of a tenant, the Sponsor and its affiliates will likely be unable to terminate the Lease and negotiate a new lease with new tenants. Leasing to a new tenant requires incurring transactional costs which would adversely affect income to the Investors; and, there is no guarantee that the Property will be successfully leased to new tenants. Additionally, the leasing of the Property to new tenants (or bankruptcy of the tenants) may require the DST to convert to a Springing LLC or transfer the Property to a Springing LLC, and any such conversion or transfer would likely have adverse tax consequences to the Investors.

***Risk of Future Pandemics.*** Future pandemics in the United States and/or internationally could adversely disrupt the global and/or U.S. economies, and consequently, adversely affect the financial condition and operating results of the Property. The Tenant of the Property may experience loss of revenue, income, wages, unemployment, or may be unable to make their rental payments therefore causing the Trust to not be able to make distributions to Investors, and eviction of the tenants, including proceedings to evict tenants, or similar means of potential remedy, may not be possible due to federal, state and/or local laws or regulations or lender requirements. Due to these factors and the uncertainty of the economic market because of any future pandemics, there is no assurance that the value of the investment and financial projections as described in the Offering will not decline. The occurrence of such events or other related matters could adversely affect the performance and value of the Property and/or Interests, and Investors could lose all or a portion of their investment.

***Civil Unrest.*** The Property and/or Interests may be adversely impacted by any prior, current, or future civil unrest including protesting, rioting, and/or any criminal activity due to, or associated with, any such civil unrest. Repairs, maintenance, cleaning, or rebuilding, of the Property, in whole or in part, could impact distributions, and the Offering. Additionally, any such civil unrest could negatively impact the overall value of the investment and/or Property. Any proposed or enacted legislation, orders, regulations, or other governmental or agency remedies—as well as any independent or self-help tactics undertaken by citizens—could increase costs at the Property, which if not offset by rental income, would reduce cash flow. There can be no assurance that civil unrest, in any form, will not have a material adverse effect on the Property.

***Climate Change.*** Neither the Sponsor nor any of its affiliates can predict with certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse effect on the Property. To the extent climate change causes changes in weather patterns, the Property could experience increases in storm intensity, including increases in annual rain levels, high winds and tornados. Climate change may also have indirect effects on business by increasing the cost of or making property insurance unavailable on acceptable terms or increasing the cost of energy or related costs at the Property. Proposed legislation to address climate change could increase utility and other costs of operating the Property, which if not offset by rising rental income, would reduce cash flow. There can be no assurance that climate change will not have a material adverse effect on the Property.

***Failure to Acquire the Property.*** There is no guarantee that the purchase of the Property will ultimately be consummated by the Trust. In such event, the Investors may lose their ability to consummate tax-deferred exchanges of their real estate. See "RISK FACTORS – Tax Risks."

***General Risk of Investment in the Property.*** The economic success of the Interests will depend upon the results of operations of the Property, which is directly dependent on the ability of the Tenant to pay Annual Base Rent and Additional Rent. The results of the operation of the Property are subject to those risks typically associated with investments in real estate. No assurance can be given that future costs of capital improvements will be accurate since such matters will depend on events and factors beyond the control of the Trust, the Signatory Trustee and the Investors. Such factors include continued validity and enforceability of the Lease, rental rates for properties similar to the Property, profitability of the Tenant, which directly affects its ability to pay Annual Base Rent and Additional Rent, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for properties similar to the Property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate, environmental, zoning or hazardous materials laws, uninsured losses, effects of inflation and other risks.

***Use of Operating Reserves.*** Capitalized upfront operating reserves may be used to pay for property, offering and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, property management fees, asset management fees, initial and subsequent financing fees, construction management fees, disposition fees, signatory trustee fees, leasing fees, ongoing accounting and offering management fee, and other fees owed to the sponsor and its affiliates, as well as any number of other property, offering or trust level fees and/or expenses.

***Difficulty Making Material Modifications to the Property.*** To preserve its status as a fixed investment trust, the Trust is not permitted to make any modifications to the Property other than minor nonstructural modifications, repairs in order to preserve the Property or as required by law. As a result, the Trust may find it difficult to make any material modifications to the Property or to reposition the Property in the future, even if such modifications would be deemed appropriate for purposes of assisting in the marketing of the Property.

***Lack of Diversified Investment and Illiquidity.*** An investment in the Interests represents an investment in a portfolio of property. The Trust will not acquire additional properties and, therefore, there is no diversity in the investment in the Interests. Accordingly, should the Property perform poorly due to local competition or other factors, it would adversely affect the overall returns to Investors. The resulting return may be lower than if the Trust owned an interest in more properties or various types of assets. Also, because real estate investments are relatively illiquid, the Trust's ability to promptly sell the Property in response to changing economic, financial and investment conditions is limited.

***Casualty to or Condemnation of the Property.*** Damage to the Property or any portion thereof due to fire or other casualty or condemnation could have a material adverse effect on the Property, including but not limited to loss of revenue and costs to restore the Property in the event insurance proceeds are unavailable. In order to make any major structural repairs to the Property caused by a casualty or condemnation, it would also likely become necessary for the Trust to convert into the Springing LLC or transfer the Property to the Springing LLC in order to engage in such activities, which could have adverse tax consequences to Investors.

***Risk of Distributions Being Paid from Operating Reserves; Return of Capital.*** The Signatory Trustee intends to make distributions to the Investors out of cash flow from the Annual Base Rent and Threshold Rent paid by the Master Tenant to the Trust. Cash flow is based on the profitability of the Property, which is beyond the control of the Signatory Trustee and is not guaranteed. While the Signatory Trustee generally intends to make distributions to the Investors out of net cash flow from the operation of the Property, the Signatory Trustee reserves the right to make distributions out of funds on hand from other sources, including funds in Operating Reserve accounts held by the Trust. Accordingly, a portion of the cash distributed may constitute a return of each Investor's capital investment. Any such distribution will not constitute profit or earnings, but merely a return of the Investor's own capital, as such Investors are strongly encouraged to speak with their CPA and attorney regarding this fact and if it is suitable investment for their particular situation.

***Earthquake, Wind and Flood Exposure.*** The Sponsor makes no representation as to whether the Property is located within a flood plain or a high-risk area for wind or seismic activity. There can be no assurances that the Property will not be damaged in the future by seismic, wind or flood activity and prospective Investors should consider these risks in their evaluation of the Property, particularly since the Trust cannot guarantee obtaining insurance against these risks.

***Availability of Financing and Market Conditions.*** Market fluctuations in real estate financing may affect the availability and cost of funds needed for the Property in the future. In addition, restrictions upon the availability of real estate financing or high interest rates for real estate loans could adversely affect the Property, including the ability of the Trust to sell the Property at a profit or at any price.

***Projected Financial Results.*** The Projections have been prepared by the Sponsor and are attached as Exhibit A to this Memorandum. Such "forward-looking" statements are based on various assumptions made by the Sponsor, which assumptions may not be correct, for example, the growth and expansion of the local and regional economies and rental rates. Accordingly, there can be no assurance that such projections, assumptions and statements will accurately predict future events or the actual performance of the Property. Additionally, any projections 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. The Projections are based upon specified assumptions, including the anticipated deferral or waiver of certain fees and other compensation by the Sponsor and its Affiliates. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." If these assumptions are incorrect or such fees and other compensation are not waived or deferred, the Projections likewise will be incorrect. No representation or warranty can be given that the estimates, opinions or assumptions made herein or therein will prove to be accurate. Potential Investors should closely review the assumptions set forth in the Projections. Any projected cash flow included in this Memorandum and all other materials or documents supplied by the Sponsor or the Signatory Trustee should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which the Projections are based are subject to variations that may arise as events actually occur. The Projections are based upon assumptions made by the Sponsor regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not approximate such Projections. Potential Investors should consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Sponsor, the Trust, the Signatory Trustee, their Affiliates, or any other person or entity as to the future profitability of the Property or the results of making an investment in the Interests.

***Acts of Terrorism.*** The Trust does not intend to purchase insurance covering acts of terrorism. In the event that the Trust determines to acquire such insurance, there is no assurance that such coverage will be available or available at commercially reasonable rates. In the event the Property are damaged by a terrorist attack and such damage is not covered by the insurance obtained for the Property, if any, Investors could lose some or all of their investment.

***War and Future War***. The ongoing wars and military operations in the Ukraine, Israel, Gaza, Iran, Venezuela, and Lebanon, as well potential war between the People's Republic of China and the Republic of China, and other worldwide armed conflicts could detrimentally affect capital markets and the value of the Property.

***Use of Exchange Funds.*** An Investor will be obligated to pay such Investor's pro rata share of reserves and various fees and costs described herein. Some of these items may constitute the acquisition of property that is not like-kind" to real estate for purposes of Section 1031 and, consequently, may represent taxable boot. Each Investor must consult their own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such expenses from such their own funds.

***Operating Reserves, Offering Fees and Expenses May Be Considered Boot.*** The offering will have operating reserves, fees and expenses capitalized up front which each investor will pay its pro rata share of. These operating reserves, fees and expenses may not be considered "like-kind" real estate for the purposes of section 1031 and therefore may be considered taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such reserves, fees and expenses from such Investor's own funds.

***Title and Survey Matters.*** The Property is subject to various matters affecting title, including but not limited to, certain agreements encumbering the Property and all matters set forth on any title commitment and survey, zoning ordinances and building codes, including certain encroachments onto the Property. The title commitment, title documents listed as exceptions on the title commitment (including such agreements), and the survey are available upon request. Such matters may include, for example, easements, declarations, restrictions, right of first refusal, and other limitations on the right of the Trust to use the Property. Additionally, other issues that are not disclosed by the title commitment or the survey may affect title and/or the use of the Property. In connection with the acquisition of the Property, the Trust will obtain title insurance. If a known or new matter arises with respect to the Property, however, there is no guarantee that the title insurance will sufficiently protect the Trust against all title issues affecting the 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. See "RISK FACTORS – REAL ESTATE RISKS – Agreements Affecting the Property" and "OTHER PROPERTY INFORMATION – Agreements Affecting the Property."

***Agreements Affecting the Property.*** By purchasing the Property, the Trust will become a party to various agreements, including easements, declarations and restrictive covenants entered into by predecessors-in-interest which run with the land and continue to affect the Property after it is acquired, as expected, by the Trust. The Trust may seek endorsements from the title company with respect to any such easements for any loss or damage incurred by any violation of such easements by the Trust. Some agreements contain obligations and restrictions with which the Trust must comply. Although the Sponsor and the Trust are not aware of any non-compliance with such agreements, it is possible that the Property is in breach of the terms of one or more of such agreements. A breach of such agreements could result in potentially costly litigation incurred by the Trust which would have an adverse impact on distributions made to the Investors. Additionally, the Property could be subject to unrecorded agreements that have not been disclosed to the Trust, which such unrecorded agreements could impact the marketability of the Property or have an adverse financial impact on the Property. See "RISK FACTORS – REAL ESTATE RISKS – Agreements Affecting the Property" and "OTHER PROPERTY INFORMATION – Agreements Affecting the Property."

***Easements and Encroachments.*** The Property are subject to several utility, access and maintenance easements. The presence of the easements could limit operations at the Property, which also could have an adverse financial impact on the Property. There is no guarantee that such issues will be resolved in favor of the Trust. See "RISK FACTORS – REAL ESTATE RISKS – Agreements Affecting the Property" and "OTHER PROPERTY INFORMATION – Agreements Affecting the Property."

***Right of First Refusal.*** The Property may be subject to a right of first refusal agreement (ROFR) entered into by predecessors-in-interest and a third party with the right to purchase the Property upon sale, which will run with the land and continue to affect the Property after it is acquired, as expected, by the Trust. Any such agreement could potentially affect the Trust's ability to acquire the Property, and the sale price upon the Signatory Trustee's decision to sell the Property. Although the Sponsor and the Trust are not aware of any non-compliance with such agreements, it is possible that the Property are subject to a breach of the terms of one or more of such agreements. A breach of such agreements could result in potentially costly litigation incurred by the Trust which would have an adverse impact on distributions made to the Investors or result in the termination of the Trust's acquisition of the Property.

***Default or Termination under the Lease.*** If the Tenant is unable to pay rent pursuant to the terms of the Lease or satisfy its obligations under the Lease, the Tenant would be in default under the Lease and the Trust would likely terminate the Lease. Absent a bankruptcy by a tenant, the Signatory Trustee would not be empowered to execute a new lease. If the Trust were unable to enter into a new lease, it would likely become necessary for the Trust to convert to the Springing LLC or transfer the Property to the Springing LLC in order to engage in leasing activities, which would likely have adverse tax consequences to Investors, including rendering it unlikely that Investors could complete a future Section 1031 exchange of their investment in the Trust. See "RISK FACTORS – Risks Relating to the Trust Structure – Limited Powers of Trustees; Risk of Termination of Trust" and "RISK FACTORS – Tax Risks."

***Limited Capital of the Master Tenant.*** The Master Tenant's capitalization, including the Master Tenant Reserve, is limited and supported primarily by the cash flow from the Property. Neither the Sponsor nor any of its Affiliates are under any obligation to contribute capital to the Master Tenant or to fund any capital for the operation of the Property, except as otherwise set forth in the Trust Agreement. If the Master Tenant needs funds to pay the Rent or satisfy its other obligations under the Master Lease, it may not have adequate capital to enable the Master Tenant to pay the Rent or to fund its obligations under the Master Lease. If the Master Tenant is unable to pay the Rent or satisfy its obligations under the Master Lease, the Master Tenant would be in default under the Master Lease and the Trust would likely terminate the Master Lease. In such event, the Trust may not be able to master lease the Property on terms similar to the Master Lease or enter into a new master lease for the Property at all, and the returns to Investors would likely be materially adversely affected. Absent a bankruptcy by the Master Tenant, the Signatory Trustee would not be empowered to execute such a replacement Master Lease. If the Trust were unable to enter into a new master lease, it would likely become necessary for the Trust to convert to the Springing LLC or transfer the Property to the Springing LLC in order to engage in leasing activities, which would likely have adverse tax consequences to Investors, including rendering it unlikely that Investors could complete a future Section 1031 exchange of their investment in the Trust. In such event, the Investors could lose their entire investment in the Trust and suffer adverse tax consequences. See "RISK FACTORS – Risks Relating to the Trust Structure – Limited Powers of Trustees; Risk of Termination of Trust" and "RISK FACTORS – Tax Risks."

***Compliance with Americans with Disabilities Act of 1990.*** If the Property, or any portion thereof, are not in compliance with the Americans with Disabilities Act of 1990, as amended (the "ADA"), the Trust may be required to modify the Property to comply with the ADA. Under the ADA, public accommodations must meet certain federal requirements related to access and use by disabled persons. The ADA requirements could require removal of access barriers at significant cost and could result in the imposition of fines by the federal government or an award of damages to private litigants. State and federal laws in this area are constantly evolving and could increase the cost or burden on the Trust's ownership of the Property. Future construction, renovations or improvements to the Property impacting accessibility may also be required to comply with state regulations. If the Trust is required to modify the Property to comply with the ADA or state regulations, it could adversely impact the funds available to the Trust and the Investors' return.

***Environmental Liability.*** Federal, state and local laws may impose liability on a property owner for releases, or the otherwise improper presence of hazardous substances on the Property, regardless of 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. Similar liability may occur under applicable state law. 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 Property when the releases occurred, or the hazardous substances were discovered. For example, under 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 Environmental Site Assessment was conducted, or updated, within 180 days of the purchase of the property. An Environmental Site Assessment performed in compliance with ASTM E 1527-05 qualifies as an "All Appropriate Inquiry" under CERCLA. The ESA is performed for the Sponsor and the Trust. A copy of the ESA is available electronically upon written request. See "OTHER PROPERTY INFORMATION – ESA."

An Environmental Site Assessment does not involve any invasive testing and is limited to a physical walk through or inspection of the Property and a review of the related environmental and governmental records. Consequently, there are no assurances that any or all existing environmental problems or conditions with a property would be exposed by an Environmental Site Assessment, or that the determinations made in the ESA regarding past environmental conditions or incidents are correct. It is possible that an environmental claim may be raised in such a manner the claim could become enforceable against the Trust. Finally, it is possible that the existence of any environmental issues with the Property may make it more difficult, and perhaps impossible, to sell the Property.

If undertaken, a Phase II ESA may involve invasive testing and inspection of the Property. However, there are no assurances that any or all existing environmental problems or conditions with a property would be exposed. A Phase II ESA may also reveal existing environmental problems or conditions that would require remediation, delay the Trust's acquisition of the Property, or result in the Trust not acquiring the Property altogether. It is also possible that the existence of any environmental issues with the Property may make it more difficult, and perhaps impossible, to sell the Property.

The ESA is prepared for the Sponsor and the Trust and Investors have no right to rely on it. Additionally, there can be no assurance that a court would determine that the ESA, as prepared, satisfies the "All Appropriate Inquiry" standard under CERCLA. A copy of the ESA is available upon request and for reference purposes only. Individual Investors have no contractual rights against the preparer of the ESA. In addition, there can be no assurance that the financial wherewithal of such preparer would be sufficient to cover any environmental loss that may arise, should such preparer be held responsible.

The seller of the Property have made limited representations with respect to environmental matters related to the Property. See "ACQUISITION OF THE PROPERTY." The Trust has made no representations in the Purchase Agreement regarding any environmental matters and has not agreed to indemnify the Investors for any environmental liabilities. If losses arise from hazardous substance contamination that are not covered by insurance and cannot be recovered from a responsible party, the financial viability of the Property may be substantially affected. In an extreme case, the 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.

***No Reliance on Third-Party Reports.*** Reference is made in this Memorandum to third-party reports procured by the Sponsor and the Trust. Such third-party reports are addressed to the Sponsor and Trust, and Investors have no right to rely on them. They will be provided to Investors upon request for reference purposes only. Investors have no contractual rights against the preparers of the third-party reports.

***Investment Risk.*** 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. All such persons or entities should consult with their attorneys and business and tax advisors prior to making an investment.

***Determination of Purchase Price/Valuation.*** The Trust will purchase the Property from the Seller for a purchase price of $10,080,000, with a credit reflecting the difference between the Tenant's current rent and the rental increase that takes effect on June 1, 2026, totaling $3,500, which will be held as Operating Reserves for the benefit and use of the Trust and Master Tenant for anticipated repairs and maintenance of the Property, and offering related fees and costs, and incur closing costs and an acquisition fee payable to the Sponsor, and related transaction and offering costs. The Signatory Trustee also will set aside Operating Reserves from Offering Proceeds a total of $160,000 for anticipated repairs, improvements, costs, fees and expenses. The Sponsor believes the Master Tenant has been sufficiently capitalized for its business purposes; however, there can be no guarantee that the Master Tenant has been adequately capitalized and neither the Sponsor nor its Affiliates or principals will have any obligation to provide additional capital to the Master Tenant at any time in the future. See "ACQUISITION OF THE PROPERTY" and "SUMMARY OF THE MASTER LEASE." However, the purchase price for the Interests is determined unilaterally by the Trust and is not based on an arm's-length negotiation. The total purchase price for the Interests is higher than the Trust's purchase price for the Property. Therefore, 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. Investors should also be aware that it may not be possible to sell the Property later for a price equal to or greater than the purchase price paid by the Investors. In the event the Property must be sold for less than the purchase price paid by the Investors, the Investors' financial goals will be adversely affected.

***Closing Costs.*** Closing costs payable in connection with the purchase of the Property will include, but not necessarily be limited to, title insurance, recording costs, document taxes, escrow costs, tax review fees, prepaid taxes, document preparation, closing pro rations and due diligence. The Trust will be reimbursed for such costs and expenses from the Offering Proceeds. It is also possible that if the Signatory Trustee has overestimated the cost, there will be additional funds remaining equal to the excess of such collected amount over the actual costs incurred for the closing costs. Excess funds will be retained by the Sponsor. If costs exceed funds available, then the Sponsor will be responsible for the overage.

***No Guaranteed Cash Flow.*** There can be no assurance that cash flow or profits will be generated by the Property. If the Property do not generate anticipated cash flow or if certain fees and other compensation are not waived or deferred by the Sponsor and its Affiliates as anticipated, the Investors will not receive their anticipated cash flow from the Interests and, therefore, not be able to receive the anticipated return. If the Annual Base Rent and Additional Rent is not paid for any reason, there will be no cash flow for distributions to the Investors. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

***No Audited Results of Operation.*** The Trust does not intend to obtain, and thus will not provide to prospective Investors, audited operating statements regarding the prior operations of the Property. The Trust is relying on financial information provided by the Seller. However, it is possible t,hat information relied upon by the Trust with respect to the acquisition of the Property may not be accurate, and the Trust makes no warranties as to the accuracy or completeness of the information supplied. Potential Investors should make a careful examination of the Projections attached to this Memorandum as Exhibit A with the assistance of their financial advisors and are invited to conduct their own examination of financial data provided.

***Risk Related to the Master Lease Structure.*** Although the Sponsor has obtained a tax opinion, which is enclosed as Exhibit "B", from an independent, third-party attorney, such opinion is based on numerous assumptions and representations from the Issuer, and there is no guarantee that the IRS will agree with such opinion. The tax opinion addresses only one aspect in qualifying under Section 1031, which is whether an acquisition of an Interest can be treated as the acquisition of a direct interest in the Property for purposes of Section 1031. Each Investor must consult and rely on his own independent tax advisor regarding an investment in the Interests and the qualification of the transaction under Section 1031 of the Code and applicable state tax laws. Investor should only invest if they are comfortable with this risk and have adequate liquidity to address any tax liabilities that may arise in the event the DST structure or their 1031 Exchange is invalidated.

***Limited Representations and Warranties of Seller.*** The Trust will acquire the Property "as-is," with only limited representations and warranties from the Seller regarding matters affecting the condition, use and ownership of the Property. Therefore, if defects in the Property or other matters adversely affecting the Property are discovered, the Trust may not be able to pursue a claim for any or all of its damages against the Seller.

***Possible Delays in Sale.*** The Property could be sold sooner than expected if the Signatory Trustee determines it appropriate to do so based on market conditions at the time; provided, however, the Trust is required to hold the Property for a minimum of one (1) year after the date of the admittance of the last Investor to the Trust. The Beneficial Owners will not be entitled to approve a sale of the Property or any Transfer Distribution. It may not be possible to sell the Property at the price indicated in the Projections or on the projected timeline. Fluctuations in the supply of money for real estate acquisition loans affect the availability and cost of loans, and the Trust is unable to predict the effects of such fluctuations on the Property. Market conditions with respect to a sale of the Property are also unpredictable. Credit conditions have been severely restricted in the past and may become so again. If credit conditions are restricted when the Trust is attempting to sell the Property, it may adversely affect its ability to find a buyer. If the Property cannot be sold when or for the price projected, then the Investors' returns may be materially and adversely affected.

***No Consent Required for Sale of Property.*** The Signatory Trustee may canvass the Investors regarding a potential sale or other conveyance of the Property. The Signatory Trustee may consider the views of the Investors in good faith, but ultimately, the Signatory Trustee is not bound by the desires of the Investors as to a disposition. Therefore, Investors have no right to consent to a sale or conveyance of the Property.

**RISKS RELATING TO THE TRUST STRUCTURE**

***Beneficial Owners 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 Beneficial Owners have no right to participate in the management of the Trust or in the decisions made by the Trustees. While the Beneficial Owners may be canvassed for input prior to the Signatory Trustee entering into a binding contract on behalf of the Trust to sell the Property, and while the Signatory Trustee may take the opinions of the Beneficial Owners concerning such prospective sale into account in good faith, the Signatory Trustee is under no obligation to make its decision regarding such prospective sale in accordance with the wishes of the Beneficial Owners.

***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 the Trustees engage in willful misconduct, bad faith, fraud or gross negligence. Additionally, a Trustee may only be removed by the other Trustee, and then only if such removed Trustee has engaged in willful misconduct, bad faith, fraud or gross negligence with respect to the Trust.

***Limited Powers of Trustees; Risk of Termination of Trust.*** To comply with Revenue Ruling 2004-86 regarding exchanges under Section 1031, the Trust structure 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 entering into financing, renegotiating the Lease or entering into new leases except in the event of the bankruptcy or insolvency of the Tenant, (c) making other than minor non-structural modifications to 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, or (e) 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. See "SUMMARY OF THE TRUST AGREEMENT." In the event of a Transfer Distribution, although the Property would remain subject to the Lease after such transaction (unless otherwise terminated or renegotiated), and the ownership percentage of each Investor in such Springing LLC would be identical to such Investor's Interest in the Trust, as a result of such transfer 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 the Springing LLC would be treated as a partnership for tax purposes, it may be difficult or impossible to do a tax-free exchange when the Springing LLC disposes of the Property.

***Risk Related to the Master Lease Structure.*** Although the Sponsor has obtained a tax opinion, which is enclosed as Exhibit "B", from an independent, third-party attorney, such opinion is based on numerous assumptions and representations from the Issuer, and there is no guarantee that the IRS will agree with such opinion. The tax opinion addresses only one aspect in qualifying under Section 1031, which is whether an acquisition of an Interest can be treated as the acquisition of a direct interest in the Property for purposes of Section 1031. Investors must consult and rely on their own independent tax advisor regarding an investment in the Interests and the qualification of the transaction under Section 1031 of the Code and applicable state tax laws. Investors should only invest if they are comfortable with this risk and have adequate liquidity to address any tax liabilities that may arise in the event the DST structure or their 1031 Exchange is invalidated.

***Sponsor is an Affiliate of the Signatory Trustee.*** The Sponsor is the sole member of the Signatory Trustee, which has responsibility for the management, control, sale, disposition of or otherwise dealing with the Property. Due to the affiliation between the Signatory Trustee and the Sponsor, there may be conflicts of interest regarding the governance of the Trust that would not exist if the Signatory Trustee was an independent third party. See "CONFLICTS OF INTEREST."

***Compliance with the Corporate Transparency Act***. Beginning January 1, 2024, the Corporate Transparency Act ("TCA") requires the Trust to submit a report identifying all of its Beneficial Owners. Under the TCA, a "Beneficial Owner" is any individual who: (i) exercises substantial control over the Trust; or (ii) owns or controls at least twenty-five percent (25%) of the Trust. Any Investor which holds a 25% or more beneficial ownership interest, must provide the Sponsor with all required information, updates to the information, and any legally required documents within the required time limits.

**RISKS RELATING TO THE BENEFICIAL OWNERS**

***Liability of Beneficial Owners.*** The liability shield afforded to a Beneficial Owner of an Interest is generally respected for most purposes, barring unusual circumstances. Liability associated with the Trust, such as a claim against the Property, should be limited to the Beneficial Owners' capital and distributions from the Trust. However, under a concept known as "piercing" (commonly used by courts to prevent a fraud on creditors), it is possible that a court could disregard such liability shield and impose personal liability on the Beneficial Owners. Prospective Investors should be aware that Delaware statutory trusts are a relatively new form of legal entity and the law on "piercing" and certain other matters is still evolving. If the liability shield were disregarded, the liability associated with an investment in the Trust would not be limited to the investment of the Beneficial Owners, the amount of distributions to the Beneficial Owners, or otherwise.

***Transfer of Ownership.*** In the event of a transfer of ownership, the Sponsor maintains the right to apply administrative fees based on the complexity of the transfer. A schedule of fees will be provided upon request.

***Use of Operating Reserves.*** Capitalized upfront operating reserves may be used to pay for property, offering and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, property management fees, asset management fees, financing fees, construction management fees, disposition fees, signatory trustee fees, leasing fees and other fees owed to the sponsor and its affiliates, as well as any number of other property, offering or trust level fees/or expenses.

***Uninsured Losses/Unlimited Liability.*** The Trust will attempt to maintain adequate insurance coverage against liability for personal injury and property damage on the Property. However, there can be no assurance that insurance will be sufficient to cover any such liabilities. Furthermore, insurance against certain risks, such as terrorism, floods and/or earthquakes, may be unavailable or available only at an unacceptable cost or in amounts that are less than the full market value or replacement costs of the Property, and the Trust does not intend to obtain such insurance. Additionally, there can be no assurance that particular risks that currently are 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 Beneficial Owners may lose all of their investment in the Trust. Additionally, if insurance proceeds are not adequate to fully restore any damage to the Property, the Trust may be required to sell the Property at a discount and the investment of the Beneficial Owners in the Trust would likely be materially adversely affected.

***Use of Exchange Funds.*** An Investor will be obligated to pay such Investor's pro rata share of reserves and various fees and costs described herein. Certain of these items may constitute the acquisition of property that is not like-kind" to real estate for purposes of Section 1031 and, consequently, may represent taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such expenses from such Investor's own funds.

***Operating Reserves, Offering Fees and Expenses May Be Considered Boot.*** The offering will have operating reserves, fees and expenses capitalized up front which each investor will pay its pro rata share of. These operating reserves, fees and expenses may not be considered "like-kind" real estate for the purposes of section 1031 and therefore may be considered taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such reserves, fees and expenses from such Investor's own funds.

***Limitation of Liability/Indemnification of the Signatory Trustee and the Delaware Trustee.*** The Signatory Trustee and the Delaware Trustee may not be liable to the Beneficial Owners for errors of judgment or other acts or omissions not constituting willful misconduct, bad faith, gross negligence or fraud as a result of certain indemnification provisions in the Trust Agreement. See "SUMMARY OF THE TRUST AGREEMENT." If Trust assets are used to pay a successful claim for indemnification of the Signatory Trustee or the Delaware Trustee, the value of the Interests would be depleted by the amount paid in satisfaction of such claim.

***Risk of Distributions Being Paid from Reserves; Return of Capital.*** The Signatory Trustee intends to make distributions to the Investors out of cash flow from the Annual Base Rent and Additional Rent paid by the Tenant to the Trust. Cash flow is based on the profitability of the Property, which is beyond the control of the Signatory Trustee and is not guaranteed. While the Signatory Trustee generally intends to make distributions to the Investors out of net cash flow from the operation of the Property, the Signatory Trustee reserves the right to make distributions out of funds on hand from other sources, including funds in reserve accounts held by the Trust. Accordingly, a portion of the cash distributed may constitute a return of each Investor's capital investment. Any such distribution will not constitute profit or earnings, but merely a return of the Investor's own capital.

**RISKS RELATING TO PRIVATE OFFERING AND LACK OF LIQUIDITY**

***Illiquid and Not Freely Transferable.*** Each Investor will be required to represent that such Investor is acquiring the Interests for investment and not with a view to distribution or resale, that such Investor understands the Interests are not freely transferable and, in any event, that such Investor must bear the economic risk of investment in the Interests for an indefinite period of time because: (i) the Interests have not been registered under the Securities Act or applicable state "Blue Sky" or securities laws; and (ii) the Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available. There is no market for the Interests and Investors holding Interests cannot expect to be able to liquidate their investment in case of an emergency. Also, an Investor can only transfer an Interest in accordance with the Trust Agreement. Further, the sale or other transfer by an Investor of Interests may have adverse federal income tax consequences. See "RESTRICTIONS ON TRANSFERABILITY" and "FEDERAL INCOME TAX CONSEQUENCES."

***Offering Not Registered with SEC or State Securities Authorities.*** The Offering of the Interests will not be registered with the SEC under the Securities Act or the securities agency of any state, and are being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to Investors meeting the suitability requirements set forth in this Memorandum. Since this is a private 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.*** Each Interest is being offered, and will be sold, to persons or entities in reliance upon a private offering exemption from registration provided in the Securities Act and state securities laws. If the Trust should fail to comply with the requirements of such exemption, Investors may have the right, if they so desired, to rescind their purchase of Interests. This might also occur under the applicable state securities or "Blue Sky" laws and regulations in states where Interests will be offered without registration or qualification pursuant to a private offering or other exemption. 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 them as a whole and, thus, the investment in Interests by the remaining Investors.

***Limited Experience of Sponsor.*** The Sponsor has a limited operating history, but its principals have substantial prior experience in the syndication of real estate, in particular through Delaware statutory trusts. See "MANAGEMENT." There is no assurance that the Trust will be successful in these activities, which could result in the Investors losing their entire investment in the Trust.

***No Minimum.*** There is no minimum amount of Offering Proceeds that must be raised, or minimum number of Investors required in connection with this Offering. Accordingly, if the Sponsor is unable to sell all of the Interests, the Depositor will retain the unsold Interests. The ownership of the Interests by the Depositor involves certain risks that potential Investors should consider, including, but not limited to, the fact that there may be conflicts of interest between the objectives of the Investors and that of the Sponsor, which is the sole member of the Depositor, or, if the Offering is not fully subscribed, that a significant amount of the Interests will not have been acquired by disinterested investors after an assessment of the merits of the Offering. See "CONFLICTS OF INTEREST."

***Risk Related to the Master Lease Structure.*** Although the Sponsor has obtained a tax opinion, which is enclosed as Exhibit "B", from an independent, third-party attorney, such opinion is based on numerous assumptions and representations from the Issuer, and there is no guarantee that the IRS will agree with such opinion. The tax opinion addresses only one aspect in qualifying under Section 1031, which is whether an acquisition of an Interest can be treated as the acquisition of a direct interest in the Property for purposes of Section 1031. Each Investor must consult and rely on his own independent tax advisor regarding an investment in the Interests and the qualification of the transaction under Section 1031 of the Code and applicable state tax laws. Investor should only invest if they are comfortable with this risk and have adequate liquidity to address any tax liabilities that may arise in the event the DST structure or their 1031 Exchange is invalidated.

***Receipt of Compensation Regardless of Profitability.*** The Sponsor, the Trustees and their Affiliates are entitled to receive certain significant fees and other significant compensation, payments and reimbursements from the acquisition and operation of the Property regardless of whether the Property operates at a profit. See "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

***No Fiduciary Duty.*** The Trust, the Trustees and their Affiliates will not have any fiduciary duty to the Beneficial Owners as would be applicable to a limited liability company, partnership or corporation and, therefore, may take actions that would not be in the best interests of one or more of the Beneficial Owners. As permitted under applicable Delaware law, the Signatory Trustee and the Delaware Trustee have expressly disclaimed all duties to the Beneficial Owners except for the duties expressly contained in the Trust Agreement.

***No Representation of Beneficial Owners.*** Each Beneficial Owner acknowledges and agrees in the Purchase Agreement that legal counsel representing the Trust, the Sponsor, the Depositor, the Signatory Trustee and their Affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, any or all of the Beneficial Owners.

**LIMITED LIQUIDITY OPTION**

**THIS IS AN ENTIRELY ILLIQUID INVESTMENT – DO NOT INVEST IN THIS OFFERING UNLESS YOU CAN AFFORD TO HOLD THE ILLIQUID BENEFICIAL INTEREST FOR THE ENTIRE LIFE OF THE OFFERING WHICH MAY BE FIVE (5) TO TEN (10) YEARS OR EVEN MUCH LONGER.**

Notwithstanding the illiquidity of the offering, the Sponsor will offer a limited liquidity option. At any time prior to the redemption of the full Offering, Investors may submit to the Sponsor, in writing, a request for liquidation of their beneficial interest. The Sponsor is under no obligation to grant this limited liquidity option request and therefore investors should be willing to hold their illiquid beneficial interest for five (5) to ten (10) years, or even longer. Prior to any investor in the offering submitting a request to exercise the limited liquidity option, which may indeed not be accepted by the Sponsor, each investor is instructed to speak with their CPA, attorney, business advisors and trusted family members for advice and guidance as to the tax, legal and financial implications of potentially exercising the limited liquidity option. The Sponsor cannot provide you with any tax or legal advice regarding potentially exercising the limited liquidity option whatsoever.

For those investors that have held the beneficial interest for at least one (1) year and one (1) day, the Investor may submit to the Sponsor, in writing, a request for liquidation of their beneficial interest. If the Sponsor accepts the Investor's redemption request, at the sole discretion of the Sponsor, the Sponsor will redeem the beneficial interest within ninety (90) days of the Sponsor's written acceptance of the redemption request. The liquidation price for the beneficial interest held for at least one (1) year and one (1) day, (expressed as percentages of outstanding principal amount) is: 75% of the value of the Investor's initial investment, not including monthly distributions.

Investors who have held the beneficial interests for at least two (2) years and one (1) day, may submit to the Sponsor, in writing, a request for liquidation of their beneficial interest. If the Sponsor accepts the Investor's redemption request, at its sole discretion, the Sponsor will redeem the beneficial interest within ninety (90) days of its written acceptance of the redemption request. The liquidation price for Units held more than two (2) years and one (1) day (expressed as percentages of outstanding principal amount) is: 80% of the value of the Investor's initial investment, not including monthly distributions.

Investors should note that this is an illiquid investment and that the limited liquidity feature is not guaranteed. The Sponsor may at its sole discretion suspend indefinitely the limited liquidation provision, or any part or feature of the limited liquidation provision, at any time. Notwithstanding anything to the contrary above, there is no right of liquidation of the beneficial interest, except in the event of the Sponsor's consent to do so, in its sole and absolute discretion. If the Sponsor were to redeem beneficial interest under the Limited Liquidation Option, it would likely make a substantial profit on the purchase of the discounted beneficial interest. The Sponsor is under no obligation to grant this limited liquidity option request and therefore investors should be willing to hold their illiquid beneficial interest for five (5) to ten (10) years, or even longer. Prior to submitting a request to exercise the limited liquidity option, which may indeed not be accepted by the Sponsor, each investor is instructed to speak with their CPA, attorney, business advisors and trusted family members for advice and guidance as to the tax, legal and financial implications of potentially exercising the limited liquidity option. The Sponsor cannot provide you with any tax or legal advice regarding potentially exercising the limited liquidity option whatsoever.

**Investors should note that if they were to request liquidity and if the Sponsor, at the Sponsors sole and absolute discretion, were to grant the redemption of the investors interests that they would be selling at an immediate loss under the Limited Liquidity Option. Investors should also note that they would be likely subject to various taxes upon redemption including, but not limited to, Federal capital gains tax, State capital gains tax, Medicare surtax, depreciation recapture tax and potentially Alternative Minimum Tax (AMT). Prior to requesting**

**redemption from the Sponsor under the Limited Liquidity Option, investors must speak with their CPA and tax attorney for a full picture and analysis of their tax liability if they were to redeem their interests.**

RISKS RELATING TO THE MANAGEMENT OF THE PROPERTY

***Property Management.*** The Master Tenant may hire or terminate a property manager, subject to the prior written consent of the Trust. There is no assurance that a property manager will be successful in operating the Property, in which case the Master Tenant may not have sufficient funds to pay the Rent, which could result in a default by the Master Tenant under the Master Lease. The current property management fee, as of the date of this Memorandum, is a percentage of the gross Rent of the Property, however, such fee is subject to change due to factors including but not limited to the market rate of such services and a change to a different third-party property manager. The property management fee will be paid from the gross Rent of the Property as an operating expense.

***No Operating History of the Master Tenant.*** The Master Tenant is newly formed and has no prior operating history. See "MANAGEMENT." There is no assurance that the Master Tenant will manage the Property successfully, or that any related or third-party property managers subcontracted by the Master Tenant will do so adequately. If the Master Tenant is not able to operate the Property profitably, the Master Tenant may not be able to pay the Rent. If the Master Tenant is unable to pay the Rent and is bankrupt or insolvent, the Trust will terminate the Master Lease, which may necessitate the conversion of the Trust into the Springing LLC or the transfer of the Property to the Springing LLC, which likely would have adverse tax consequences to the Investors. There is no assurance that the Trust will be successful in these activities and a failure by the Trust to be successful could result in the Investors losing their entire investment in the Trust.

***Limited Capitalization of Master Tenant.*** The Sponsor believes the Master Tenant has been sufficiently capitalized for its business purposes; however, there can be no guarantee that the Master Tenant has been adequately capitalized and neither the Sponsor nor its Affiliates or principals will have any obligation to provide additional capital to the Master Tenant at any time in the future.

***Bankruptcy of the Master Tenant.*** In addition to a loss of Rent, a bankruptcy or similar insolvency proceeding with respect to the Master Tenant will adversely affect the Trust. For example, the bankruptcy trustee of the Master Tenant might attempt to reject the Lease. Further, because of the automatic stay provided by the bankruptcy laws, the Trust might not be able to enforce the Master Tenant's obligations under the Lease, including the obligation to pay the Annual Base Rent and Additional Rent. In the event of the bankruptcy or insolvency of the Master Tenant, the Trust will be able to terminate the Lease and negotiate a new lease with a new master tenant. Leasing the Property to a new master tenant requires incurring transactional costs which would adversely affect income to the Investors. Additionally, there is no guarantee the Trust will be successful in leasing the Property to a new master tenant. Additionally, the leasing of the Property to a new master tenant (or bankruptcy of the Tenant) may require the Trust to convert to the Springing LLC or transfer the Property to the Springing LLC, and any such conversion or transfer would likely have adverse tax consequences to the Investors.

***Use of Operating Reserves.*** Capitalized upfront operating reserves may be used to pay for property, offering and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, property management fees, asset management fees, financing fees, construction management fees, disposition fees, signatory trustee fees, ongoing accounting and offering management fee, leasing fees and other fees owed to the sponsor and its affiliates, as well as any number of other property, offering or trust level fees and/or expenses.

***Use of Exchange Funds.*** An Investor will be obligated to pay such Investor's pro rata share of operating reserves and various fees and costs described herein. Certain of these items may constitute the acquisition of property that is not like-kind" to real estate for purposes of Section 1031 and, consequently, may represent taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such expenses from such Investor's own funds.

***Operating Reserves, Offering Fees and Expenses May Be Considered Boot.*** The offering will have operating reserves, fees and expenses capitalized up front which each investor will pay its pro rata share of. These operating reserves, fees and expenses may not be considered "like-kind" real estate for the purposes of section 1031 and therefore may be considered taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such operating reserves, fees and expenses from such Investor's own funds.

***Conflicts of Interest.*** The Signatory Trustee is wholly owned by the Sponsor and, therefore, the principals of the Sponsor. This may lead to a conflict of interest between their various roles in relation to the Sponsor, including conflicts with the Investors regarding decisions related to the Property. The principals of the Sponsor are employed independently of this Offering and engage in other activities, including ownership and management of other commercial properties. As such, the principals of the Sponsor will have conflicts of interest in allocating management time, services and functions between the Sponsor and the Signatory Trustee, on the one hand, and their various other existing enterprises and future enterprises, on the other hand. In addition, the Sponsor and its principals and Affiliates may continue to own and organize other business ventures that compete directly with the Property. This may result in the interests of the Sponsor, its principals and Affiliates, and the Investors not always being aligned. See "CONFLICTS OF INTEREST."

***Sale of the Property.*** The proceeds realized from the sale of the Property will be distributed among the Investors in accordance with their respective Interests, but only after satisfaction of the claims of third-party creditors and payment of expenses. The ability of any Investor to recover all or any portion of such Investor's 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 the sale of the Property.

***Risks of Mezzanine or First Mortgage Loan Obtained by the Sponsor.*** The Sponsor may obtain a short-term loan from a third-party lender to capitalize the Depositor with sufficient funds to make its capital contribution to the Trust as described herein. The loan from such third-party lender will likely be secured by the Sponsor's pledge of its ownership interests in the Depositor and the Signatory Trustee, but the debt may also be secured by a mortgage lien or deed of trust on the Property, which would be promptly released when the debt is repaid. If an event of default were to occur under such short-term loan, the third-party lender would foreclose on such pledged ownership interests, thereby assuming control of the Trust and the Property through its control of the Signatory Trustee or through its ownership of the Property. No assurance can be given that such third-party lender would have the proper experience to manage the Property or that the interests of such third-party lender would align with the interests of Investors, and if such third-party lender held a mortgage or deed of trust and foreclosed on the Property itself, then the Trust would lose Property and the investors would suffer a total loss on their investment.

***Risks Related to Economic Impact Inflation.*** There is a risk that continued inflation in the United States and/or internationally could adversely disrupt the global and/or U.S. economies, and consequently, adversely affect the financial condition and operating results of the Property. There is no assurance that the value of the investment and financial projections as described in the Offering have not declined, and could drop further. The occurrence of such events or other related matters could adversely affect the overall performance and value of the Property.

***Risks Related to Rising Interest Rates.*** There is a risk that as interest rates rise the value of the Property will be adversely affected or reduced.

**TAX RISKS**

***General.*** An investment in an Interest entails federal income tax risks, some of which are described immediately below. (A general description of the federal income tax consequences associated with ownership of an Interest is described in "FEDERAL INCOME TAX CONSEQUENCES.") **Because the tax consequences from the ownership of an Interest are complex, may vary from Investor to Investor depending on individual circumstances, and entail legal issues that are not settled, each prospective Investor is strongly encouraged to consult such Investor's own tax advisor about such Investor's tax consequences from the purchase of an Interest. No representation or warranty of any kind can be given that the IRS will accept any claim that an Investor may make regarding such Investor's Interest.**

***Classification as Real Property Under Section 1031.*** An Interest must be considered real estate and not a partnership interest, security or some other form of property in order to qualify as replacement property for a like-kind exchange of real estate under Section 1031. The Sponsor has attempted to structure the Trust in a manner that will cause the Interests to qualify as real property, and Tax Counsel has given an opinion that an Interest should be considered an interest in real estate and not a partnership interest for federal income tax purposes, subject to conditions and assumptions set forth in such opinion. Tax Counsel's opinion also concludes that (i) the Trust should be classified as an investment trust under Treasury Regulations Section 301.7701-4 that is taxable as a trust and not as a business entity and (ii) each Beneficial Owner should be treated as a "grantor" of the Trust under Section 671 of the Code, who should be treated as owning an undivided fractional interest in the Property.

Tax Counsel's opinion is based in part on Revenue Ruling 2004-86. However, as described below, the transaction that is the subject of the Offering contains facts and terms that were not present in the transaction that is the subject of Revenue Ruling 2004-86. Moreover, Tax Counsel's opinion is not binding on the IRS and the Signatory Trustee will not apply for an IRS ruling. Thus, no assurance can be given that an Interest will qualify as a real property interest under Section 1031. An Investor cannot rely on statements of the Signatory Trustee, any of its Affiliates or its agents, any broker-dealer or the Trust's accountant or counsel regarding such qualification. Each Investor must consult their own tax advisor regarding the qualification of the Interests as like-kind to real property under Section 1031 and state tax law.

***Risk Related to the Master Lease Structure.*** Although the Sponsor has obtained a tax opinion, which is enclosed as Exhibit "B", from an independent, third-party attorney, such opinion is based on numerous assumptions and representations from the Issuer, and there is no guarantee that the IRS will agree with such opinion. The tax opinion addresses only one aspect in qualifying under Section 1031, which is whether an acquisition of an Interest can be treated as the acquisition of a direct interest in the Property for purposes of Section 1031. Each Investor must consult and rely on his own independent tax advisor regarding an investment in the Interests and the qualification of the transaction under Section 1031 of the Code and applicable state tax laws. Investor should only invest if they are comfortable with this risk and have adequate liquidity to address any tax liabilities that may arise in the event the DST structure or their 1031 Exchange is invalidated.

***Replacement Property Identification.*** Section 1031 requires a taxpayer in a deferred like-kind exchange to formally identify replacement properties and to do so not later than 45 days after disposition of such Investor's relinquished property. Regulation §1.1031(k)-1I(4) permits a taxpayer to identify multiple replacement properties. A taxpayer may (i) identify three properties without regard to the fair market value of the properties (the "three-property rule"), (ii) identify multiple properties with a total fair market value not in excess of 200% of the value of the relinquished property (the "200% rule") or (ii) identify any number of properties if the taxpayer acquires at least 95% in value of the properties identified (the "95% rule"). The identification rules of Section 1031 are strictly construed, and an exchange will be completely disqualified if the identification rules are violated. (The Identification requirement is deemed to be satisfied if replacement property is acquired by the last day of the identification period.) A prospective Investor should obtain the advice of such Investor's tax advisor before subscribing for an Interest or identifying the Property as a possible replacement property.

***Potential of a 721 Transaction.*** The potential exists that the Property, and all reserves, may be sold to a 721 vehicle, which may take the form of either a limited liability company fund, limited partnership fund, or a Real Estate Investment Trust ("REIT"), which may or may not be an Affiliate, in exchange for limited partnership interests in a limited partnership managed by the 721 vehicle in lieu of receiving cash proceeds for the sale (a "721 transaction"). The Signatory Trustee will provide investors an option whereby they will be able to choose if they would like to participate in a 721-exchange transaction or not. Investors who become limited partners in a subsequent investment in a 721 vehicle would no longer be permitted to complete Section 1031 "like-kind" exchanges upon a sale of these limited partnership interests. In the event limited partnership interests are received in a 721 vehicle, they may be converted to stock in a REIT at a pre-set conversion rate. Conversion from limited partnership interests in a 721 limited partnership to REIT shares is a taxable event. The Signatory Trustee alone would determine whether or not to seek tax protection or registration rights agreements for the Investors as part of any 721 transaction. The non-existence of such agreements can have a material negative impact on an Investor's taxation and the future liquidity of any stock in the 721 held by the Investor. The Signatory Trustee may also choose not to provide a third-party valuation or fairness opinion on the 721's stock price, or the conversion rate offered by the 721 for the Investor's limited partnership interests. Investors choosing to take limited partnership interests through a proposed 721 transaction must carefully and independently evaluate the details of any proposed 721 transaction. Investors will be personally responsible for assessing and determining the tax implications and risks associated with an 721transaction and should consult their personal attorney, accountant or other tax advisor before deciding to accept limited partnership interests in a 721 transaction. The Signatory Trustee will have conflicts of interest related to any sale of the Property to an Affiliated party. Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors.

The potential exists that Signatory Trustee may elect to contribute the Property, and all operating reserves, to an exchange roll-up transaction pursuant to Section 721 of the Code.

If the Property is contributed to a Section 721 Exchange the investors' tax liability will be deferred; however, the investors cannot exceed the tax deferral capacity set by Section 1031. If an investor sells its interest in the Section 721 tax vehicle, they may have a larger tax consequence.

In the case of a Sponsor affiliate 721 exchange, the Sponsors affiliated Operating Partnership is offering a Tax Protection Agreement ("TPA") to investors who participate in any Sponsor affiliate's potential 721 exchange transaction, providing significant tax deferral protection. Under the terms of this agreement, if the investors' property is contributed into the Sponsor affiliate's 721 exchange vehicle's Operating Partnership via a 721 exchange, the Operating Partnership will indemnity the investors with a 20-year protection period, if the Operating Partnership were to sell the contributed property and fails to complete a qualifying 1031 exchange to defer taxes, the REIT will cover the investors' resulting federal, state, and local tax liabilities attributable to the sale. This agreement is designed to provide investors with greater confidence and clarity around the long-term tax implications of participating in a 721 UPREIT structure. The TPA is not related to cash proceeds from the sale of interests in the Operating Partnership, or conversion to shares in a REIT.

***Risk of Distributions Being Paid from Operating Reserves; Return of Capital.*** The Signatory Trustee intends to make distributions to the Investors out of cash flow from the Annual Base Rent and Additional Rent paid by the Tenant to the Trust. Cash flow is based on the profitability of the Property, which is beyond the control of the Signatory Trustee and is not guaranteed. While the Signatory Trustee generally intends to make distributions to the Investors out of net cash flow from the operation of the Property, the Signatory Trustee reserves the right to make distributions out of funds on hand from other sources, including funds in reserve accounts held by the Trust. Accordingly, a portion of the cash distributed may constitute a return of each Investor's capital investment. Any such distribution will not constitute profit or earnings, but merely a return of the Investor's own capital, as such Investors are strongly encouraged to speak with their CPA and attorney regarding this fact and if it is suitable investment for their particular situation.

***Delayed Closing; Inability to Close.*** Under Section 1031, closing on the acquisition of replacement property must occur on or before the earlier of (i) 180 days after the sale of the relinquished property or (ii) the due date (determined with regard to extension) for the taxpayer's return for the year in which transfer of the relinquished property occurred. See Code Section 1031(a)(3)(B). The IRS is not authorized to extend any deadline or grant other relief from the deadline for acquiring replacement property.

***Use of Exchange Funds.*** An Investor will be obligated to pay such Investor's pro rata share of reserves and various fees and costs described herein. Certain of these items may constitute the acquisition of property that is not like-kind" to real estate for purposes of Section 1031 and, consequently, may represent taxable boot. Each Investor must consult such Investor's own tax advisor regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such expenses from such Investor's own funds.

***Operating Reserves, Offering Fees and Expenses May Be Considered Boot.*** The offering will have operating reserves, fees and expenses capitalized up front which each investor will pay its pro rata share of. These operating reserves, fees and expenses may not be considered "like-kind" real estate for the purposes of section 1031 and therefore may be considered taxable boot. Each Investor must consult such Investor's own tax advisor, CPA and tax attorney regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such operating reserves, fees and expenses from such Investor's own funds.

***State Law.*** The availability of tax-deferred like-kind exchanges under state law varies from state to state. Some states have adopted Section 1031 in whole, other states have adopted Section 1031 in part, and still other states have their own requirements for qualifying for such deferral. In addition, while many states follow federal tax law by treating the owner of an interest in a fixed investment trust as owning an interest in the assets held by the Trust, other state laws may differ and could result in the imposition of income or other taxes on such entities. Generally, the law of the state where the relinquished property was located and the law of the state where an investor resides govern the state law tax consequences from the disposition of an investor's relinquished property and the acquisition of an Interest. Each Investor should consult their own tax advisor regarding the qualification of the transaction for like-kind exchange treatment under state law.

***Use of Operating Reserves.*** Capitalized upfront operating reserves may be used to pay for property, offering and Trust level expenses including but not limited to: operating expenses, capital expenses, insurance premiums, policies and deductibles, property taxes, business licenses, fees and taxes imposed by federal, state, county and city authorities, property management fees, asset management fees, financing fees, construction management fees, disposition fees, signatory trustee fees, ongoing accounting and offering fee, leasing fees and other fees owed to the sponsor and its affiliates, as well as any number of other property, offering or trust level fees and/or expenses.

***Transfer Distribution to the Springing LLC.*** If a Transfer Distribution occurs, the Trustee will transfer title to the Property from the Trust to the Springing LLC or convert the Trust into the Springing LLC, and the Investors will acquire membership interests in the Springing LLC. Under current law, such a transfer of the Property to the Springing LLC generally would not be subject to federal income tax pursuant to Section 721 of the Code but could be subject to state or local income tax or transfer tax. Additionally, no assurance can be given that such a transfer will not be taxable under federal income tax law at the time that the transfer occurs. Because a Transfer Distribution could occur in several situations, it is not possible to determine all of a Beneficial Owner's tax consequences from a Transfer Distribution. **AN INVESTOR SHOULD CONSULT THEIR OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF A TRANSFER DISTRIBUTION AND THE TAX CONSEQUENCES OF A SALE OF THE PROPERTY BY THE SPRINGING LLC RATHER THAN THE TRUST.**

***No Deferral of Tax upon Sale of Springing LLC Membership Interests.*** Unlike an interest in the Trust, an interest in the Springing LLC is not considered an interest in real property for purposes of the like-kind exchange rules under Section 1031 but is considered a partnership interest. **UNDER CURRENT LAW, A PARTNERSHIP INTEREST IS NOT ELIGIBLE FOR LIKE-KIND EXCHANGE TREATMENT UNDER SECTION 1031. THUS, IF THE TRUST TRANSFERS THE PROPERTY TO THE SPRINGING LLC OR CONVERTS THE TRUST INTO THE SPRINGING LLC IN A TRANSFER DISTRIBUTION, A BENEFICIAL OWNER THAT RECEIVES AN INTEREST IN THE SPRINGING LLC LIKELY WILL NOT BE ABLE TO DEFER GAIN FROM A FUTURE SALE OF SUCH INTEREST OR FROM THE SPRINGING LLC'S FUTURE SALE OF THE PROPERTY.**

***Passive Activity Limitation.*** The ownership of an Interest will be considered a passive activity for each Investor and any income or loss that an Investor recognizes from the Property will be considered passive income and loss for purposes of the rules. The passive loss rules limit the amount of loss from the operation of the Property that a taxpayer may deduct if the taxpayer is an individual, an estate, a trust or a certain kind of C corporation. Under the passive loss rules, a taxpayer may not use such taxpayer's passive losses to shelter wages, income from an activity in which the taxpayer is an active participant or portfolio income. Portfolio income includes dividend and interest income, income from an annuity and certain capital gains.

***Losses under the At-Risk Rules.*** An Investor that is an individual or a closely held corporation may not deduct taxable loss arising from the ownership of an Interest to the extent that such loss exceeds the amount by which the Investor is considered at-risk. Such disallowed losses may be carried forward and deducted in future years subject to the same limitation.

***Taxable Income in Excess of Cash Receipts.*** It is possible the income tax that an Investor owes each year from the ownership of an Interest may exceed the amount of the cash distribution that the Investor receives from the Property; because, income from the Property may be used to fund nondeductible capital expenditures or reserves. Thus, in certain years an Investor may have to use funds from other sources to satisfy such Investor's tax liability associated with the Property.

***Change in the Tax Law.*** The description that is set forth in this Memorandum about the tax consequences from an investment in an Interest is based on the law and on administrative and judicial interpretations of such law as in effect on the date of this Memorandum. Tax reform proposals have been promulgated that, if enacted, could materially and adversely impact Section 1031 in the future. Therefore, laws enacted by Congress along with administrative pronouncements and court decisions could change applicable law to the detriment of Investors structuring Section 1031 exchanges. Any such change could apply to the Interests and could have a material and adverse impact on an investment in the Interests.

***Penalties.*** The Code imposes a penalty of twenty percent (20%) on an underpayment of tax that is attributable to negligence, a substantial understatement of income tax or a valuation misstatement. See "FEDERAL INCOME TAX CONSEQUENCES – Tax Deficiency, Penalties and Interest."

***Variation Among Beneficial Owners.*** The tax consequences of an investment in an Interest could vary widely among Investors because of differences in their circumstances. This Memorandum describes only general consequences and does not address the effect of such consequences on situations. Therefore, each Investor must consult their own tax advisor to determine how the consequences of an investment in Interests will affect their situation.

***Scope of Tax Opinion and Discussion.*** The Tax Opinion of Tax Counsel attached as Exhibit "B" to this Memorandum is not intended or written to be used, and it cannot be used, by any Investor for the purpose of avoiding penalties that may be imposed under the Code. The Tax Opinion was written to support the promotion or marketing of the Offering, and each Investor should seek advice based on their circumstances from an independent tax advisor. Also, the statements in this Memorandum are not intended to be used and may not be used for the purpose of avoiding penalties that might be imposed on an Investor as a taxpayer. The statements are written to support the marketing of the Offering. Investors should seek advice regarding their tax consequences from the purchase of an Interest from an independent tax advisor.

***State Income Tax.*** Income from the Property may be subject to income tax in one or more states, including the state where the Property is located, and the state where an Investor resides (subject, possibly, to a credit for income tax paid in the state where the Property are located). Each Investor is solely responsible for filing tax returns and paying taxes attributable to the Interest they own. Therefore, each Investor should consult with their own tax advisor regarding the income tax consequences under the laws of the states of owning an Interest. See "FEDERAL INCOME TAX CONSEQUENCES - State and Local Taxes."

***ERISA Risks.*** ERISA and Code Section 4975 impose certain fiduciary restrictions, including prohibited transaction restrictions, on funds that hold "plan assets." The Department of Labor ("DOL") Plan Asset Rules provide that, subject to certain exceptions outlined in the rules, the assets of an entity (such as the Trust) in which a Benefit Plan Investor (defined below) holds an ownership interest may be treated as assets of an investing plan, in which event the assets of the Trust (and transactions involving such assets, such as a sale of the Property) would be subject to ERISA's fiduciary provisions, including any prohibited transaction provisions under ERISA or Code Section 4975. One of the exceptions in the Plan Asset Rules will apply if ownership in the Trust is limited so that only a percentage of the Interests that is less than 25% may be owned by "benefit plan investors" (as defined in the Plan Asset Rules, and hereinafter, "Benefit Plan Investors"). The Sponsor and the Signatory Trustee will use reasonable best efforts to qualify the Trust for this exception to the Plan Asset Rules. If, nevertheless, Benefit Plan Investors acquire 25% or more of the Interests and the Plan Asset Rules apply to the Trust, ERISA's fiduciary standards and prohibited transaction rules would apply to the operation of the Trust, which would likely impose substantial additional compliance expenses upon the Trust, thereby potentially reducing amounts distributable by the Trust to the Investors. Finally, if the Trust is subject to the Plan Asset Rules and is not able to comply with ERISA or Code Section 4975, Benefit Plan Investors may be at risk of breaching fiduciary duties owed to their sponsoring plan. Employee benefit plans such as governmental and non-United States plans, while not subject to ERISA, may be subject to laws regulating employee benefit plans that contain rules substantially similar to ERISA and may contain other rules relating to permissible investments. Such plans should conclude that an investment in the Interests would satisfy all such laws before making such an investment (and, as indicated above, may be required to make certain assurances to the Trust).

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## ESTIMATED USE OF PROCEEDS

The following table sets forth the estimated sources and uses of the Offering Proceeds.[1] The table reflects the present intentions of the Sponsor and any unforeseen change of circumstances may require the Sponsor to modify the information set forth below. The Sponsor and its Affiliates will receive substantial compensation and fees in connection with the Offering and the acquisition, operation and sale of the Property as described in this Memorandum. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." Certain of the uses described below are estimates by the Sponsor.

| | Amount from Offering Proceeds | Percentage of Total Proceeds |
|---|---|---|
| **Sources** | | |
| Investor Equity | $12,126,736 | 100% |
| **Total Sources** | **$12,126,736** | **100%** |
| | | |
| **Application** | | |
| *Selling Commissions and Expenses* | | |
| Selling Commissions | $727,604 | 6.00% |
| Marketing and Due Diligence Allowances[5] | $181,901 | 1.50% |
| Wholesaling Fee[5] | $181,901 | 1.50% |
| Total | $1,091,406 | 9.00% |
| | | |
| *Cost of Acquisition* | | |
| Total Acquisition Cost[3] | $10,800,330 | 89.06% |
| Operating Reserves[2] | $160,000 | 1.32% |
| Total | $10,960,330 | 90.38% |
| | | |
| Acquisition Fee[4] | $50,000 | 0.41% |
| Organization and Offering Costs | $25,000 | 0.21% |
| Total | $75,000 | 0.62% |
| | | |
| Offering Proceeds | $12,126,736 | 100% |
| **Total Application** | **$12,126,736** | **100%** |

1 These figures, if presented as a percentage, are rounded to the nearest 100th of a percent. These figures, if presented as a dollar figure, are rounded to the nearest dollar.

2 This amount is for reserves for ongoing maintenance and repairs as well as budgeted operating and capital expenses at the Property for which the Trust is responsible.

3 The Property Acquisition Cost is comprised of: (a) the purchase price for the Property; (b) costs paid in connection with acquisition of the Property, including but not limited to, title insurance premiums, recording costs, document taxes, escrow costs, third party reports, document preparation and closing pro rations, as well as bridge loan interest, fees, and costs. If such costs are less than the amount anticipated, such amount will be retained by the Sponsor. To the extent such costs are greater than anticipated, any such amount will be paid by the Sponsor.

4 The Sponsor will receive an acquisition fee in an amount equal to 0.41% of the Offering Amount for its services in assisting the Trust to acquire the Property. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

5 Offers and sales of Interests will be made on a "best efforts" basis by members of the Selling Group who are members of FINRA. Members of the Selling Group will receive Selling Commissions of up to 6.00% of the Offering Proceeds, subject to certain discounts for certain investors as further described in this Memorandum. Members of the Selling Group may also receive a non-accountable marketing and due diligence allowance in an amount equal to 1.50% of the Offering Proceeds. FNEX Capital, LLC, a member of the Selling Group, will also receive a wholesaling fee in an amount equal to 1.50% of the of the Offering Proceeds, all or a portion of which will be reallowed to principals and associates of the Sponsor who are registered representatives of FNEX Capital, LLC. The total aggregate amount of Selling Expenses will not exceed 9.00% of the Offering Proceeds. The Signatory Trustee, in its sole discretion, may accept purchases of Interests net (or partially net) of the Selling Commissions and other items of compensation due to the Sponsor or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion, including by way of illustration, but not limitation, from Investors purchasing through a registered investment advisor or from Investors who are Affiliates of the Sponsor. **Principals, affiliates, and associates of the Sponsor, who are registered representatives of FNEX Capital, LLC, may represent Investors considering an investment in the Interests and may make offers and sales of Interests, thereby receiving an economic benefit from the sale of Interests. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest", "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "PLAN OF DISTRIBUTION – Marketing of Interests."**

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## COMPENSATION OF THE SPONSOR AND ITS AFFILIATES

The following table describes the compensation and other amounts payable by the Trust to the Sponsor and its Affiliates. The determination of the type and amount of the compensation to be received by the parties was not, or will not be, the result of arm's-length negotiations. See "CONFLICTS OF INTEREST."

| Form of Compensation | Description | Estimated Amount of Compensation |
|---|---|---|
| **Organization and Offering Stage:** | | |
| Selling Commissions, Non-Accountable Marketing and Due Diligence Allowance, and Wholesaling Fees to Principals and Associates of the Sponsor: | Principals and associates of the Sponsor, in their capacity as registered representatives of FNEX Capital, LLC, may represent Investors considering an investment in the Interests and may make offers and sales of Interests, thereby receiving Selling Commissions of up to 6.00% of the Offering Proceeds attributable to their sales of Interests to Investors. They may also receive a non- accountable marketing and due diligence allowance in an amount equal to 1.50% of the Offering Proceeds. FNEX Capital, LLC, a member of the Selling Group, will also receive a wholesaling fee in an amount equal to 1.50% of the Offering Proceeds, all or a portion of which will be reallowed to principals and associates of the Sponsor who are registered representatives of FNEX Capital, LLC. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest" and "ESTIMATED USE OF PROCEEDS." | Estimated to be $1,091,406 if the entire Offering Amount is sold. |
| Acquisition Fee to the Sponsor: | In connection with the acquisition of the Property, the Sponsor will receive an acquisition fee from the Trust in an amount equal to 0.41% of the Offering Amount for its services in assisting the Trust to acquire the Property. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest" and "ESTIMATED USE OF PROCEEDS." | Estimated to be $50,000 if the entire offering amount is sold. |
| Real Estate Referral Fee to Sponsor Affiliate: | A real estate referral fee in an amount equal to a specific dollar amount or a percentage of the purchase price of the Property will be paid by the Seller of the Property to an Affiliate of the Sponsor. Each of Mr. Kay and Mr. Lapin will receive a portion of such real estate referral fee. This real estate referral fee is paid by the Seller of the Property and thus will not be paid by investors or out of the offering proceeds. | Estimated to be approximately $176,400. |
| **Operating Stage:** | | |
| Signatory Trustee Annual Fee: | The Signatory Trustee shall be entitled to an annual fee in an amount up to $25,000, which may be paid from property and Operating Reserves on a monthly basis, waived fully or deferred in whole or in part by the Signatory Trustee in its sole discretion with such amount paid at a later date but not later than the sale of the Property, at which time such fee will be paid from the proceeds of the sale of the Property. A deferral of the Signatory Trustee's Annual Fee, in whole or in part, for one or multiple years, does not waive the right of the Signatory Trustee to collect the entire amount of the accrued fee at such later date. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest." | Up to $25,000 annually |
| Ongoing Accounting and Offering Management Fee: | For ongoing accounting and offering management services rendered the Sponsor shall be entitled to receive from the Trust an accounting and offering management fee, paid in twelve monthly payments, totaling $18,000 annually. This fee may be funded and paid from the Trust via the Operating Reserves or income from the Property. This is a non-accountable fee paid to the Sponsor by the Trust due each month until the offering is wound down and the Property is sold. The ongoing accounting and offering management fee may be deferred, in whole or in part, by the Manager, and if so deferred, such amount may be paid at a later date within the sole discretion of the Manager, but not later than the final sale of the Property. Any such deferral shall not constitute a waiver. | $18,000 annually. |

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|---|---|---|
| Beneficial Interest Redemption: | If the Sponsor were to redeem beneficial interest under the Limited Liquidation Option, at its sole and absolute discretion, the Sponsor would likely make a substantial profit on the purchase of the discounted beneficial interest. | Impracticable to determine at this time. |
| Reimbursement of Expenses to the Signatory Trustee: | The Signatory Trustee will be entitled to reimbursement of reasonable and necessary expenses paid or incurred by the Signatory Trustee in connection with the operation of the Trust, including any legal and accounting costs and office and administration overhead expenses, all of which will be paid from the operating revenue of the Trust or from the Operating Reserves; provided, however, the Signatory Trustee may elect, in its sole discretion, to either waive or defer reimbursement of such expenses until such time as the Property are sold, with any reimbursement of such expenses being made from the proceeds of the sale of the Property. | Impracticable to determine at this time. |
| Operating Reserves Interest Fees: | Upon the sale of the Property, all remaining Operating Reserve funds will be distributed 100% to the Beneficial Owners, except in the case of a 721 exchange transaction whereby the operating reserves will be included with the property that is contributed to the 721 vehicle. The operating reserves will be managed by Cove Capital Liquid Income, LLC ("CCLI"), which is under common ownership of the Sponsor. The Operating Reserves will be deposited in accounts covered by FDIC and NCUSF Insurance. All interest earned, net of fees, on the Operating Reserves will inure for the benefit of the Trust. CCLI will be paid a fee, which may increase or decrease in the sole discretion of CCLI, of fifty basis points (50 bps) on all deposits. This fee may be deferred in whole or in part by CCLI, in its sole discretion, with such amount paid at a later date but not later than the sale of the Property. The Operating Reserves may also be deposited into a different cash management service or interest-bearing account, which is not under common ownership of the Sponsor. All interest earned, net of fees, on the operating reserves will inure for the benefit of the Trust. The Sponsor will be paid a fee, which may increase or decrease in the sole discretion of the Sponsor, of fifty basis points (50bps) on all deposits. This fee may be deferred in whole or in part by the Sponsor, in its sole discretion, with such amount paid at a later date but not later than the sale of the Property. | Impracticable to determine at this time. |
| Distributions to the Depositor in relation to unsold Interests held by the Depositor: | The Depositor will be entitled to receive its pro rata share of distributions from the Trust as a result of the retention by the Depositor, a wholly owned subsidiary of the Sponsor, of unsold Interests. | Impracticable to determine at this time. |
| Rent Received by the Master Tenant: | The Master Tenant will be entitled to retain all remaining rent received by the Master Tenant from the Property after payment of Annual Base Rent and Threshold Rent to the Trust. | Impracticable to determine at this time. |
| Annual Asset Management Fee: | Annual Asset Management Fee in the amount of 0.50% of the assets' purchase price annually. The annual Asset Management Fee is an annual fee that may be paid in monthly increments. The annual Asset Management Fee may be deferred, in whole or in part, during the Trust's ownership of the Property, until the Signatory Trustee determines within its sole discretion that the Property or operating reserves can sustain the payment thereof, or in the event the Property is sold, at which point, the current 0.50% annual Asset Management Fee, and the accrued annual Asset Management Fees (which may be waived by the Sponsor within the Sponsor's sole discretion) will be due. Where the Asset Management Fee is deferred, in whole or in part, at any time throughout the Trust's ownership of the Property by the Signatory Trustee, in its sole discretion, will determine such amount may be paid at a later date, but not later than the sale of the Property. A deferral of the annual Asset Management Fee, in whole or in part, for one or multiple years, does not waive the right of | Impracticable to determine at this time. |

| | | |
|---|---|---|
| | the Signatory Trustee to collect the entire amount of the accrued fee at such later date. The annual Asset Management Fee is a non-accountable fee. | |
| Property Management Fee to Sponsor: | The Sponsor or a Sponsor Affiliated Entity is entitled to a Property Management Fee that is equal to six percent (6.0%) of the Property's annual gross income. If the Sponsor or Sponsor Affiliated entity retains a third-party Property Manager, the six percent (6.0%) fee will be used to pay the third-party Property Manager, and the balance will go to the Sponsor or Sponsor Affiliated entity. In its sole discretion, the Signatory Trustee may defer the payment of its property management fee to a future date, or pay the property management fee from Operating Reserves, but in no event, will the property management fee be delayed beyond the date of the sale of the Property. In no event will the Sponsor's decision to defer its property management fee constitute a waiver of its right to the property management fee. | Impracticable to determine at this time. |
| Leasing Fee to the Property Manager: | If the Sponsor, or a Sponsor Affiliated Entity secures a lease or lease extension from the existing or new tenant(s), the Sponsor, or Sponsor Affiliated Entity, would be entitled to a Leasing Fee. The Leasing Fee would be equal to six percent (6%) of the total dollar value of the primary lease or extension term which this amount would be in addition to any leasing fee payable to any outside leasing broker or agent. The Leasing Fee may be paid out of Property or Operating Reserves. The Sponsor, or Sponsor Affiliated Entity, has sole discretion to waive or defer the Leasing Fee, in whole or in part, throughout the Trust's ownership of the Property, but not later than the sale of the Property. The Sponsor, or Sponsor Affiliated Entity's decision to defer the Leasing Fee, in whole or in part, for multiple years, does not constitute a wavier of the Leasing Fee, and the Sponsor, or Sponsor Affiliated Entity, may collect the entire amount of the accrued fee at such later date. | Impracticable to determine at this time. |
| Construction Management Fee to the Sponsor: | For its services in managing any construction occurring on the Property, which construction is the responsibility of the Trust, the Trust will pay the Sponsor a construction management fee of up to fifteen percent (15%) of the costs of such construction, which construction management fee may be paid from operating reserves, deferred, in whole or in part, by the Sponsor, in its sole discretion, and paid to the Sponsor upon the sale of the Property. In no event will the Signatory Trustee's decision to defer its fee constitute a waiver of is right to the Construction Management Fee. | Impracticable to determine at this time. |
| Various fees to the Manager of the Springing LLC: | If a Transfer Distribution has occurred, the Manager of the Springing LLC will be entitled to receive various fees from the Springing LLC, which may include, but not be limited to, an administrative fee, a finance coordination fee, real estate commissions and other compensation for services performed on behalf of the Springing LLC. The Springing fees outlined above, may be paid out of property and operating reserves. | Impracticable to determine at this time. |
| Initial Financing Fee: | If the Property is financed, including if financed with bridge financing upon acquisition, affiliated entities such as acquisition funds, debentures or LLC funds upon acquisition, or refinanced during the term of the Trust, the Sponsor, or their designees, will be entitled to a Financing Fee of 2.5% of the loan amount which may be paid out of loan proceeds and/or out of property and operating reserves. The Sponsor, at its sole discretion, may elect to defer its financing fee to a later date, of which such date shall also be at the Sponsor's sole discretion. The sponsor may also elect to collect any initial financing fee at the disposition of the property from sale proceeds. In no event will the Signatory Trustee's decision to defer its fee constitute a waiver of its right to the Initial Financing Fee. | Impracticable to determine at this time. The amount paid will depend on the initial principal amount of such financing. |

| | | |
|---|---|---|
| Subsequent Financing Fee: | If the Property are financed or refinanced at any future time during the term of the Trust, the Sponsor will be entitled to a Subsequent Financing Fee of 2.5% of the loan balance. The Financing Fee shall be paid at loan closing out of loan proceeds and/or out of property and operating reserves. The Sponsor, at its sole discretion, may elect to defer its financing fee to a later date, of which such date shall also be at the Sponsor's sole discretion. The sponsor may also elect to collect any subsequent financing fee at the disposition of the property from sale proceeds. In no event will the Sponsor's decision to defer its fee constitute a waiver of is right to the Subsequent Financing Fee. | Impracticable to determine at this time. The amount paid will depend on the initial principal amount of such refinancing. |
| **Liquidation Stage:** | | |
| Distributions to the Depositor in relation to unsold Interests held by the Depositor: | The Depositor will be entitled to receive its pro rata share of distributions from the Trust as a result of the retention by the Depositor, a wholly owned subsidiary of the Sponsor, of unsold Interests. | Impracticable to determine at this time. |
| Payment of Disposition Fee to the Master Tenant: | Upon the sale of the Property, the Master Tenant will be entitled to receive a Disposition Fee in an amount equal to two percent (2.0%) of the gross sales price of the Property (including for the avoidance of doubt, any 721 Exchange transaction(s)), which Disposition Fee shall be in addition to any sales commission payable to one or more brokers in connection with the sale. However, payment of the Disposition Fee will be subordinated until the Beneficial Owners receive a return of 100% of their capital invested in the Offering from any special distributions, including but not limited to a refinance and final distributions upon the sale or other disposition the Property; but exclusive of (not including) monthly distributions of annual rent. Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors. | Impracticable to determine at this time. |

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## SUMMARY OF THE PURCHASE AGREEMENT AND INSTRUCTIONS

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

**Submission of Offer to Purchase**
A summary of the procedures for the offer and purchase of an Interest 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) a completed Purchaser Questionnaire, (ii) an executed signature page for the Purchase Agreement, (iii) the purchase price for the Interests to be acquired, and (iv) such other documents as may reasonably be requested by the Trust. At the closing of an Investor's purchase, the Investor shall receive the Interests for which the Investor subscribed.

**No Tax Advice**
Other than as set forth in (i) the Tax Opinion issued by Tax Counsel and attached to this Memorandum as Exhibit "B" and (ii) the "Federal Income Tax Consequences" discussed below, the Investors will acquire the Interests without any representations from the Trust, the Sponsor or their Affiliates regarding the tax implications of acquiring Interests. Each Investor must consult such Investor's own independent attorneys and other tax advisors regarding the tax implications of such Investor's acquisition of an Interest in the context of such Investor's own particular circumstances, including whether such acquisition will qualify as part of a proposed tax-deferred exchange under Section 1031, 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 are not satisfied as set forth in the Purchase Agreement. If the Purchase Agreement is terminated, the Investor will have no right to acquire Interests or any portion of the Property and will have no claims against the Trust for damages, expenses, lost profits or otherwise.

**Indemnity**
The Purchase Agreement contains an indemnity provision whereby each Investor will be required to indemnify, defend and hold harmless the Trust, the Sponsor 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.

**Dispute Resolution**
Each Investor agrees that any dispute arising out of the Purchase Agreement must be brought in a court of competent jurisdiction located in Los Angeles County, California, and voluntarily waives any right such Investor may have to a jury trial in such proceeding.

## SUMMARY OF THE MASTER LEASE

The rights and obligations of the Trust, and compensation to be paid to the Trust, regarding the leasing of the Property to the Master Tenant will be governed by the Master Lease, a copy of which is available upon request to info@covecapitalinvestments.com. You should carefully review the entire Master Lease before making an investment. The following is a summary of some of the significant provisions of the Master Lease. The summary is qualified in its entirety by the full text of the Master Lease. Both the Master Tenant and the Signatory Trustee are wholly owned subsidiaries of the Sponsor. As a result, the terms of the Master Lease are not the result of arm's-length negotiations and should not be considered as such. See "CONFLICTS OF INTEREST."

**Generally**
On the date of the closing of the acquisition of the Property, the Trust and the Master Tenant will enter into the Master Lease whereby the Trust will lease the Property to the Master Tenant and assign, transfer and quitclaim without warranty to the Master Tenant, and the Master Tenant will accept, all of the Trust's right, title and interest in and to the Lease. The Master Tenant shall assume all obligations and liabilities of the Trust with respect to the Lease and is entitled to receive all rent due from the Tenant thereunder. The Trust will appoint the Master Tenant as its agent and attorney-in-fact during the term of the Master Lease for purposes of executing any and all documents required to be entered into and complete any transaction that has been approved by the Trust (to the extent such approval is required) and to take any other action with respect to the Property that the Master Tenant is authorized to take on behalf of the Trust, other than with respect to any transaction involving a substitution or other disposition of the Property. As a result, the Master Tenant will be solely responsible for administering and complying with the terms of the Lease.

Upon termination or expiration of the Master Lease, the Lease will be deemed to be automatically assigned to the Trust, and the Trust will be deemed to automatically assume all duties and obligations of the Master Tenant under the Lease without any further action on the part of the Master Tenant.

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**Term**

The Master Lease will expire concurrently with the Trust's termination or pursuant to the Terms of the Master Lease. The Master Lease will terminate before its expiration date, and without additional cost to the Trust, upon the sale, disposition, transfer, merger to facilitate a tax-deferred exchange pursuant to Section 1031 of the Code or exchange roll-up transaction pursuant to Section 721 of the Code with respect to the Property and all reserves (collectively, a "Disposition") of the Property by the Trust. The Master Lease is currently expected to be assumed by the Springing LLC at the time of a Transfer Distribution. Neither the Trust nor the Master Tenant has an option to renew the Master Lease. The Signatory Trustee intends to provide investors an option to either choose to participate in any 721 Exchange or to not. Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems beneficial to the investors. [SEE TAX RISKS – POTENTIAL OF A 721 TRANSACTION].

**Rent**

All rent due under the Lease for periods after the Master Lease is executed will be payable to the Master Tenant rather than the Trust. The Master Tenant will use the rent received from the Tenant to pay to the Trust the projected Annual Base Rent established in the Master Lease.

The Annual Base Rent for the Master Lease is projected to be $121,267.36 per year throughout the term of the Master Lease. In addition to the Annual Base Rent, the Master Tenant will pay Threshold Rent to the Trust for the term of the Master Lease when there is gross income to support it. The Threshold Rent may total up to the following amounts:

- Year 1 - $545,702.64;
- Year 2 - $548,128.64;
- Year 3 - $550,553.64;
- Year 4 - $552,979.64;
- Year 5 - $555,404.64; and
- Years 6 through 20 - $555,404.64 annually.

The Master Tenant will be entitled to retain all remaining rent received by the Master Tenant from the Property after payment of the Annual Base Rent and Threshold Rent to the Trust.

In the event of a taking and not all of the Property are taken by eminent domain proceedings or damaged or destroyed by fire or other casualty and it is economically feasible to continue to operate the Property, then the Master Lease shall continue in full force and effect; however, the Annual Base Rent shall be adjusted in an equitable fashion to reflect the economic effect of any such loss of a portion of the Property.

**Payment of the Property's Expenses**

The Trust is obligated to bear all costs of operating, maintaining, repairing, managing and leasing the Property (including property taxes, and utilities' costs). Notwithstanding this provision, the Trust may elect to have the Master Tenant handle the payment of any imposition on behalf of the Trust; however, the Master Tenant shall be entitled to reimbursement by Trust for the costs thereof, in the form of reduced rent.

The Trust is financially responsible for casualty and condemnation restoration and all "Capital Expenses" of the Property, which means all costs and expenses incurred in connection with the Property that are normally capitalized, including, but not limited to: (i) repairs and replacements to roofs, chimneys, gutters, downspouts, paving, curbs, ramps, driveways, balconies, porches, patios, decks, foundations, exterior walls and all load bearing walls, exterior doors and doorways, windows, elevators, fences and gates, and (ii) exterior painting, with the Master Tenant assuming full and sole responsibility for the operation, repair, replacement, maintenance and management of the Property.

Notwithstanding the foregoing, the Trust is not responsible for any Capital Expenses or otherwise, for making or performing (or incurring any cost, expense or expenditure for the making or performing of) any repairs, replacements or improvements to, for and/or in respect of the Property that the Trust determines (in its sole discretion) that it is not permitted to be responsible for, make, perform and/or incur pursuant to the terms of the Trust Agreement, (y) Treasury Regulations§ 301.7701-4, or (z) Rev. Rul. 2004-86, 2004-2 C.B. 191, and for any repairs resulting from the Master Tenant's business activities. In order to help the Trust defray its costs and expenses related to the Property, and pursuant to the Master Lease, the Trust will set aside a reserve of $160,000 for capital expenses of the Property and Trust expenses. The Trust and the Master Tenant are entitled to utilize these funds to complete any property level repairs. The expected reserve balance is an estimate and may be used to pay for property level repairs and improvements, Trust accounting and administrative costs, Delaware Trustee fees, Signatory Trustee fees and capital expenses associated with the maintaining the DST. DST Reserves may also be used by the Trust to pay any other DST-related costs or expenses incurred. All DST Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors on a pro rata basis.

**Rights and Duties of the Master Tenant**

It is expected the Landlord under the Master Lease shall be responsible for all expenses incurred in the maintenance and repair of the Premises along with all Capital Expenditures as such terms are defined in the Master Lease. The Master Tenant has the sole and exclusive right and obligation to operate and maintain the Property. The Master Tenant, at its sole cost and expense, will be responsible for complying with all governmental statutes, laws, rules, regulations, and ordinances affecting the Property or the use thereof, including all such requirements of the National Board of Fire Underwriters or other similar bodies and all requirements of the Americans With Disabilities Act of 1990. As may be required under the Master Lease, the Master Tenant, at its sole cost and expense and without reimbursement or contribution from the Trust, will be required to keep, repair and maintain the entire exterior and portions of the interior of the Property in good condition and repair and in good compliance will all legal requirements.

The Master Lease will prohibit any alterations, additions, or improvements to the Property unless such alterations, additions or improvements are (i) consented to in a prior writing by the Trust, (ii) minor, non-structural alterations, additions or improvements to the Property or otherwise required to maintain the condition of the Property, (iii) required by law, or (iv) permitted under the Lease. The Master Tenant may be prohibited from entering into any new sublease with respect to one or more of the Property that permits alterations, additions or improvements to the Property other than minor, nonstructural alterations, additions or improvements or those required by law.

The Trust may be required to procure and maintain, at its sole cost and expense, insurance coverage against one or more of the following risks: (i) casualty loss at full replacement cost of any improvement on the Property, naming the Trust as the insured and the payee; (ii) liability for personal injury and property damage; (iii) loss or damage from explosion or breakdown of boilers, air conditioning equipment or other electrical apparatus; (iv) workers compensation claims; (v) fire and other risk of loss of contents and other personal property; and (vi) abatement or loss of rent in the case of fire or other casualty. All such insurance coverage must be in form and substance satisfactory to the Trust, except that flood and earthquake insurance will not be procured for the Property. Notwithstanding anything to the contrary, the Trust shall have the right to obtain blanket coverage insurance for the Property and the Trust shall be responsible for the costs thereof.

Upon termination of the Master Lease, the Master Tenant is required to surrender the Property to the Trust in as good condition as when the Master Tenant took possession thereof. The Master Tenant will be required to remove from the Property all furniture, fixtures and other movable property, if any, belonging to the Master Tenant. For each day that the Master Tenant remains in possession of the Property after the Master Lease terminates, the Master Tenant will be required to pay holdover rent that is double the daily amount of the Annual Base Rent. The rights and obligations of the landlord under the Lease will not be affected by the termination of the Master Lease.

The Master Tenant shall have the sole authority to negotiate and enter into one or more subleases of the Property without the consent of the Trust, provided that any sublease conforms in all respects to the specifications set forth in the Master Lease. Notwithstanding the right to sublease the Property, the Master Lease will prohibit the Master Tenant from assigning or transferring the Master Lease or any interest thereunder, and the Master Tenant will remain obligated to fulfill all duties and obligations set forth in the Master Lease.

The Master Tenant will be prohibited from taking certain actions with respect to hazardous materials on, around or otherwise in connection with the Property. The Master Tenant will be required, at its sole cost and expense, to comply with all environmental laws. The Master Tenant will be required to provide the Trust with a copy of all notices, citations or similar communications regarding an actual or alleged violation of environmental laws or imposition of fines, liens or similar penalties with respect to any such violations. The Master Tenant will be required to indemnify and hold harmless the Trust and the Beneficial Owners from any claims, damages or similar consequences arising from the Master Tenant's actions or inactions with respect to hazardous materials, compliance with environmental laws or other obligations under the Master Lease with respect to environmental matters and the Property.

**Default**

The occurrence of any one or more of the following will constitute an event of default by the Master Tenant under the Master Lease: (i) failure to pay Rent when due; (ii) failure to pay, within ten (10) days after receiving notice of such failure, any moneys due under the Master Lease; (iii) failure to observe or perform any covenant with respect to subletting; (iv) failure to comply with any warranty, representation or covenant with respect to environmental matters; (v) failure to cure any hazardous condition created by the Master Tenant in violation of law or the Master Lease; (vi) failure to observe or perform any other covenant, agreement or condition of the Master Lease for thirty (30) days after receiving notice of such failure; (vii) the levy upon writ of execution or the attachment by legal process of the Master Tenant's leasehold interest, or the filing or creation of a lien in respect of such interest, if not released or discharged within ten (10) days of such filing; (viii) the Master Tenant vacates or abandons the Property or fails to take possession of the Property when available for occupancy, whether or not the Master Tenant continues to pay Rent when due; (ix) the insolvency or bankruptcy of the Master Tenant;(x) the appointment of a trustee for the Master Tenant and such appointment is not discharged within sixty (60) days; or (xi) bankruptcy, reorganization, liquidation or similar proceedings are instituted against the Master Tenant or by the Master Tenant and are not dismissed within sixty (60) days of such institution.

In the event of default, the Trust may terminate the Master Lease, terminate the Master Tenant's right to possess the Property without terminating the Master Lease, or enforce the provisions of the Master Lease by a suit in equity or at law for specific performance or the enforcement of any appropriate legal or equitable remedy, including monetary damages. If the Trust terminates the Master Tenant's right to possession without terminating the Master Lease, the Master Tenant must immediately vacate the Property, if the Master Tenant has any such possession, and any such termination of the right of possession will not terminate the Master Tenant's obligation to pay all Rent due under the Master Lease.

**Liability**

The Master Tenant has agreed to indemnify the Trust, including the Beneficial Owners, to the extent the Trust or a Beneficial Owner becomes liable as a result of certain actions of the Master Tenant.

## SUMMARY OF THE TRUST AGREEMENT

The Beneficial Owners will take Interests in the Trust subject to the Trust Agreement. The rights and obligations of the Beneficial Owners will be governed by the Trust Agreement. The Trust will hold the Property. Each prospective Investor should review the entire Trust Agreement before investing. The following is a summary of some of the significant provisions of the Trust Agreement. It is qualified in its entirety by reference to the full text of the Trust Agreement.

**Beneficial Owners**

The Beneficial Owners of the Trust will be the Investors who purchase Interests in the Trust. The Depositor is expected to initially receive all of the beneficial interests in the Trust as consideration for (i) the contribution by the Depositor of its rights to acquire the Property, and (ii) any capital contribution of the Depositor to the Trust. All cash contributed by the Beneficial Owners in exchange for Interests will reduce the Depositor's ownership of the beneficial interests in the Trust. With respect to each purchase of Interests by a Beneficial Owner and the related purchase from the Depositor by the Trust, the reduction of the percentage share of the beneficial interests held by the Depositor will be equal to the percentage share purchased from the Trust by the Beneficial Owner.

**Term**

The Trust is expected to remain in effect until the earliest to occur of (i) the Termination Date, the occurrence of a Transfer Distribution, (iii) a sale of the Property, which is expected to occur within one (1) to twenty (20) years of the closing of the acquisition of the Property; provided, however, the Property could be held by the Trust for such longer period as determined by the Signatory Trustee to be in the best interest of the Trust, or (iv) a dissolution and winding up of the Trust in accordance with the Delaware Statutory Trust Act. In no event shall the Trust continue beyond the term permitted by law. The death, incapacity, dissolution, termination or bankruptcy of any Beneficial Owner will not result in the termination or dissolution of the Trust.

**The Delaware Trustee**

The Delaware Trustee has only the limited power and authority specified in the Trust Agreement. The Delaware Trustee shall take (or refrain from taking) such actions as may be directed in writing by the Signatory Trustee, provided that the Delaware Trustee is not permitted or required, however, to take (or refrain from taking) any action if the Delaware Trustee believes, or shall have been advised by counsel, that such performance is likely to involve the Delaware Trustee in personal liability or to result in personal liability to the Delaware Trustee or is contrary to the terms of the Trust Agreement or of any document contemplated thereby to which the Trust or the Delaware Trustee is or becomes a party or is otherwise contrary to law. The Delaware Trustee has no duty to take any action for or on behalf of the Trust except as expressly provided for in the Trust Agreement. The Delaware Trustee will receive compensation for its services as agreed upon by the Depositor and the Delaware Trustee and reimbursement for all reasonable expenses (including reasonable fees and expenses of counsel and other professionals), incurred in connection with the negotiation, execution, delivery or performance of, or exercise of its rights or powers under the Trust Agreement. The Delaware Trustee may resign at any time by giving sixty (60) days' prior written notice to the Signatory Trustee. The Beneficial Owners will indemnify the Delaware Trustee for all actions taken on behalf of the Trust except for willful misconduct, bad faith, fraud and gross negligence of the Delaware Trustee. The Signatory Trustee may remove the Delaware Trustee at any time, but only for the willful misconduct, bad faith, fraud or gross negligence of the Delaware Trustee.

**The Signatory Trustee**

The Signatory Trustee has the power and authority to manage the investment activities and affairs of the Trust as permitted under the Trust Agreement. The Signatory Trustee has the primary responsibility for performing the administrative actions set forth in the Trust Agreement, including collecting Annual Base Rent and Additional Rent, as applicable, and making distributions. The Signatory Trustee may, at its election, enter into one or more service agreements with third parties, including its Affiliates, to assist it in providing such services. The Signatory Trustee has the sole power to determine when it is appropriate to sell the Property. Even though the Beneficial Owners may be canvassed prior to the Signatory Trustee entering into a binding contract to sell the Property, and even though the Signatory Trustee may take the opinions of the Beneficial Owners 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 Beneficial Owners. The Signatory Trustee shall not have any liability to any Person except for its own willful misconduct, bad faith, fraud or gross negligence. The Signatory Trustee will receive fees for its services under the Trust Agreement, which amounts may be waived or deferred by the Signatory Trustee in its sole discretion with such amounts paid at a later date but not later than the sale of the Property. The Signatory Trustee may resign at any time by giving sixty (60) days' prior written notice to the Delaware Trustee. The Beneficial Owners will indemnify the Signatory Trustee for all actions taken by the Signatory Trustee on behalf of the Trust, except for willful misconduct, bad faith, fraud and gross negligence of the Signatory Trustee. The Delaware Trustee may remove the Signatory Trustee at any time, but only for the willful misconduct, bad faith, fraud or gross negligence of the Signatory Trustee.

**Limitation on Power of Delaware Trustee and Signatory Trustee**

The Trust Agreement expressly prohibits the Delaware Trustee and the Signatory Trustee from taking a number of actions, including the following: (a) selling, transferring or exchanging the Property, except as required or permitted under the Trust Agreement; (b) reinvesting any monies of the Trust, except to make permitted modifications or repairs to the Property or in short-term liquid assets; (c) entering into new financing; (d) entering into new leases, except in the case of the Tenant's bankruptcy or insolvency; (e) making modifications to the Property (other than minor nonstructural modifications), unless required by law; (f) accepting any capital from any Beneficial Owner (other than capital contributed by the Depositor in connection with the original contribution of the Property or the right of the Trust to acquire the Property and capital from an Investor in connection with the purchase of the Interests that will be distributed to redeem the Beneficial Interests of the Depositor to fund reserves or pay fees and expenses related to the Offering); or (g) taking any other action that would in the opinion of Tax Counsel cause the Trust to be treated as a business entity for federal income tax purposes if the effect would be that such action or actions would be constitute a power under the Trust Agreement to "vary the investment of the certificate holders" under applicable tax law.

If the Trust takes, or if the Signatory Trustee determines that the Trust is required to take, any of the above actions in order to preserve and protect the Property, the Trust will be required to effectuate a Transfer Distribution as described in more detail below under "SUMMARY OF THE TRUST AGREEMENT– Termination of the Trust to Protect the Property." Upon completion of a Transfer Distribution, the Beneficial Owners will no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Property.

**Transfer Rights**

Each Beneficial Owner may transfer, assign, encumber or pledge such Beneficial Owner's Interests, subject to the terms of the Trust Agreement and applicable securities laws. The consent of the Signatory Trustee and/or the Delaware Trustee is not required. Any permitted assignee of a Beneficial Owner may become a Beneficial Owner upon such assignee's execution and delivery to the Signatory Trustee of an acceptable assumption agreement, a copy of which is attached to the Trust Agreement as available upon written request to info@covecapitalinvestments.com.

**Waivers**

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

**Distributions**

The Signatory Trustee will distribute all available cash to the Beneficial Owners up to the Threshold Rent on a monthly basis, after paying or reimbursing the Signatory Trustee for any fees or expenses paid by the Signatory Trustee on behalf of the Trust and retaining such additional amounts as reserves which the Signatory Trustee determines are necessary to pay anticipated ordinary current and future Trust expenses. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." Operating Reserves shall be invested by the Signatory Trustee only in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing accounts of banks or trust companies. The Signatory Trustee will furnish reports annually to the Beneficial Owners as to the receipts, expenses, and reserves of the Trust.

**Termination or Conversion of the Trust to Protect the Property**

If the Signatory Trustee determines that the Tenant has defaulted in paying the Annual Base Rent and Additional Rent (after the passage of any applicable notice and cure periods in the Lease) or in certain other circumstances, the Signatory Trustee may terminate the Trust and transfer title to the Property to the Springing LLC or convert the Trust into the Springing LLC. The Beneficial Owners will become members in the Springing LLC and own membership interests in proportion to their ownership of Interests. See "SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT."

**Sale of the Property**

The Trust will sell the Property upon receipt of a notice from the Signatory Trustee that the Signatory Trustee has determined (in its sole discretion) that a sale of the Property is appropriate; provided, however, the Property must have been held by the Trust for at least one (1) year measured from the date of the admittance of the last Beneficial Owner to the Trust. The Signatory Trustee shall be responsible for (i) determining the fair market value of the Property, (ii) providing notice to the Trust of the sale of the Property, and (iii) conducting the sale of the Property. The Trust shall distribute the proceeds (net of any fees due to the Signatory Trustee and the Delaware Trustee and any closing costs and fees associated therewith) to the Beneficial Owners. The Signatory Trustee and the Delaware Trustee shall take all reasonable action that would enable the sale to qualify, with respect to each Beneficial Owner, as a like-kind exchange within the meaning of Section 1031. The Property may be sold to a REIT through an 721 transaction, whereby Investors would receive limited partnership interests in the REIT's limited partnership as opposed the Investor receiving cash proceeds from the sale. The Signatory Trustee will provide investors an option whereby they will be able to choose if they would like to participate in a 721 exchange transaction or not. The Signatory Trustee alone would determine whether or not to seek tax protection or registration rights agreements for the Investors as part of any 721 transaction. See "RISK FACTORS – Tax Risks". Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems beneficial to the investors.

**Fees**

The Signatory Trustee shall be entitled to an annual fee as described in the sections titled: "Estimated Use of Proceeds" and "Compensation of the Sponsor and Affiliates", which amount may be waived or deferred by the Signatory Trustee in its sole discretion with such amount paid at a later date but not later than the sale of the Property.

For its services as Delaware Trustee, the Delaware Trustee shall be entitled to receive an annual fee for each year it serves as Delaware Trustee of the Trust.

Upon the sale of the Property, the Master Tenant will be entitled to a Disposition Fee as described in sections titled: "Estimated Use of Proceeds" and "Compensation of the Sponsor and Affiliates" (including for the avoidance of doubt, any UPREIT and/or 721 Exchange transaction(s)), which Disposition Fee shall be in addition to any sales commission payable to one or more brokers in connection with the sale. However, payment of the Disposition Fee will be subordinated until the Beneficial Owners receive a return of 100% of their capital invested in the Offering from any special distributions, including but not limited to a refinance and final distributions upon the sale or other disposition the Property; but exclusive of (not including) monthly distributions of annual rent. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

## SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT

The following is a summary of some of the significant provisions of the Limited Liability Company Agreement to be entered into regarding the Springing LLC upon a Transfer Distribution (the "Limited Liability Company Agreement"). A form of the Limited Liability Company Agreement is attached to the Trust Agreement and should be referred to for a complete statement of the rights and obligations of the members of the Springing LLC. Prospective Investors should carefully review the Limited Liability Company Agreement before subscribing for Interests.

**Management**

The Springing LLC will be formed upon the occurrence of a Transfer Distribution and the Signatory Trustee will become the manager of the Springing LLC. The manager will have exclusive discretion in the management and control of the business and affairs of the Springing LLC subject to the right of the members of the Springing LLC to vote on certain decisions as further described in the Limited Liability Company Agreement. Subject to the foregoing, the Limited Liability Company Agreement will grant to the manager broad authority in the exercise of the management and control of the Springing LLC and the manager will have complete power to do all things necessary or incident to the management and conduct of the Springing LLC's business.

**Rights of Members**

The members will not have the right to take part in the management or control of the business or affairs of the Springing LLC, to transact any business for the Springing LLC or to sign for or bind the Springing LLC. The members will, however, be entitled to vote on the following matters, and the vote of a majority interest shall be required to undertake any such actions: (i) entering into any agreement for the sale, transfer or exchange of all or any substantial portion of the Property; (ii) entering into, modifying, extending, renewing or canceling the Lease or any other lease with respect to the Property or any portion thereof; (iii) entering into, modifying, extending, renewing or canceling any agreement pertaining to any indebtedness to be secured in whole or in part by any mortgage, trust deed, deed to secure debt, pledge, lien or other encumbrance upon the Property; (iv) admitting new Members to the Springing LLC in exchange for capital contributions by such persons to the Springing LLC, other than the admittance of the Beneficial Owners as members; (v) dissolving and winding up the Springing LLC; or (vi) amending the Limited Liability Company Agreement except as otherwise permitted therein.

**Limited Liability**

No member will have any personal liability for any debts or losses of the Springing LLC beyond such member's respective capital contributions, plus any undistributed profits attributable to such member, except as provided by law or as expressly provided for in the Limited Liability Company Agreement. Notwithstanding the foregoing or any other provision to the contrary contained in the Limited Liability Company Agreement, all agreements and instruments executed by members assuming or guaranteeing obligations of the Springing LLC shall be valid and enforceable in accordance with their terms.

**Transfer of Membership Interests**

Subject to certain conditions, a member may transfer some or all of its membership interest in the Springing LLC. No transfer may be made, however, if the effect of such transfer would be for the Springing LLC to be classified as a publicly traded partnership for federal income tax purposes or that would otherwise result in the loss of an applicable securities exemption or result in the Springing LLC having to register as an investment company under the Investment Company Act of 1940, as amended, or the Company, its manager or any Affiliate having to register as an investment advisor under the Investment Advisors Act of 1940, as amended. Further, no assignment of any membership interests may be made if the membership interests to be assigned would result in the termination of the Springing LLC under the Delaware Limited Liability Company Act. A Person to whom a transfer is to be made will not become a substituted member in the Springing LLC unless (i) the manager, in its sole discretion, has consented to such substitution, (ii) the assignment is made in writing, signed by the assignor and accepted in writing by the assignee, and a duplicate original of the assignment is delivered to and accepted by the manager, (iii) the prospective assignee executes and delivers to the Springing LLC a written agreement, in form and substance satisfactory to the manager, pursuant to which said person agrees to be bound by the Limited Liability Company Agreement, and (iv) an appropriate amendment to the Limited Liability Company Agreement is executed and, if required, filed of record. The costs incurred by the Springing LLC in processing an assignment (including attorneys' fees) will be borne by the assignee and will be payable prior to and as a condition of admission to the Springing LLC.

**Termination and Winding Up**

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

(i) a determination by the manager and members holding a majority interest to terminate the Springing LLC; or
(ii) the sale, exchange, or other disposition of the Property.

The bankruptcy, death, dissolution, liquidation, termination, or adjudication of incompetency of a member will not cause the termination or dissolution of the Springing LLC and the business of the Springing LLC will continue. In the event of the Springing LLC's dissolution, (a) the its affairs will be terminated and wound up, (b) an accounting will be made, (c) its liabilities will be paid or adequately provided for, and (d) the Springing LLC's remaining assets will be distributed to the members as provided for in proportion to their membership interests.

**Meetings**

The manager or members holding more than 75% of the membership interests may call a meeting of the members at any time with respect to any matter. The manager will give the members at least ten (10) days prior written notice of any meeting, stating the time, place, and purpose of such meeting.

**Resignation of Manager**

The manager may not be removed by the members. The manager may, at its election, resign as the manager.

**Amendment of the Limited Liability Company Agreement**

The manager shall have the right to modify and amend the Limited Liability Company Agreement to admit new members and to reflect the removal of existing members. The Limited Liability Company Agreement may otherwise be modified and amended upon the vote of a majority in interest of the members.

**Books and Records**

The Limited Liability Company Agreement will require the manager to distribute to each member, within ninety (90) days following the close of the Springing LLC's fiscal year on December 31, annual information necessary for tax purposes.

**Indemnification and Exoneration**

Subject to certain conditions, the Springing LLC will indemnify the manager against certain claims or lawsuits arising out of the Springing LLC's activities or operations. The foregoing notwithstanding, the manager will not be relieved from liability resulting from any act or omission of the manager due to willful misconduct, intentional wrongdoing, or gross negligence.

## ACQUISITION OF THE PROPERTY

The Trust is expected to acquire the Property from the Seller under the terms of the Property Purchase Agreements. In the Property Purchase Agreement, the Seller makes limited representations and warranties regarding the physical and environmental condition of the Property and the Lease. The Trust, at the direction of the Signatory Trustee, intends to purchase the Property from the Seller on or about February 27, 2026 (unless extended) for the purchase price of $10,080,000. The Sponsor has negotiated a credit from the Seller in the amount of approximately $3,500, reflecting the difference between the Tenant's current rent and the rental increase that takes effect on June 1, 2026. The Signatory Trustee also will set aside in Operating Reserves from Offering Proceeds a total of $160,000 for the benefit and use of the Master Tenant and the Trust for anticipated repairs, improvements, costs, fees, and expenses. In addition to the purchase price, the Trust anticipates that it will incur an acquisition fee, closing costs, due diligence costs, appraisal costs, legal fees and expenses, reserve funding obligations, Selling Expenses, Organization and Offering Expenses, and other costs and expenses. The purchase price for the Property will be paid from a portion of the Offering Proceeds. In the event the Trust is not able to raise the entire Offering Amount on or before the closing of the acquisition of the Property, the Depositor will contribute to the Trust an amount equal to the Offering Amount less (i) the Selling Expenses, and (ii) the net equity proceeds from the sale of Interests as of the date of the closing of the acquisition of the Property.

The Trust will offer the Interests for a total offering price of $12,126,736 which is greater than the purchase price of the Property and usual closing costs; therefore, the Sponsor and its Affiliates anticipate earning a profit on the purchase of the Property and the Trust's sale of the Interests to the Investors in the form of fee revenues. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "RISK FACTORS – Real Estate Risks – Determination of Purchase Price/Valuation."

## PLAN OF DISTRIBUTION

### Capitalization

The Interests are being offered to prospective Investors for an Offering Amount of $12,126,736 or $121,267.36 per 1% Interest. The minimum purchase will be 0.824624% Interest ($100,000). Purchases in excess of the minimum purchase must be in increments of $1,000. The Signatory Trustee has the right, in its sole discretion, to waive the minimum purchase requirement or the requirement that purchases in excess of the minimum be in increments of $1,000. The Offering will continue until the earlier of 100% of the Interests have been sold, (ii) February 5, 2027, which date may be extended in the sole and absolute discretion of the Signatory Trustee, or (iii) the Signatory Trustee, in its sole discretion, terminates the Offering.

### Marketing of Interests

Offers and sales of Interests will be made on a "best efforts" basis by members of the Selling Group who are members of FINRA. Members of the Selling Group will receive Selling Commissions of up to 6.0% of the Offering Proceeds, subject to certain discounts for certain investors as further described in this Memorandum. Members of the Selling Group may also receive a non-accountable marketing and due diligence allowance in an amount equal to 1.5% of the Offering Proceeds. FNEX Capital, LLC, a member of the Selling Group, will also receive a wholesaling fee in an amount equal to 1.5% of the Offering Proceeds, all or a portion of which will be reallowed to principals and associates of the Sponsor who are registered representatives of FNEX Capital, LLC. The total aggregate amount of Selling Expenses will not exceed 9.0% of the Offering Proceeds. The Signatory Trustee, in its sole discretion, may accept purchases of Interests net (or partially net) of the Selling Commissions and other items of compensation due to the Sponsor or an Affiliate in certain circumstances deemed appropriate by it, in its sole discretion, including by way of illustration, but not limitation, from Investors purchasing through a registered investment advisor or from Investors who are Affiliates of the Sponsor. **Principals, affiliates, and associates of the Sponsor, who are registered representatives of FNEX Capital LLC, may represent Investors considering an investment in the Interests and may make offers and sales of Interests, thereby receiving an economic benefit from the sale of Interests. See "CONFLICTS OF INTEREST – Specific Conflicts of Interest" and "PLAN OF DISTRIBUTION."**

### Qualifications of Investors

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

### Purchase of Interests

Prospective Investors must adhere to the purchase instructions 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, a copy of which is available upon request. All proceeds from the purchase of Interests will be directly deposited into an account established by the Sponsor for and in the name of the Trust, which will hold the funds until the closing of the purchase of the Investor's Interests. There is no assurance that all of the Interests will be sold, and the Trust reserves the right to refuse to sell the Interests to any person, in its sole discretion, and may terminate this Offering at any time.

Inquiries regarding purchases of Interests should be directed to Essential Net Lease Industrial 114 DST, c/o Cove Capital Investments, LLC, 2958 Columbia Street, Torrance, CA 90503. The telephone number for Cove Capital Investments, LLC is (877) 899-1315. E-mails should be directed to info@covecapitalinvestments.com.

### Limitation of Offering

The offer and sale of the Interests are made in reliance upon exemptions from the Securities Act and state securities laws. Accordingly, distribution of this Memorandum for purposes of the sale of Interests has been strictly limited to Accredited Investors and does not constitute an offer to sell any Interests or a solicitation of an offer to buy any Interests with respect to any person or entity not satisfying those qualifications.

### Ownership by Depositor

If less than all of the Interests are sold, the Depositor will retain the unsold DST Interests. See "RISK FACTORS - Risks Relating to Private Offering and Lack of Liquidity – No Minimum."

**Acceptance of Investors**

The Signatory Trustee has the right to accept or reject the Purchase Agreement of any prospective Investor, for any reason or no reason, for a period of thirty (30) days after receipt of the Purchase Agreement. Any proposed purchase of Interests not accepted within thirty (30) days of receipt will be deemed rejected.

**Operating Reserves**

Upon the sale of the Property, all remaining reserve funds will be distributed 100% to the Beneficial Owners, except in the case of a 721 exchange transaction whereby the operating reserves will be included with the property that is contributed to the 721 vehicle. The operating reserves will be managed by Cove Capital Liquid Income, LLC ("CCLI"), which is under common ownership of the Sponsor. The operating reserves will be deposited in accounts covered by FDIC and NCUSF Insurance. All interest earned, net of fees, on the operating reserves will inure for the benefit of the Trust. CCLI will be paid a fee, which may increase or decrease in the sole discretion of CCLI, of fifty basis points (50 bps) on all deposits. This fee may be deferred in whole or in part by CCLI, in its sole discretion, with such amount paid at a later date but not later than the sale of the Property. The operating reserves may also be deposited into a different cash management service or interest-bearing account, which is not under common ownership of the Sponsor. All interest earned, net of fees, on the operating reserves will inure for the benefit of the Trust. The sponsor will be paid a fee, which may increase or decrease in the sole discretion of the sponsor, of fifty basis points (50 bps) on all deposits. This fee may be deferred in whole or in part by the Sponsor, in its sole discretion, with such amount paid at a later date but not later than the sale of the Property. Operating reserves are estimates, and may be used to pay for, property level repairs and improvements, Trust accounting and administrative costs, Delaware Trustee fees, Signatory Trustee fees and capital expenses associated with maintaining the DST. Operating reserves may also be used to pay any other DST related costs, offering fees, disposition fees, asset management fees or/and other fees and/or expenses incurred.

## FIDUCIARY DUTIES OF THE TRUSTEES, THE SPONSOR AND THEIR AFFILIATES

None of the Trustees, the Sponsor, the Depositor or their Affiliates will have fiduciary duties to the Investors. The Trustees have only those contractual duties to Investors set forth in the Trust Agreement. The Trustees will be liable to the Investors for their actions only if, *inter alia*, the Trustees engage in willful misconduct, bad faith, fraud, or gross negligence, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement.

## CONFLICTS OF INTERESTS

The Sponsor and its Affiliates will act as a trustee, asset manager, manager, advisor, tenant and/or controlling party of other limited liability companies, partnerships, trusts (including the Trust) and other entities or arrangements 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. Furthermore, the Sponsor and/or Sponsor affiliated companies, principals, employees, representative, team members, and other Sponsor Offerings and or Fund may potentially make an investment in the Property including but not limited to the following Sponsor affiliated funds: Cove Net Lease Income Fund 18, LLC; Cove Multifamily Income Fund 28, LLC; and Cove Opportunistic Income Fund 75, LLC, Cove Bridge Income Fund 100, LLC. The Investors will not have any interest in any such future entities or properties. The Property could be adversely affected by these conflicts of interests. See "RISK FACTORS – Risks Relating to the Management of the Property" and 'CONFLICTS OF INTEREST." The principal areas in which conflicts may be anticipated to occur are as follows:

**Affiliated Ownership and Management**

The Sponsor, the Depositor and the Signatory Trustee are affiliated through common management and ownership. The interests of the Sponsor, the Depositor and the Signatory Trustee may not always be aligned with those of the Investors as the Beneficial Owners of the Trust. Further, Dwight Kay and Chay Lapin are the members and managers of the Sponsor, which is an Affiliate of the Trust and the sole member and manager of the Signatory Trustee and the Depositor. In their capacity as Registered Representatives of FNEX Capital, LLC, they may represent Investors considering an investment in the Interests and may make offers and sales of Interests, thereby receiving an economic benefit from the sale of Interests. The Sponsor's principals, Dwight Kay and Chay Lapin, are affiliated with Kay Properties and Investments, LLC ("KPI.") Mr. Kay is KPI's CEO, Founder, and Owner. Mr. Lapin is KPI's President. Messrs. Kay and Lapin, along with all members of KPI Representative Team are Registered Representatives at FNEX Capital, LLC, and may represent Investors considering an investment in the beneficial interests. They may make offers of sales of Interests, thereby receiving an economic benefit from the sale of Interests. When investors purchase an Interest in the offering, Messrs. Kay, Lapin, and the KPI Representative Team may earn some or all of the following: (i) numerous property level fees, (ii) Sponsor level fees, (iii) Selling Commissions; (iv) Wholesaling Fees; (v) Placement Fees; (vi) Marketing and Due Diligence Fee; and (vii) Various other expenses from the sale of interest. All fees and expenses are fully disclosed and outlined in the detail throughout this Private Placement Memorandum. Please review the Private Placement Memorandum and contact the Sponsor with any questions.

**Obligations to Other Entities**

The Sponsor and its members and managers 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. Such parties believe they have the capacity to discharge their responsibilities, notwithstanding their participation in other present and future investment programs and projects.

**Interests in Other Activities**

The Sponsor and its members, managers 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 interest in such other activities.

**Specific Conflicts of Interest**

Certain specific conflicts of interest may arise due to the following:

*Dwight Kay and Chay Lapin as Members and Managers of the Sponsor and Registered Representatives of FNEX Capital, LLC.*

Dwight Kay and Chay Lapin are the members and managers of the Sponsor, which is the sole member and manager of the Signatory Trustee and the Depositor. Their indirect ownership interest in the Depositor, which may retain a portion of the unsold Interests and therefore be entitled to certain distributions from the Trust, could conflict with their duties as the managers of the Sponsor which controls the Signatory Trustee. Mr. Kay and Mr. Lapin, as members of the Sponsor, will also receive their share of any asset management fee that will be payable by the Trust to the Sponsor and the various fees and other compensation as described in the sections of this Memorandum titled "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." None of such fees and other compensation are the result of arms'-length negotiations and may, if not waived or deferred as further described in this Memorandum, reduce the net cash flow available to the Trust for distribution to Investors and therefore reduce the returns to Investors. See "RISK FACTORS – Real Estate Risks – No Guaranteed Cash Flow" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

Additionally, Mr. Kay and Mr. Lapin, both of whom are registered representatives of FNEX Capital, LLC, may be acting as a prospective Investor's registered representative, in which case they will receive, as a result of their sales efforts with respect to the Interests, Selling Commissions, a non-accountable marketing and due diligence allowance, and all or a portion of the placement fee and wholesaling fee paid to FNEX Capital LLC, a member of the Selling Group. This presents a conflict of interest that may affect the judgment of Mr. Kay or Mr. Lapin as a prospective Investor's registered representative in making an investment recommendation to such prospective Investor. Accordingly, each prospective Investor must choose to make an investment in the Interests based on such Investor's own independent review of the merits and risks of this Offering. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "PLAN OF DISTRIBUTION."

As Principals of the Sponsor and Officers of KPI, Messrs. Kay and Lapin, along with all members of KPI Representative Team are Registered Representatives at FNEX Capital, LLC, and may represent Investors considering an investment in the beneficial interests. They may make offers of sales of Interests, thereby receiving an economic benefit from the sale of Interests. When investors purchase an Interest in the offering, Messrs. Kay, Lapin, and the KPI Representative Team may earn some or all of the following: (i) numerous property level fees, (ii) Sponsor level fees, (iii) Selling Commissions; (iv) Wholesaling Fees; (v) Placement Fees; (vi) Marketing and Due Diligence Fee; and (vii) Various other expenses from the sale of interest. All fees and expenses are fully disclosed and outlined in the detail throughout this Private Placement Memorandum. Please review the Private Placement Memorandum and contact the Sponsor with any questions.

The operating reserves will be managed by CCLI, which is under common ownership of the Sponsor. The operating reserves will be deposited in accounts covered by FDIC and NCUSF Insurance. All interest earned, net of fees, on the operating reserves will inure for the benefit of the Trust. CCLI will be paid a fee, which may increase or decrease in the sole discretion of CCLI, of fifty basis points (50 bps) on all deposits. This fee may be deferred in whole or in part by CCLI in its sole discretion with such amount paid at a later date but not later than the sale of the Property. If the Sponsor were to redeem beneficial interest under the Limited Liquidation Option, in its sole and absolute discretion, the Sponsor would likely make a substantial profit on the purchase of the discounted beneficial interest.

*Lease of the Property to the Master Tenant*

The Trust will lease the Property to the Master Tenant, which is a wholly owned subsidiary of the Sponsor. The Master Tenant will be entitled to retain all remaining rent received by the Master Tenant from the Property after payment of Annual Rent and Threshold Rent to the Trust.

*Unsold Interests Held by Depositor; Payment of Disposition Fee to Master Tenant*

The Sponsor may indirectly retain a portion of the unsold Interests through its wholly-owned subsidiary, the Depositor. The Master Tenant alone will also be entitled to a Disposition Fee as described in the sections titled: "Estimated Use of Proceeds" and "Compensation of the Sponsor and Affiliates" (including, for the avoidance of doubt, any UPREIT and/or 721 Exchange transaction(s)), which Disposition Fee shall be in addition to any sales commission payable to one or more brokers in connection with the sale. Master Tenant alone shall be entitled to this fee regardless of whether the purchaser is a third-party or an Affiliate, and regardless of whether the consideration received for the sale(s) of the Property is cash, limited partnership interests in an UPREIT and/or 721 Exchange transaction or some other form of consideration. However, payment of the Disposition fee will be subordinated until the Beneficial Owners receive a return of 100% of their capital invested in the Offering. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES." Notwithstanding anything to the contrary, the Signatory Trustee has the sole and absolute discretion and right to dispose of the Property in any manner it deems to be beneficial to the investors.

*Payment of Real Estate Referral Fees to Sponsor Affiliate*

A real estate referral fee in an amount equal to a specific dollar amount or a percentage of the purchase price of the Property as described in the section titled "Compensation of the Sponsor and Affiliates" will be paid by the respective Seller of the Property to an Affiliate of the Sponsor. Each of Mr. Kay and Mr. Lapin will receive a portion of such referral fee. This real estate referral fee is paid by the Seller of the Property and thus will not be paid by investors or out of the offering proceeds.

Conflicts of interest inherent in these transactions and relationships could, but will not necessarily, result in the Trust paying more for such services than it would be required to pay to an independent or arms'-length service provider. These agreements and transactions have not had and will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated parties.

The possibility of the Sponsor and its Affiliates receiving these sources of income could also influence the Signatory Trustee's decisions for reasons other than that such decisions would be in the best interests of the Trust and its investors. Additionally, these arrangements also expose the Trust to the following risks, among others:

- The possibility that one or more of these entities might incur financial problems or even become bankrupt;
- The possibility that one or more of these entities may at any time have economic or business interests or goals that are or that become inconsistent with the business interests or goals of the Trust; or
- The possibility that one or more of these entities may be in a position to take action contrary to the Trust's policies or objectives.

**Resolution of Conflicts of Interest**

The Sponsor, the Trust, the Depositor and the Signatory Trustee have not developed, nor do they expect to develop, any formal process for resolving conflicts of interest.

**Legal Representation**

Edgar Cruz, Esq. is counsel to the Sponsor, the Trust, the Depositor and the Signatory Trustee in connection with the Offering, and it is anticipated that such multiple representation may continue in the future and include representation of additional entities formed by the Sponsor and its Affiliates.

**Ownership of Interests**

The Depositor, which is a wholly-owned subsidiary of the Sponsor, will retain all unsold Interests in the Trust. The Depositor will not retain the unsold Interests with a view to resell or distribute such Interests. The Depositor's ownership of Interests could create certain risks, including, but not limited to, the following: (i) it, and the Sponsor, would obtain voting power as Beneficial Owners, (ii) it, and the Sponsor, may have an interest in disposing of Trust assets at an earlier date than the other Beneficial Owners so as to recover their investment in the Interests, and (iii) retention of Interests by the Depositor may mean that, at certain points in time, a majority of the Interests may not have been subscribed for by disinterested Investors after an assessment of the merits of the Offering.

## MANAGEMENT

The principals of the Sponsor have experience in capital raising for the acquisition and ownership of real estate investments. The Sponsor expects to rely on the experience and expertise of its principals and personnel in order to manage this Offering. The principals of the Sponsor are as follows:

***Dwight Kay, Co-Founder and Managing Member.*** Mr. Kay is a Co-Founder and Managing Member of Cove Capital Investments, LLC is a real estate sponsor specializing in Delaware Statutory Trust ("DST") syndications to 1031 exchange investors with a focus on all-cash/debt-free DSTs and multifamily apartment DSTs. Mr. Kay is also the Founder and CEO of Kay Properties and Investments, LLC, which is a provider of real estate wealth management services with a specialty in Delaware Statutory Trusts, 1031 exchange, and 721 exchange investments. Under Mr. Kay's leadership, Kay Properties has helped thousands of investors nationwide complete nearly 10,000 individual DST, 1031 exchange, and 721 UPREIT investments. Mr. Kay also operates under the Kay Properties and Investments brand, the www.kpi1031.com marketplace which provides investors access to over 25 different Delaware Statutory Trust and REIT sponsor companies. Mr. Kay authored and published the first ever book written on Delaware Statutory Trust Properties for 1031 exchange investors. Mr. Kay has participated in DST offering in excess of a total amount of $30 billion. With this Offering, Mr. Kay has sponsored the syndication of over 3.6 million square feet of DST properties in the multifamily, net lease, industrial, retail and office sectors across 35 states. Prior to entering the real estate securities industry, Mr. Kay was involved in commercial real estate working for a national commercial real estate brokerage firm focusing on multifamily and commercial real estate. Mr. Kay received his bachelor's in business administration from Point Loma Nazarene University in San Diego, California, and successfully obtained his Series 7, 22, and 63 securities licenses as well as a real estate broker's license.

***Chay Lapin, Co-Founder and Managing Member***. Mr. Lapin is a Co-Founder and Managing Member of Cove Capital Investments, LLC. Mr. Lapin is also the President of Kay Properties and Investments, LLC. Including this Offering, Mr. Lapin has sponsored over 3.6 million square feet of DST properties in the multifamily, net lease, industrial, retail, and office sectors. Mr. Lapin's career started working with a Los Angeles-based multifamily apartment brokerage firm as a real estate analyst. From there, he took a position with a large apartment owner as property and asset manager of a portfolio of multifamily apartment units. Mr. Lapin holds the series 7 and 63 securities licenses as well as a real estate broker's license. A graduate of the University of California at Los Angeles, Mr. Lapin was a four-time Academic All-American Water Polo athlete and recipient of the prestigious UCLA Athletic Department Most Courageous and Character Award. He holds degrees in Geography and Environmental Studies, with a minor in Geospatial Information Systems. Mr. Lapin was a top ranked U.S. performer and represented the United States in the 2012 London Olympic Games on the US Men's National Water Polo team.

***J. Ted Vidmar, Chief Financial Officer***. Mr. Vidmar is the Chief Financial Officer for Cove Capital Investments. He is a Certified Public Accountant that specializes in accounting/auditing services, strategic financial planning, and litigation consulting. Mr. Vidmar is a member of the American Institute of Certified Public Accountants. His industry experience includes manufacturing and distribution, international financing, marketing and distribution, real estate, and construction contracting.

Mr. Vidmar graduated Magna Cum Laude from the Colorado College and began his accounting career at BDO Seidman where he provided accounting, audit, and financial consulting services to domestic and international manufacturing, distribution, real estate and construction contracting.

***Doug Kay, Senior Vice President of Operations.*** Mr. Kay is Senior Vice President of Operations for Cove Capital Investments where he oversees Cove's asst management teams as well as working with the acquisitions team to facilitate the successful growth of the firm's logistics, industrial, and multifamily portfolio assets.

As a retired Commander in the United States Navy, Mr. Kay has more than twenty (20) years of military experience in strategic leadership, operation improvements, and technological processes aimed at improving efficiencies and maximizing productivity; including, but not limited to: (i) leading global detachments and aircrews in both peacekeeping and combat missions; (ii) overseeing a team of one hundred (100) civilian software engineers in the planning, funding, and execution of worldwide multi-national missile defense exercises; and (iii) integrating the new CMV-22 Osprey Tiltrotor and the F-35 Lightning II advanced fighter into the Carrier Airwing for a successful Western Pacific deployment. As a pilot, he flew and operated the Navy Seahawk helicopter (MS-60R) during multiple overseas deployments from US Frigates, Cruisers, Destroyers, and Aircraft Carriers in support of both Operating Enduring Freedom and Operation Iraqi Freedom.

Mr. Kay received his degree in Oceanography from the United States Naval Academy in Annapolis, MD, and received an Executive MBA from the Naval Postgraduate School in Monterrey, California.

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**PRIOR PERFORMANCE SUMMARY**

**The information presented in this section represents the historical experience of real estate programs sponsored by Cove Capital Investments and its Affiliates. Holders in the Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs. Holders will not acquire any ownership interest in any of the entities to which the following information relates. The information presented in this section represents the historical experience of real estate programs sponsored by Cove Capital Investments and its Affiliates. Holders in the Offering should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs. Holders will not acquire any ownership interest in any of the entities to which the following information relates unless the offering mentioned is the offering entity.**

**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** Diversification does not guarantee profits or protect against losses. All real estate investments provide no guarantees for cashflow, distributions, or appreciations; moreover, they could result in a full loss of invested principal. Please do not invest in this offering if you are not willing to bear the loss of your entire principal amount invested.

**Experience and Background of Cove Capital Investments and its Affiliates; Prior Offerings**

Cove Capital was formed as a California limited liability company in 2018. The principal business of Cove Capital and its Affiliates is the acquisition, management, and disposition of commercial and multifamily properties. Since inception, Cove Capital and its Affiliates have sponsored approximately $1,010,507,780 in Equity Investments, across multiple real estate securities offerings. Since inception, Cove Capital has purchased over 3.6 million sq ft of real estate comprised of approximately 127 buildings, in 36 states nationwide as well as sponsored a number of real estate fund offerings on behalf of 2,537 investors. Below is a summary of the prior offerings sponsored by Cove Capital Investments. Please note that past performance is no guarantee of future results and that this subject offering and future offerings may not generate sufficient cash flow to provide investors with distributions as well as may result in the loss of the entire invested amount.

**DST Offerings**

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| July 15, 2018 | Cove Debt Free Charlotte Pharmacy DST | 3080 Milton Road, Charlotte, North Carolina 28215 | A Walgreens pharmacy. | 0.0% | $5,436,250 |
| August 1, 2018 | Cove Winston-Salem Debt Free DST | 100 Progress Court, Winston-Salem, North Carolina 27105 | A net lease FedEx industrial distribution center. | 0.0% | $2,735,250 |
| September 25, 2018 | Cove Debt Free Maryland Medical DST | 5800 Harford Road, Baltimore, Maryland 21214 | A net lease DaVita Dialysis facility. | 0.00 | $2,314,580 |
| November 8, 2018 | Cove Debt Free Washington Pharmacy DST | 3099 Bethel Road, S.E., Port Orchard, Washington | A net lease Walgreens pharmacy. | 0.0% | $5,925,500 |
| November 27, 2018 | Cove Debt Free Tacoma Data Center DST | 1441 Court A, Tacoma, Washington 98402 | A net lease DaVita Dialysis Data Center facility. | 0.0% | $8,398,000 |
| January 10, 2019 | Cove Debt Free Maplewood Industrial DST | 3025 S. Hanley Road, Maplewood, Missouri | A net lease FedEx industrial distribution center. | 0.0% | $5,988,500 |
| February 19, 2019 | Cove Atlanta Medical DST | 1149 Cascade Parkway SW, Atlanta, Georgia 30311 | A net lease Fresenius medical facility. | 0.0% | $6,280,851 |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| March 11, 2019 | Cove Phoenix Pharmacy DST | 1840 West Southern Avenue, Phoenix, Arizona 85041 | A net lease Walgreens pharmacy. | 0.0% | $5,488,298 |
| May 17, 2019 | Cove Texas Industrial DST | 72 Lou Stroup Drive, Uvalde, Texas 78801 | A net lease FedEx Ground industrial distribution center. | 0.0% | $8,741,489 |
| July 10, 2019 | Cove Airport Medical DST | 5775 S. Archer Avenue, Chicago, Illinois 60638 | A net lease CSL Plasma collection center and laboratory. | 0.0% | $3,508,511 |
| July 17, 2019 | Cove Dulles Distribution DST | 44860 Acacia Lane, Sterling, Virginia 20166 | A net lease Frito Lay industrial distribution facility. | 0.0% | $8,741,489 |
| September 5, 2019 | Cove Thistlewood Townhomes DST | 1716, 1718, 1780, and 1722 Thistlewood Drive, Clarksville, Tennessee 37042<br><br>505 Havendale Court, Clarksville, Tennessee 37042<br><br>992 South Ash Ridge, Clarksville, Tennessee 37042 | Thirty-two (32) multifamily residential townhomes. | 0.0% | $5,225,798 |
| November 4, 2019 | Cove Omaha MSA DST | 3502 South 11th Street, Council Bluffs, Iowa 51501 | A net lease FedEx Freight industrial distribution center. | 0.0% | $10,033,883 |
| December 12, 2019 | Cove Seattle Multifamily DST | 7001 Rainier Ave S Seattle, Washington 98118 | A multifamily apartment complex containing thirty-eight (28) units. | 0.0% | $7,135,372 |
| December 16, 2019 | Cove Wyoming Distribution DST | 2002 Sunset Drive Rock Springs, Wyoming | A net lease FedEx Freight industrial distribution center. | 0.0% | $3,617,606 |
| December 31, 2019 | Cove NYC Metro DST | 1529 North Broad Street, Hillside, New Jersey 07205<br><br>580 Frelinghuysen Avenue, Newark, New Jersey 07114 | Two (2) DaVita dialysis treatment centers. | 0.0% | $6,277,925 |
| January 23, 2020 | Cove Missoula Multifamily DST | 4915 Potter Park Loop Missoula, Montana 59808 | A multifamily apartment complex containing thirty-eight (38) units. | 0.0% | $5,455,319 |
| February 12, 2020 | Cove Fast food 16 DST | 2121 Friendship Road, Flowery Brach, Georgia 30519<br><br>4774 Lebanon Pike, Hermitage, Tennessee 37076 | Two (2) net lease fast food properties. | 0.0% | $5,921,521 |
| January 23, 2020 | Cove Shreveport Pharmacy DST | 300 Southfield Rd. Shreveport, Louisiana 71105 | A net lease Walgreens pharmacy. | 0.0% | $5,685,146 |
| January 13, 2020 | Cove DC MSA Medical DST | 6301 Walker Mill Road, Capitol Heights, Maryland 20743 | A net lease Fresenius Medical Care dialysis clinic. | 0.0% | $7,158,018 |
| March 13, 2020 | Cove Greenville 17 DST | 1405 Woodruff Road, Greenville, South Carolina 29615 | A specialty net lease property. | 0.0% | $4,480,585 |
| July 17, 2020 | Cove E-Commerce Distribution DST | 2823 Gilchrist Road, Akron, Ohio 44305 | A net lease Amazon industrial distribution center. | 0.0% | $4,800,095 |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| June 30, 2020 | Cove Louisville Industrial 19 DST | 1126 West Breckinridge Street, Louisville, Kentucky 40210 | A net lease FedEx Freight industrial distribution center. | 0.0% | $4,844,840 |
| July 31, 2020 | Cove Airport Distribution 21 DST | 1200 Devon Avenue, Elk Grove Village, Illinois 60007 | A net lease FedEx industrial distribution center. | 0.0% | $4,653,683 |
| September 4, 2020 | Cove Florida Dialysis 22 DST | 8041 Spyglass Hill Road, Melbourne, Florida 32940 | A net lease U.S. Renal Care dialysis clinic. | 0.0% | $3,323,696 |
| November 20, 2020 | Cove Essential Net Lease 24 DST | 2620 North East Sardou Avenue, Topeka, Kansas 66616<br><br>300 Fourth Avenue, Montgomery, West Virgina 25136<br><br>505 North Main Street, Wrens, Georgia 30833<br><br>8255 US-90, Milton, Florida 32583<br>1407 North Jefferson Street, Mount Pleasant, Texas 75455<br><br>4900 Alton Court, Brimingham, Alabama 35210 | A portfolio of net lease properties occupied by the following businesses:<br><br>• FedEx Corp.<br>• Family Dollar Stores, Inc.<br>• CVS.<br>• Fresenius.<br>• Dollar General | 0.0% | $15,938,996 |
| November 25, 2020 | Cove LaPlace Dialysis 26 DST | 704 Belle Terre Boulevard, LaPlace, Louisiana 70068 | A net lease Fresenius Medical Care dialysis clinic. | 0.0% | $5,578,644 |
| December 18, 2020 | Cove Essential Missouri 27 DST | 1564 W. Highway 160, West Plains, Missouri 65775 | A net lease Tractor Supply Company store. | 0.0% | $5,191,319 |
| January 22, 2021 | Cove Essential Net Lease 25 DST | 13841 Beech St. Sanderson, Florida 32087<br><br>606 North Broadway Street, Johnson City, Tennessee 37601<br><br>25109 Highway 82, Waynesville, Georgia 31566 | A portfolio of net lease properties occupied by the following businesses:<br><br>• Walgreen Corp.<br>• Dollar General<br>• Family Dollar | 0.0% | $8,505,960 |
| April 30, 2021 | Cove Essential Net Lease 30 DST | 202 West Main Street, Lamar, South Carolina 29069<br><br>8273 Garfield Road, Freeland, Michigan 48623<br><br>3027 Jean Lafitte Parkway, Chalmette, Louisiana 70043 | A portfolio of net lease properties occupied by the following businesses:<br><br>• FedEx.<br>• Fresenius<br>• Family Dollar | 0.0% | $8,254,282 |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| May 31, 2021 | Cove San Antonio Multifamily 33 DST | 223 Rainbow Drive, San Antonio, Texas 78209 | A multifamily property consisting of fifty-six (56) residential units. | 0.0% | $5,831,621 |
| June 25, 2021 | Cove Essential Net Lease 32 DST | 15 South Elba Road, Lapeer, Michigan 48446<br><br>1503 East 10th Street, Rolla, Missouri 65401<br><br>3027 Jean Lafitte Parkway, Chalmette, Louisiana 70043 | A portfolio of net lease properties occupied by the following businesses:<br><br>• DaVita<br>• Advanced Auto Parts<br>• Dollar General | 0.0% | $7,469,502 |
| July 2, 2021 | Cove Cocoa Dialysis 31 DST | 874 Dixon Blvd., Cocoa, Florida 32127 | A net lease Fresenius Dialysis Clinic. | 0.0% | $3,195,101 |
| October 12, 2021 | Cove Houston Multifamily 42 DST | 214 Avondale Street, Houston, Texas 77006 | A multifamily property with fifty (50) residential units. | 39.6% | $12,757,957 |
| October 15, 2021 | Cove Medical Net Lease 43 DST | 2432 Warm Springs Road, Columbus, Georgia 31904 | A net lease DCI dialysis Clinic. | 0.0% | $6,173,901 |
| November 10, 2021 | Cove Net Lease Distribution 44 DST | 10262 Corporate Drive, Gulfport, MS 39503 | A net lease FedEx Ground industrial distribution center. | 0.0% | $8,224,248 |
| November 16, 2021 | Cove Essential Net Lease 41 DST | 3330 20th Avenue, Valley, Alabama 36854<br><br>5702 Central Avenue, Hot Springs, Arkansas 71913<br><br>701 W. Commerce Street, Brownstown, Indiana 47220 | A portfolio of net lease commercial properties occupied by the following businesses:<br>• Advanced Auto Parts<br>• Dollar General<br>• O'Reilly Auto Parts | 0.0% | $5,074,388 |
| November 22, 2021 | Cove Houston Corporate 49 DST | 10255 Richmond Avenue, Houston, Texas 77042 | A Corporate Headquarters office building occupied by Blinds.com. | 0.00% | $26,694,913 |
| December 1, 2021 | Cove Tractor Net Lease 45 DST | 41 Merchants Avenue, Blairsville, Georgia 30512 | A net lease commercial property occupied by Tractor Supply Company | 0.00% | $5,895,123 |
| January 5, 2022 | Cove Net Lease Distribution 50 DST | 594 N 4062 E, Rigby, Idaho 83442 | A net lease FedEx Ground industrial distribution center. | 0.00% | $7,790,295 |
| January 10, 2022 | Cove Net Lease Medical 52 DST | 2703 S. Towne Avenue, Pomona, California 91766 | A net lease DaVita dialysis clinic. | 0.00% | $9,321,638. |

| Date of Offering | Name of Offering | **Address** | **Property Description** | **Offering Loan to Value Percentage** | **Amount Raised** |
|---|---|---|---|---|---|
| February 12, 2022 | Cove Net Lease Distribution 53 DST | 2580 Manitou Road, Rochester, New York 14624 | A net lease FedEx industrial distribution center. | 0.00% | $23,986,162. |
| February 14, 2022 | Cove Pharmacy Net Lease 46 DST | 4000 Collins Avenue, Miami Beach, Florida | A net lease CVS pharmacy. | 0.00% | $22,272,773. |
| May 10, 2022 | Cove Tractor Net Lease 51 DST | 2901 Highway 31 West, White House, Tennessee 37188 | A net lease Tractor Supply Company retail store. | 0.00% | $6,833,237. |
| June 21, 2022 | Cove Net Lease Distribution 55 DST | 2401 E. New York, Gunnison, Colorado | A net lease FedEx Ground industrial distribution center. | 0.00% | $24,163,472. |
| July 29, 2022 | Cove Net lease Distribution 57 DST | 3225 Ruby Vista Drive, Elko, Nevada | A net lease FedEx Ground industrial distribution center. | 0.00% | $3,696,181 |
| August 3, 2022 | Cove Dallas Multifamily 59 DST | 1255 West Pleasant Run Road, Lancaster, Texas | A multifamily property with one hundred fifty-nine (159) residential units. | 0.00% | $21,593,348 |
| August 17, 2022 | Cove Net Lease Distribution 56 | 930 Wilard Street, Colby, Kansas | A net lease FedEx Ground industrial distribution center. | 0.00% | $14,977,099 |
| November 18, 2022 | Cove Parkdale Commons Opportunity 62 DST | 1200 Richland Drive, Waco, Texas | A multi-tenant shopping center. | 0.00% | $21,593,348 |
| December 20, 2022 | Cove Net Lease Distribution 64 DST | 138 Kenneth Dodge Drive, Frankfort, New York 13340 | A net lease PepsiCo industrial distribution facility. | 0.00% | $13,239,946 |
| January 19, 2023 | Cove Pharmacy Net Lease 65 DST | 1320 Encinitas Blvd., Encinitas, California 92024 | A net lease Walgreens pharmacy. | 0.00% | $9,106,030 |
| March 1, 2023 | Cove Essential Net Lease 58 DST | 69 John Ashby Court, Fort Ashby, West Virginia 26719<br><br>3637 W Fond Du Lac, Milwaukee, Wisconsin<br><br>10707 Frankstown Road, Pittsburgh, Pennsylvania | A portfolio of net lease properties occupied by the following businesses:<br>• Frito Lay;<br>• BMO Harris Bank; and<br>• Walgreens/Family Dollar | 0.00% | $11,074,616 |
| March 23, 2023 | Cove Tractor Net Lease 60 DST | 6000 North Military Trail,<br>Riviera Beach, Florida 33407 | A net lease Tractor Supply Company Store. | 0.00% | $11,100,440. |
| April 12, 2023 | Cove Texas Net Lease 63 DST | 4660 FM 2281, Lewisville, Texas 75056 | A specialty net lease property. | 0.00% | $10,444,211 |
| June 7, 2023 | Cove Net Lease Distribution 66 DST | 2740 Clinch Street, Richlands, Virginia 24641 | A net lease Frito Lay industrial distribution facility. | 0.00% | $3,819,645. |
| June 28, 2023 | Cove Texas Net Lease 67 DST | 110 Highway 26, Hurst, Texas 76054<br><br>2271 Matlock Road, Mansfield, Texas 76063 | A portfolio of specialty net lease properties. | 0.00% | $21,450,625. |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| September 29, 2023 | Cove Pharmacy Net Lease 70 DST | 1704 E. Main St., Cottage Grove, OR 97424 | A net lease Walgreens Pharmacy. | 0.00% | $6,146,792. |
| October 24, 2023 | Cove Net Lease Distribution 69 DST | 286 Judge Edward Dufresne Parkway, Luling, LA 70070 | A net lease PepsiCo industrial distribution facility. | 0.00% | $12,443,403 |
| December 4, 2023 | Eastwood Village Opportunity 71 DST | 1632 Montclair Road, Birmingham, Alabama | A multi-tenant shopping center. | 0.00% | $22,798,024 |
| December 20, 2023 | Pearland Business Park Opportunity 76 DST | 1329 – 1331 E. Broadway Street, Pearland, Texas 77581 | A small bay/industrial flex property. | 0.00% | $8,573,663 |
| December 27, 2023 | Florida Net Lease 72 DST | 2216 Hollywood Boulevard, Hollywood, Florida 33020<br><br>2207 Van Buren Street, Hollywood, Florida 33020 | A specialty net lease property. | 0.00% | $14,189,563 |
| April 1, 2024 | Rogers Business Park Opportunity 73 DST | 6510, 6520, 6610 FM 359 S. Road, Fulshear, Texas 77441 | A flex/industrial business park. | 0.00% | $23,186,525 |
| May 31, 2024 | Net Lease Industrial 77 DST | 174 Commerce Drive, El Dorado, Arkansas<br><br>3801 Jackson Street, Greenville, Texas<br><br>1510 Alliance Circle, Athens, Texas 75751 | A portfolio of net lease industrial properties occupied by the following businesses:<br>• Frito Lay<br>• FedEx | 0.00% | $13,389,616 |
| June 26, 2024 | NorthPark Shopping Center Opportunity 78 DST | 120-155 Northpark Drive, Monticello, Arkansas 71655 | A multi-tenant shopping center. | 0.00% | $9,141,727 |
| July 3, 2024 | Essential Net Lease 81 DST | 232 PGW Drive, Elkin, North Carolina<br><br>2438 Northwest 66th Court, Gainesville, Florida 32653<br><br>1631 West 3rd Street, Jackson, Georgia 30233 | A portfolio of net lease properties occupied by the following businesses:<br>• Frito Lay;<br>• Sunbelt Rentals;<br>• Tractor Supply Co. | 0.00% | $19,023,010 |
| July 19, 2024 | Tractor Net Lease 79 DST | 2100 TX-276 Quinlan, Texas | A net lease Tractor Supply Company Store. | 0.00% | $6,420,509 |
| August 23, 2024 | San Antonio Multifamily 74 DST | 939 South Frio Street, 905 S. Frio Street, 1011 S. Frio Street, and 1025 S. Frio Street, San Antonio, Texas | A multifamily property with 102 units. | 0.00% | $18,679,418 |
| September 6, 2024 | Texas Small Bay 85 Flex DST | 5563 De Zavala Road, San Antonio, Texas 78249 | A small bay industrial/flex property. | 0.00% | $15,374,450 |
| October 4, 2024 | General Time Industrial Park Opportunity 84 DST | 100 Newtown Bridge Road, Athens GA 30607 | A multi-tenant industrial property. | 0.00% | $16,527,966 |
| February 5, 2025 | Cove Essential Net Lease Industrial 87 DST | 4400 East Industry Drive, Sierra Vista, AZ 85635 | A net lease FedEx Ground industrial distribution center. | 0.00% | $5,883,299 |
| February 26, 2025 | Texas Small Bay Industrial Portfolio 86 DST | 23157, 23161, 23165 Morton Ranch Road, Katy, TX<br><br>10111 Clodine Road, Richmond, Texas 77407 | A portfolio of small bay industrial/flex properties. | 0.00% | $14,773,392 |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| March 26, 2025 | Diversified Portfolio 88 DST | 3401 Coleman Road, Paducah, KY<br><br>2887 D.H. McLeod Blvd., Florence, SC<br><br>2100 TX-276 Quinlan, TX<br><br>138 Kenneth Dodge Drive, Frankfort, NY<br><br>1320 Encinitas Blvd., Encinitas, CA | A diversified portfolio of net lease properties and interests occupied by the following businesses:<br>• Tractor Supply Company;<br>• PepsiCo;<br>• Walgreens; and<br>• Sunbelt Rentals<br><br>And, a multi-tenant shopping center. | 0.00% | $27,689,229 |
| April 4, 2025 | Essential Net Lease Portfolio 89 DST | 3015 South Prosperity Avenue, Joplin, MO 64804<br><br>38 Smoky Mountain Drive, Sylva, NC 28779 | A portfolio of net lease industrial distribution properties occupied by the following businesses:<br>• Lowe's; and<br>• Frito Lay | 0.00% | $13,517,400 |
| April 24, 2025 | Essential Net Lease Industrial 93 DST | 1801 Market Drive, Clinton, Oklahoma 73601 | A net lease Frito Lay industrial distribution center. | 0.00% | $5,159,952 |
| May 1, 2025 | Dallas MSA Small Bay Industrial 91 DST | 1141 Bozeman Road, Wylie, Texas 75098 | A small bay industrial/flex property. | 0.00% | $6,097,142 |
| June 27, 2025 | Texas Build-to-Rent 97 DST | Various addresses in San Antonio, Texas | An 83 unit build-to-rent residential community. | 0.00 | Still accepting investments |
| July 23, 2025 | Diversified Portfolio 94 DST | 524 W. New Circle Road, Lexington, Kentucky<br><br>124 Progress Way NE, Norton, Virginia | A diversified portfolio composed of the following:<br>• A net lease Frito-Lay industrial distribution center; and<br>• A multi-tenant shopping center. | 0.00% | $15,566,573 |
| August 6, 2025 | Florida Industrial 98 DST | 201 Stokes Avenue NW, Fort Walton Beach, FL 32548 | A net lease Frito Lay industrial distribution center. | 0.00% | $11,972,671 |
| August 7, 2025 | Essential Net Lease Industrial 99 DST | 103 Colley Court, Walla Walla, WA 99362 | A net lease Frito Lay industrial distribution center. | 0.00% | $5,501,030 |
| August 22, 2025 | Fort Worth Small Bay Industrial 96 DST | 12509 N. Saginaw Blvd., Fort Worth, TX 76179 | A small bay industrial/flex property. | 0.00% | Still accepting investments |
| October 1, 2025 | Ponder Small Bay Industrial 101 DST | Multiple addresses on Seaborn Road, Ponder Texas | A small bay industrial /flex property. | 0.00% | Still accepting investments |
| October 23, 2025 | Essential Net Lese Industrial 104 DST | 4295 Halls Ferry Road, Vicksburg, MS 39180 | A net lease Frito Lay industrial distribution center. | 0.00% | $4,795,959 |
| November 14, 2025 | Essential Net Lese Industrial 105 DST | 3732 Lakeview Road, Fredonia, NY 14063 | A net lease Frito Lay industrial distribution center. | 0.00% | $3,587,760 |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| November 25, 2025 | Essential Net Lease Industrial 106 DST | 29 St. Francis Drive, Tularosa, New Mexico | A net lease Frito Lay industrial distribution center. | 0.00% | Still accepting investments |
| December 12, 2025 | Weatherford Small Bay Industrial 107 | 2720 Ranger Highway, Weatherford, Texas 76088 | A small bay industrial/flex property. | 0.00% | Still accepting investments |
| December 23, 2025 | Essential Net Lease Industrial 108 DST | 1550 Ressel Avenue, Anchorage, AK 99518 | A net lease FedEx Ground industrial distribution center. | 0.00% | Still accepting investments |
| January 23, 2026 | Burleson Small Bay Industrial 112 DST | 12261 J. Rendon Road, Burleson, Texas 76028 | A small bay industrial/flex property. | 0.00% | Still accepting investments |

**LLC Offerings**

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| January 15, 2021 | Cove San Antonio Multifamily 29, LLC | 236 Deerwood Drive, San Antonio, Texas 78209 | A multifamily property with thirty-eight (38) residential units. | 0.0% | $4,417,120.00 |
| January 21, 2021 | Cove Acquisition Fund, LLC | N/A | Debenture Offering | N/A | $1,398,000 |
| July 1, 2020 | Cove Net Lease Income Fund 18, LLC | 425 E Memorial Drive Muncie, IN 47302<br>320 3rd St. NE, Hartley, IA 51346<br>446 Washington Street Uniontown, AL 36786<br>532 W. Hamlet Avenue Hamlet, North Carolina<br>5832 Grand Haven Road Muskegon, MI 49441<br>3005 N. 27th Street Kansas, KS 64127<br>3982 Front St. Winnsboro, LA<br>2945 Central Blvd Brownsville, TX<br>1454 225th Avenue Spirit Lake, IO<br>1621 S. Main Street, Maryville, MO 64468 | A portfolio of net lease properties occupied by the following businesses:<br>• Fresenius<br>• FedEx<br>• Dollar General<br>• Advanced Auto Parts<br>• CVS<br>• DaVita<br>• Family Dollar<br>• Starbucks | 0.0% | $23,503,759.60 |
| February 15, 2021 | Cove Multifamily Income Fund 28, LLC | TBD | Multifamily Real Estate Fund. | 0.0% | $4,161,187.50 |
| May 25, 2021 | Cove Acquisition Fund 2, LLC | N/A | Debenture Offering | N/A | $1,000,000. |

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| June 21, 2021 | Cove Acquisition Fund 3, LLC | N/A | Debenture Offering | N/A | $23,918,747.79 |
| June 16, 2022 | Cove Acquisition Fund 4, LLC | N/A | Debenture Offering | N/A | $24,553,799.16 |
| March 7, 2023 | Cove Opportunistic Income Fund 75, LLC | 13415 Pennsylvania Avenue, Hagerstown, MD<br><br>4800 Woodrow Bean Road, El Paso, TX<br><br>912 N. Chancery Street, McMinnville, TN<br><br>200 Wilson Industrial Drive, Towanda, PA | Opportunistic Real Estate Fund | 0.0% | $22,352,263.38 |
| September 18, 2023 | Cove Acquisition Fund 5, LLC | N/A | Debenture Offering | N/A | $2,465,000 |
| November 14, 2025 | Cove Bridge Income Fund 100, LLC | Various | Income Fund | Varies | Still accepting investments. |

**Joint Venture Offerings**

| Date of Offering | Name of Offering | Address | Property Description | Offering Loan to Value Percentage | Amount Raised |
|---|---|---|---|---|---|
| April 16, 2020 | Pooler | 240 Park Avenue, Pooler, Georgia 31322 | A self-storage facility containing five hundred ninety-two storage units. | 0.0% | $13,867,027 |
| November 12, 2020 | Harpers Place | 3202 Coastal Grass Way, Charleston, South Carolina 29414 | A multifamily building containing one hundred ninety-five (195) residential units. | 72.0% | $16,493,477 |
| December 6, 2019 | Newport | 1106 East Weber Drive, Tempe, Arizona 85281 | Seventeen (17) freestanding, three (3) story, single family homes. | 0.0% | $8,867,000 |
| December 30, 2019 | Gerber Road | 39 Gerber Road Asheville, North Carolina 28803 | A self-storage facility consisting of six hundred seventy-eight (678) storage units. | 0.0% | $12,427,419 |
| January 10, 2020 | Austin 305 Flats, LLC | 305 West 35th Street, Austin, Texas 78705 | A thirty-two unit Multi-Family apartment complex | 67.0% | $1,606,383 |
| December 11, 2020 | Wilmington II | 7135-A Market St., Wilmington, North Carolina 28411 | A storage facility containing seven-hundred nineteen (719) storage units. | 0.0% | $14,669,508 |

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## RESTRICTIONS ON TRANSFERABILITY

There are restrictions on the transferability of the 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.

Investors purchasing an Interest shall be required, as a condition to such purchase, to execute and deliver to the Sponsor a Purchase Agreement. The Purchase Agreement provides, among other things, that the Investor represents and warrants that the Investor is purchasing the Interests for the Investor's own account for investment only and without any view to the distribution thereof or resale to others and that such Investor will not sell or transfer any or all of the Interests without registration under the Securities Act and registration or qualification under applicable state securities laws unless exemptions from such registration or qualification requirements are available. The Sponsor and its Affiliates have no obligation to effectuate such registration or qualification. The Interests will be "restricted securities" as that term is defined in the Securities Act.

## 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 Trust nor any of its 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. The following summary is based on 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 Sponsor has structured the Trust Agreement 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 such Investor's 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, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in a Delaware Statutory Trust (the "DST") may satisfy 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 interests 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 view of the IRS, cause an interest in the DST to not qualify for a Section 1031 exchange. It also contains numerous specific 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 factual matters that would have been present. As a result, there are some aspects of the Trust which differ from Revenue Ruling 2004-86 or are not addressed therein. For example, the Trust may be converted in certain circumstances into the Springing LLC. Notwithstanding this difference from the facts described in Revenue Ruling 2004-86, the Trust Agreement has been drafted such that it is consistent with the material factual matters and assumptions regarding the DST described in Revenue Ruling 2004-86 and with the existing body of law applicable to fixed investment trusts under Treasury Regulations Section 301.7701-4(c).

Tax Counsel has rendered a Tax Opinion that the acquisition of an Interest by an Investor should be treated as a direct interest in the Property for purposes of Section 1031. This opinion relies upon the accuracy and completeness of certain documents, facts, representations and assumptions that may not be applicable to a particular prospective Investor. In addition, qualification of the transaction under Section 1031 requires meeting numerous statutory, regulatory and other conditions and also involves issues based on facts and situations that are not and cannot be known to Tax Counsel. Therefore, each prospective Investor's tax situation with respect to an exchange will be different and a prospective Investor must consult with such Investor's own tax advisor regarding such Investor's ability to effectuate an acquisition of replacement property under Section 1031. The Tax Opinion addresses only one aspect in qualifying under Section 1031, which is whether an acquisition of an Interest can be treated as the acquisition of a direct interest in the Property for purposes of Section 1031.

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 time 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"; and whether any amounts paid by, or deemed paid by, the prospective Investors with respect to certain costs and expenses of the Offering, financing costs and funding of the reserves will be deemed to constitute other consideration received in the exchange.

Therefore, a prospective Investor must consult such Investor's own tax advisor regarding an acquisition of an Interest and the qualification of such Investor's transaction under Section 1031. A prospective Investor may not rely on Tax Counsel or on the Trust, its Affiliates or its agents, including its accountants, for any tax advice regarding the treatment of such Investor's transaction under Section 1031. For the same reason, except as provided in the Tax Opinion (subject to the limitations described therein), a prospective Investor may not rely on any statement made in this Memorandum regarding the qualification of such Investor's purchase of an Interest under Section 1031. No representation or warranty of any kind is made with respect to the acceptance by the IRS 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 there is no direct authority on point, prospective Investors should be aware that the IRS may take the position that certain costs paid or deemed paid from money received from the sale of the relinquished property are boot and, therefore, income to the 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 Counsel to the Trust is not opining as to whether any such amounts paid by or deemed paid by the Trust or the Investors will be considered an acquisition of real estate or boot to the Investors.

**Tax Deficiency, Penalties and Interest**

If an IRS audit disqualifies an Investor's proposed Section 1031 exchange, the Investor will be taxed on such Investor's gain on the sale of the relinquished property, and the IRS will assess interest, and could assess penalties, 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 twenty percent (20%) 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. As indicated above, Tax Counsel has issued an opinion that an acquisition of an Interest should be treated as an acquisition of a direct interest in the Property for purposes of Section 1031. However, the Tax Opinion does not address whether an Investor's specific transaction qualifies as a Section 1031 exchange or whether any amounts paid by or deemed paid by the Trust or the Investors with respect to certain expenses of the Offering or financing will be deemed to constitute an acquisition of real estate. While Tax Counsel believes that its opinion is supported by substantial authority and that an Investor should not be subject to the accuracy-related penalties described above with respect to whether the purchase of an Interest qualifies as an acquisition of a direct interest in real estate, the Tax Opinion is not binding on the IRS and does not provide a guaranty against an adverse tax result.

**Taxable Income**

It is possible that an Investor's Interest will generate annual taxable income in excess of the cash distributable to such Investor. Although such taxable income can be offset by depreciation deductions, the amounts of such depreciation deductions may be limited because the tax basis of such property received in a Section 1031 exchange is generally the same as the tax basis of the property exchanged. Therefore, if an Investor has a low tax basis in the relinquished property exchanged in a proposed Section 1031 exchange, such Investor will have a low tax basis in such Investor's Interest, and such Investor's depreciation deductions will be lower than the depreciation deductions of an Investor whose purchase was not structured as a Section 1031 exchange.

**Net Income and Net Loss of Each Investor**

Each Investor will be required to determine such Investor's own net income or loss from the Property for income tax purposes. Certain expenses of the Property, such as depreciation and any interest expense attributable to refinancing proceeds that 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 such Investor's income.

**Tax Impact of Sale of Property**

If the Property, or a portion thereof, is sold or otherwise disposed of, the Investors will likely recognize taxable income. The amount realized by the Investors will include the amount of any debt assumed by the Investor or eliminated in such disposition of the Property. An Investor will have taxable income to the extent that the amount realized by such Investor exceeds such Investor's tax basis in such Investor's Interest.

**Treatment of Gain or Loss on Disposition of Interests**

No public market is expected to develop for the Interests. The transfer of the Interests will remain subject to any restrictions imposed by the Trust Agreement and federal and state securities laws.

Any gain or loss realized by an Investor upon the sale or exchange of the Interests will generally be treated as capital gain or loss, provided that such Investor is not deemed to be a "dealer." As a general rule, the holding of parcels of real property for investment is not the type of activity that would cause a person or entity to be considered a "dealer" in real property. The question of "dealer" status is a question of fact, will depend on the facts and circumstances of each Investor and will be determined at the time of a sale of the Property. In the event the Investor is deemed a "dealer" and the Property is not considered to be a capital asset or a Section 1231 asset, any gain or loss on the sale or other disposition of the Property would be treated as ordinary income or loss. However, any portion of the gain that is attributable to unrealized receivables (which includes, for these purposes, depreciation recapture attributable to the Property) or inventory items that have substantially appreciated in value will generally be treated as ordinary income. If the Investor's holding period for the Interests sold or exchanged is more than one year, the portion of any gain realized that is capital gain will be treated as long-term capital gain.

It is possible that the gain realized on an Investor's sale of the Interests may exceed the cash proceeds of the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds. In the event that assets sold or involuntarily converted constitute Section 1231 assets, an Investor would combine such Investor's gain or loss attributable to the Property with any other Section 1231 gains or losses realized by such Investor in that year, and the resultant net Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be. This treatment may be altered depending on each Investor's disposition of Section 1231 property over several years. In general, net Section 1231 gains are recaptured as ordinary income to the extent of net Section 1231 losses in the five preceding taxable years.

**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 to and expected to consult with their own personal tax advisor regarding the state and local tax consequences resulting to such Investors from a potential purchase of an Interest.

**Tax Opinion**

Tax Counsel to the Trust has rendered the Tax Opinion concerning certain issues related to the Interests as set forth in this Memorandum. A copy of the Tax Opinion is attached as Exhibit "B" to this Memorandum. Except as to matters stated therein, which are based upon the law in effect as of the date of the opinion, the issuance of the opinion should not in any way be construed as implying that counsel has approved or passed upon any other matter for the Trust.

Please note that the Tax Opinion and all 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.

## ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in the Trust by Benefit Plan Investors. The following is merely a summary of such considerations, however, and a complete discussion of the considerations associated is beyond the scope of this summary.

Each Benefit Plan Investor considering investing the assets of an IRA, or a pension, profit sharing, 401(k), Keogh or other employee benefit plan in the Trust should satisfy himself that such investment is consistent with such Benefit Plan Investor's fiduciary obligations under ERISA and other applicable law, is made in accordance with the documents and instruments governing the plan or IRA, including the plan's investment policy, and satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA. Each Benefit Plan Investor should also determine that an investment in the Trust will not impair the liquidity of the plan or IRA and that the purchase and holding of an Interest is still consistent with the fiduciary obligations of the Benefit Plan Investor. Each Benefit Plan Investor should also satisfy himself that such Benefit Plan Investor will be able to value the assets of the plan annually in accordance with ERISA requirements.

**Treatment of the Trust under ERISA**

ERISA and the Code do not define "plan assets." However, the DOL has issued the Plan Asset Rules concerning the definition of what constitutes the assets of an employee benefit plan. The Plan Asset Rules provide that, as a general rule, the underlying assets and properties of corporations, partnerships, trusts and certain other entities in which a plan purchases an "equity interest" will be deemed, for purposes of ERISA, to be assets of the investing plan unless certain exceptions apply. The Plan Asset Rules define an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Interests in the Trust offered hereby should be treated as "equity interests" for purposes of the Plan Asset Rules.

One exception to the look-through rule under the Plan Asset Rules provides that an investing plan's assets will not include any of the underlying assets of an entity if at all times less than 25% of each class of "equity" interests in the entity are held by Benefit Plan Investors. The Sponsor and the Signatory Trustee intend to take such steps as may be necessary to limit the ownership of Interests in the Trust by Benefit Plan Investors to less than 25% of the total amount of Interests, and thereby qualify for the 25% exemption. If, however, neither this nor any other exemption under the Plan Asset Rules were available and the Trust were deemed to hold plan assets by reason of a Benefit Plan Investor's investment in the Interests, such investor's indirect interest in the Property would be considered a plan asset. In such event, the Property, transactions involving the Property and the persons with authority or control over and otherwise providing services with respect to the Property would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Code Section 4975. See "RISK FACTORS – Tax Risks - ERISA Risks" for a discussion of certain consequences if the prohibited transaction provisions of ERISA and Code Section 4975 apply to the Trust.

Each Benefit Plan Investor that is a prospective Investor in an Interest in the Trust should consult with its counsel with respect to the potential applicability of ERISA and Code Section 4975 to such investment and determine on its own whether any exceptions or exemptions are applicable and whether all conditions of any such exceptions or exemptions have been satisfied. Moreover, each Benefit Plan Investor should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in an Interest is appropriate for the Benefit Plan Investor, taking into account the overall investment policy of such Investor and the composition of such Investor's investment portfolio. The sale of Interests in the Trust is in no respect a representation by the Sponsor, the Trust, the Signatory Trustee, their Affiliates or any other person that such an investment meets all relevant legal requirements with respect to investments by plans generally or that such an investment is appropriate for any particular plan.

## REPORTS

The Signatory Trustee shall keep customary and appropriate books and records relating to the Trust and the Property, including books and records in order to provide reports of income and expenses to each Beneficial Owner as necessary for such Beneficial Owner to prepare such Beneficial Owner's income tax returns regarding the Property. These books and records will be kept at the Trust's principal place of business and will be available to the Beneficial Owners during reasonable business hours.

The Signatory Trustee shall furnish reports annually to each of the Beneficial Owners as to the amounts of Annual Base Rent and Threshold Rent (if any) received from the Tenant, the expenses incurred by the Trust with respect to the Property (if any), the amount of any reserves and the amount of the distributions made by the Trust to the Beneficial Owners.

## ADDITIONAL INFORMATION

The Sponsor will answer inquiries from prospective Investors concerning the Interests and other matters relating to the offer and sale of the Interests and will afford prospective Investors the opportunity to obtain any additional information to the extent the Sponsor possesses 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 the Interests, the Trust or the Property described in this Memorandum and copies of the organizational documents of the various entities described herein. Copies of all reports and financial statements prepared by third parties in connection with this Offering are available upon request to the Sponsor.

# EXHIBIT A

## FINANCIAL PROJECTIONS

| Essential Net Lease 114 DST | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Master Tenant Lease Payment** | $666,971 | $669,396 | $671,821 | $674,247 | $676,672 |
| **Master Tenant Lease Payment (as a % of investor equity)** | 5.50% | 5.52% | 5.54% | 5.56% | 5.58% |

This Pro Forma provides a hypothetical cash flow analysis for each Property. There is no guarantee that any Property will perform as indicated in this Pro Forma or that any cash distributions will be made to Investors. This offering is dynamic and there is no guaranty that any of the listed Properties will be purchased by the Trust, and properties may be added or subtracted within the sole and absolute discretion of the Signatory Trustee. Any such addition or subtraction of properties may also alter the projected returns. See "RISK FACTORS - Real Estate Risks - No Guaranteed Cash Flow."

For ongoing accounting and offering management services rendered, the Sponsor shall be entitled to receive from the Trust an ongoing accounting and offering management fee, paid in twelve monthly payments, totaling $18,000 annually. This fee may be funded and paid from the Trust via Operating Reserves or from operating cash. This is a non-accountable fee paid to the Sponsor by the Trust due each month until the offering is wound down and the properties are sold. The ongoing accounting and offering management fee may be deferred, in whole or in part, by the Manager, and if so deferred, such amount may be paid at a later date within the sole discrection of the Manager, but not later than the final sale of the Properties. Any such deferral(s) shall not constitue a waiver.

Projected NOI and/or Projected Net Cash Flow does not account for fees and expenses that may be payable by the Trust. The following fees and expense reimbursements may be payable to the Sponsor or its Affiliates; provided, however, that the Sponsor or the applicable Affiliate may elect, in its sole discretion, to either waive or defer such fee or reimbursement until a later date, as determined within the sole discretion of the Signatory Trustee, but not later than the sale of the Property, at which time such fee or reimbursement will be paid from the proceeds of the sale of the Property: (a) the Signatory Trustee shall be entitled to an annual fee in an amount up to $25,000, this fee may be funded and paid from the Trust via Operating Reserves or from operating cash; (b) the Signatory Trustee will be entitled to reimbursement of reasonable and necessary expenses paid or incurred by the Signatory Trustee in connection with the operation of the Trust, including any legal and accounting costs and office and administration overhead expenses; and (c) for its services in managing any construction occurring on the Property, which construction is the responsibility of the Trust, the Trust will pay the Sponsor a construction management fee of up to fifteen percent (15%) of the costs of such construction. Certain additional fees and expenses will be payable in the event of a Transfer Distribution, including the following: (a) for its services in re-leasing the Property, the Sponsor will receive a leasing fee from the Springing LLC in an amount equal to six percent (6%) of the total rent to be paid by the tenant(s) for the initial/primary term of the new lease(s), which shall be in addition to any leasing commission payable to one or more brokers in connection with the leasing of the Property and (b) the Manager of the Springing LLC will be entitled to receive various fees from the Springing LLC, which may include, but not be limited to, an administrative fee, a finance coordination fee, real estate commissions and other compensation for services performed on behalf of the Springing LLC. The Signatory Trustee shall be entitled to an annual fee in an amount up to $25,000, which amount may be waived or deferred by the Signatory Trustee in its sole discretion with such amount paid at a later date but not later than the sale of the Property. A deferral of the Signatory Trustee fee for one or multiple years, does not waive the right of the Signatory Trustee to collect the entire amount of the accrued fee at such later date. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

In the event that the Trust or the Springing LLC is required to pay any of the fees described in the paragraph above, the actual Cash on Cash Return realized by investors will be reduced. See "RISK FACTORS - Real Estate Risks - No Guaranteed Cash Flow."

The Trust will be responsible for the costs of the DST administration and accounting services, accounting and offering management fees, Delaware Trustee expenses, Signatory Trustee fees, and all other costs assocated with maintaining the Trust. The Trust administration and accounting expenses are a non-accountable fee expense. If the costs for administration and accounting services, Delaware Trustee fees, Signatory Trustee fees, capital expenses, or any other costs associated with maintaining the Trust during the Trust's ownership are greater than the DST Operating Reserves, then the Trust will be responsible for the remaining costs. If said costs are less than the DST Operating Reserves, then the Trust will retain the difference. All DST Operating Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors on a pro rata basis.

Annual Asset Management Fee, as outlined in the Private Placement Memorandum, will be paid as an operating expense of the Property for the duration of the Trust's ownership of the Property. The Asset Management Fee may be deferred, in whole or in part, during the Trust's ownership of the Property, unless the Signatory Trustee determines within its sole discretion that the Property expenses can sustain the payment thereof, or in the event the Property is sold, at, as out which point, the current Asset Management Fee, and the accrued Asset Management Fees (which may be waived by the Sponsor within the Sponsor's sole discretion) will be due. If the Asset Management Fee is deferred, in whole or in part, at any time throughout the Trusts' ownership of the Property by the Signatory Trustee in its sole discretion, such amount may be paid at a later date, as determined within the sole and absolute discretion of the Signatory Trustee, but not later than the sale of the Property. A deferral of the Asset Management Fee for one or multiple years, does not waive the right of the Signatory Trustee to collect the entire amount of the accrued fee at such later date. The Asset Management Fee is a non-accountable fee.

Operating Reserves are estimates, and may be used to pay for property level repairs and improvements, Trust accounting and administrative costs, ongoing accounting and offering management fees, monthly maintenance fees, Delaware Trustee fees, Signatory Trustee fees and capital expenses associated with maintaining the DST. DST Operating Reserves may also be used to pay any other DST related costs, offering fees, disposition fees, asset management fees or any other fees and/or expenses incurred. All DST Operating Reserves are investor owned and any amounts not used upon the sale of the Trust assets will be distributed back to investors on a pro rata basis.

This material should be read in conjunction with the Private Placement Memorandum (the "Memorandum"). This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Memorandum. Please read the entire Memorandum paying special attention to the risk section prior investing. This material contains information that has been obtained from sources believed to be reliable. However, Cove Capital Investments, LLC, FNEX Capital, LLC. and their representatives do not guarantee the accuracy and validity of the information herein. Investors should perform their own investigations before considering any investment. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. This material is not intended as tax or legal advice. There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances. Securities offered through FNEX Capital, LLC. Member FINRA/SIPC. Cove Capital Investments, LLC and FNEX Capital, LLC. are separate entities. This material, including attachments, may include non-public, proprietary, confidential or legally privileged information. If you are not an intended recipient or an authorized agent of an intended recipient, you are hereby notified that any dissemination, distribution or copying of the information contained in or transmitted is unauthorized and strictly prohibited. If you have received this material in error, please notify the sender by replying to this message and permanently delete this material, its attachments, and any copies of it immediately. You should not retain, copy or use this material or any attachment for any purpose, nor disclose all or any part of the contents to any other person.

This proforma is no guarantee for cash flows or returns. Actual cash flows and/or returns may be lower than anticipated. Please note that the proforma includes various assumptions of tenants renewing or extending leases and/or exercising options which may or may not occur. The proforma is no guarantee for cash flows which may or may not occur as outlined and will be dependent upon the tenants continued occupancy at the properties. Please view the Private Placement Memorandum (PPM) risk factor section for a full discussion of the risks involved with an investment in the offering and real estate.

# EXHIBIT B

## TAX OPINION

PERKINS LAW PLLC

February 6, 2026

Essential Net Lease Industrial 114 DST
c/o Cove Capital Investments, LLC
2958 Columbia Street
Torrance, CA 90503
Attn: Mr. Dwight Kay

**Re: Essential Net Lease Industrial 114 DST**

Dear Mr. Kay:

You have requested our opinion, as counsel to Cove Capital Investments, LLC, a California limited liability company (the "Sponsor"), Essential Net Lease Industrial 114 ST, LLC, a Delaware limited liability company (the "Signatory Trustee"), Essential Net Lease Industrial 114 MT, LLC, a Delaware limited liability company (the "Master Tenant"), and Essential Net Lease Industrial 114 DST, a Delaware statutory trust (the "Trust"), as to certain of the anticipated federal income tax consequences that result from purchasing beneficial ownership interests in the Trust (the "Interest" or "Interests"), pursuant to the Private Placement Memorandum dated February 6, 2026 (the "Memorandum").[1] As discussed in greater detail below, and subject to the assumptions, limitations, and qualifications in this Opinion (defined below) and the Representation Letter (defined below), it is our opinion that:

1. The Trust should be treated as an investment trust described in Treasury Regulations §301.7701-4(c) that is taxable as a trust, and not a business entity;

2. The Beneficial Owners (defined below) should be treated as "grantors" of the Trust, who should be treated as owning an undivided fractional interest in the Trust Assets (defined below) for federal income tax purposes; and

3. The federal income tax discussion within the Memorandum is correct in all material respects.

Our opinions in this opinion letter (this "Opinion") are limited to those stated above, as described more fully below. We do not, either expressly or impliedly, opine on whether an Interest will or should constitute like-kind replacement property to any Beneficial Owner in a transaction that

[1] Unless otherwise indicated, all capitalized terms used and not otherwise defined herein have the meanings set forth in the Memorandum.

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qualifies for non-recognition treatment under §1031 of the Internal Revenue Code of 1986, as amended (the "Code"). Each investor should consult with his, her, or its own independent tax advisor about the tax consequences of purchasing an interest in the Trust.

### TRANSACTION DOCUMENTS

In preparing this Opinion, we examined the following documents (collectively, the "Transaction Documents"): (i) the Memorandum; (ii) the Trust Agreement (defined below); (iii) the form Limited Liability Company Agreement accompanying the Trust Agreement; (iv) that certain form Master Lease covering the Property (defined below) between the Trust and Master Tenant (the "Master Lease"); (v) the Investor Questionnaire & Purchase Agreement as attached to the Memorandum (the "Purchase Agreement"). We also have assumed that the representations set forth in the letter addressed to us dated February 6, 2026 and signed on behalf of the Sponsor (the "Representation Letter"), are true, complete, and correct in all respects as of the date of this Opinion.

### ASSUMPTIONS AND RELIANCE

In rendering this opinion, we have assumed, with your consent, that:

1. All the facts and statements, and the description of the transaction set forth below are true and accurate in all respects, and the transaction will occur as set forth below;

2. All statements in the Transaction Documents and the Representation Letter are true and accurate in all respects;

3. All documents and records that we have reviewed are accurate and complete, all signatures on all documents are genuine, all documents submitted to us as originals are authentic, and all documents submitted to us as copies conform to authentic original documents;

4. The Trust and the Trustees (defined below) will manage the Trust Assets in accordance with the Trust Agreement, and the Trust will not engage directly, or through the Trustees, in any activities other than those allowed under the Trust Agreement;

5. No election has been made to treat the Trust as a corporation or partnership for federal income tax purposes;

6. The purchase price of an Interest does not exceed its fair market value;

7. All compensation paid or to be paid to the Signatory Trustee and its Affiliates is reasonable for the services actually rendered or to be rendered to or on behalf of the Trust;





8. The Trust does not intend to enter a joint venture or partnership with the Signatory Trustee;

9. Neither the Trust nor its Delaware Trustee has entered into a written agreement with the Signatory Trustee or the Beneficial Owners creating an agency relationship, including with any third parties;

10. Neither the Trust nor its Delaware Trustee has represented that it is an agent of the Signatory Trustee or the Beneficial Owners; and

11. The Trust was not formed for tax avoidance purposes.

We base our opinions and legal conclusions in this Opinion on the facts, conditions, assumptions, and representations set forth herein and in the Transaction Documents and the Representation Letter, and on the laws and regulations in effect as of the date of this Opinion, all of which are subject to change prospectively and retroactively. If any of the facts, conditions, assumptions, or representations prove incorrect, the tax consequences and opinions likely would change. Our opinions are not a guarantee of the current state of the law. Potential investors, therefore, should not accept our opinions and legal conclusions as a guarantee that a court of law or an administrative agency will agree with us.

The overarching issue—that an investment in an Interest should be treated as an interest in the Property (defined below)—has not been definitively resolved by statutes, regulations, rulings, or judicial opinions. In addition, we are providing a "should" level opinion. A "should" level opinion means that counsel believes that, if properly litigated by competent counsel,[2] an Interest should be treated as an interest in real property. Our opinions and legal conclusions are not binding on the U.S. Department of the Treasury ("Treasury"), the Internal Revenue Service (the "IRS"), or any state or local tax authority. We, therefore, cannot provide any assurances that the IRS or any state taxing authority will accept our conclusions. Likewise, we cannot provide any assurance that a court would sustain or accept our opinions and legal conclusions, if contested. Any future legislative changes, Treasury or IRS pronouncements, or court decisions may significantly alter or modify the opinions and legal conclusions expressed in this Opinion. Because counsel represents the Trust, this Opinion is being rendered to the Trust. This Opinion is not intended to, and cannot, be used by any taxpayer to avoid penalties.

### DESCRIPTION OF THE TRANSACTION

The Trust was formed pursuant to the Trust Agreement of Essential Net Lease Industrial 114 DST (the "Trust Agreement") by and among Essential Net Lease Industrial 114 Holdings, LLC, a Delaware limited liability company (the "Depositor"), the Signatory Trustee, and Sorensen Entity Services, LLC, a Delaware limited liability company, in its capacity as the Delaware Trustee (the "Delaware Trustee").

The Trust is selling Interests in the Trust (the "Offering"), which will own that certain real property, including improvements, located at 3211 Anton Street, Mobile, Alabama (the

[2] When opining as to a result, we assume that the issues will be adequately briefed and argued by competent counsel.





"Property"). Those purchasing Interests in the Trust (the "Beneficial Owners") will acquire their Interests directly from the Trust. Each Beneficial Owner will be entitled to a pro rata share of the Trust's income, deductions, and credits.

Under the Trust Agreement, the Signatory Trustee and the Delaware Trustee (collectively, the "Trustees") will manage and administer the Trust Assets for the benefit of the Beneficial Owners. The purposes of the Trust are to: (i) acquire the Property, subject to any lease(s); (ii) to hold for investment, lease, maintain, and eventually dispose of, the Property; and (iii) to take only such other actions as the Signatory Trustee deems necessary and appropriate to carry out the foregoing, subject to the limitations set forth in the Trust Agreement. The Trust will master lease the Property to the Master Tenant, and the Master Tenant will sub-lease the Property to the tenant. In addition, the Signatory Trustee must make monthly distributions of available cash to the Beneficial Owners on a pro rata basis.

The Trust will hold the right, title, and interest in and to the Property, the Master Lease, and all other property and assets, tangible or intangible, in which the Trust at any time has any right, title, or interest (the "Trust Assets"). The Trustees will hold the Trust Assets for investment purposes. The Trustees will conduct no business other than as specifically set forth in Article IV and Article V of the Trust Agreement, as limited by Article III of the Trust Agreement. In addition, the Trust Agreement expressly provides that none of the Trustees or Beneficial Owners has any power or authority to undertake any actions that are not permitted to be undertaken by an entity that is treated as a "trust" within Treasury Regulations § 301.7701-4 and not treated as a business entity within Treasury Regulations §301.7701-2. Further, the Trust Agreement must be interpreted and enforced so as to comply with the requirements of Revenue Ruling 2004-86, 2004-33 I.R.B. 191 (the "Ruling").

If it becomes necessary for the Trust to terminate and dissolve, then subject to the requirements of §3808 of the Delaware Statutory Trust Act, as part of such liquidating distribution, and only in the event that a distribution would otherwise be made to the Beneficial Owners, the Beneficial Owners will direct the Signatory Trustee to transfer (a "Transfer Distribution") title to the Trust Assets, subject to all Trust liabilities, on behalf of each Beneficial Owner to a newly formed Delaware limited liability company (the "Springing LLC") in complete satisfaction of their interests to consummate the dissolution of the Trust.

Notwithstanding the foregoing, under the Trust Agreement, if a determination has been made to terminate the Trust, then the Signatory Trustee, upon meeting certain conditions, may effect the transaction contemplated by the Transfer Distribution as a conversion of the Trust into the Springing LLC, rather than as a Transfer Distribution. Upon a conversion, the Springing LLC interests shall be issued to the Beneficial Owners in proportion to their respective percentage shares in the Trust.

### DISCUSSION

The Sponsor is structuring the Offering generally to comply with one vital aspect of the like-kind exchange rules under §1031 of the Code—the ownership of real property. Under Code §1031(a)(l), taxpayers do not recognize gain or loss on exchanges of real property if the taxpayer meets certain conditions.[3] As a threshold matter, a Beneficial Owner must be treated as owning an undivided fractional interest in the Property to qualify for Code § 1031 non-recognition treatment. For the reasons discussed below, we believe that this should be the case.

**I. THE BENEFICIAL OWNERS SHOULD BE CONSIDERED AS OWNING AN UNDIVIDED FRACTIONAL INTEREST IN THE PROPERTY BECAUSE THE TRUST SHOULD BE TREATED AS AN INVESTMENT TRUST UNDER TREASURY REGULATIONS §301.7701-4(C), AND THE BENEFICIAL OWNERS SHOULD BE TREATED AS "GRANTORS," WHO OWN DIRECT INTERESTS IN THE TRUST ASSETS.**

Upon executing a Purchase Agreement, each Beneficial Owner will own an Interest in the Trust that, in turn, owns the Property. Each Beneficial Owner should be treated as directly owning an undivided, fractional interest in the Property under Code § 1031, if, for federal income tax purposes: (A) the Trust is treated as an "investment trust" under Treasury Regulations § 301.7701-4(c), and not a business entity; and (B) the Beneficial Owners are treated as "grantors," who own direct interests in the Trust Assets.[4] For the reasons discussed more fully below, we believe that the Offering and its components should meet each one of these requirements.

A. The Trust Should Be Treated as an "Investment Trust" Described in Treasury Regulation § 301 .7701- 4(c), and Not as a Business Entity.

To receive the desired tax treatment, the Trust must qualify as an "investment trust" under applicable federal tax law.[5] Neither the Code nor the Treasury Regulations define the term "investment trust." An arrangement cast as a trust, however, may be an investment trust if (1) the trust, when applying federal income tax rules, qualifies to be treated as an entity that is separate from its beneficiaries, and (2) the applicable trust instrument contains no power to vary the investment of the trust's beneficiaries.[6] We discuss each below, in turn.

(1) *The Trust should be recognized as an entity that is separate from the Beneficial Owners for federal income tax purposes where the*

[3] Code § 1031(a)(1) provides that "[n]o gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like kind which is to be held either for productive use in a trade or business or for investment." On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law and significantly modified Code § 1031 by limiting it to exchanges of real property not held primarily for sale. For exchanges completed after December 31, 2017, exchanges of personal property and intangible property do not qualify for Code § 1031 exchange treatment. The TCJA also eliminated specific language providing that exchanges of certain types of property (stock in trade or other property held primarily for sale, stocks, bonds, notes, other securities or evidence of indebtedness or interest; interests in a partnership; certificates of trust or beneficial interest, or choses in action) are excluded from Code § 1031.
[4] See Rev. Rul. 2004-86, 2004-33 I.R.B. 191.
[5] The tax regulations defining entities in the trust context distinguish between (1) "ordinary trusts," which can be characterized as "investment trusts" for federal tax purposes, and (2) "business trusts." An arrangement seeking "ordinary trust" treatment "will be treated as a trust under the Code if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit." Treas. Reg. § 301-7701-4(b). In other words, the arrangement must be a bona fide trust that involves a trustee, beneficiaries, and trust property, with the paramount goal of protecting and conserving the trust property for the trust beneficiaries, who do not share in the discharge of such protection and conservation. *See* Textron Inc. v. Comm'r., 117 T.C. 67 (Aug. 21, 2001); *see also* Treas. Reg. § 301.7701-4(a) and (b). In contrast, an arrangement, even if technically cast in the form of an ordinary trust, that is merely a device to carry on a profit-making business will be treated as a business trust and taxed as an association (taxable as a corporation) or a partnership under the Code. *See* Treas. Reg. § 301-7701-4(a) and (b).
[6] *See* Treas. Reg. § 301.7701-4(a) and (c); *see also* Rev. Rul. 2004-86, 2004-33 I.R.B. 191.





*Trust is not an agent for the Beneficial Owners, who are, instead, availing themselves of the benefits of Delaware law for a valid business purpose.*

Whether an organization is an entity that is treated as separate from its owners for federal income tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law.[7] Under federal tax law, a state-law entity that either acts as a mere agent of its owners or is a sham entity will not be treated as an entity that is separate from its owners.[8] That agency relationship has been found where owners retain complete use and control of the entity's assets, and liability for the entity's obligations.[9] When, however, participants in a venture form a state law entity and avail themselves of the benefits of that entity for a valid business purpose, the entity generally will be recognized as a separate entity for federal income tax purposes.[10]

For federal income tax purposes, a state-law entity that acts as a mere agent of its owners will not be treated as an entity separate from its owners. In *Commissioner v. Bollinger*, a corporation was treated as an agent of its owners where the corporation's sole function was to act merely as the nominal debtor and record title holder to mortgaged property. The shareholders entered into an agreement, providing that (i) the corporation would hold title to the property as the shareholders' nominee and agent solely to secure financing, (ii) the shareholders had sole control and responsibility for the mortgaged property, and (iii) the shareholders were the principals and owners of the property during its financing, construction, and operation. The Supreme Court held that the shareholders, rather than the corporation, were the owners of the property because the relationship between the shareholders and the corporation was, in both form and substance, an agency with the shareholders as principals.

Similarly, the IRS concluded in Revenue Ruling 92-106 that an agency relationship involving an Illinois land trust precluded treating the trust as separate from its owner for federal income tax purposes. In that ruling, a single taxpayer created an Illinois land trust and named a domestic corporation as trustee. The beneficiary-owner transferred the legal and equitable title to real property to the land trust, subject to the provisions of an accompanying land trust agreement. Under the agreement, the beneficiary-owner retained exclusive control to manage, operate, rent, and sell the real property. The beneficiary-owner also maintained an exclusive right to the earnings and proceeds from the real property, and was responsible for filing all tax returns, paying all taxes, and satisfying any other liabilities arising from the real property. In addition, the IRS noted that Illinois law did not provide limited liability protection to an Illinois land trust beneficiary. The IRS concluded that the trust was not separate from the beneficiary-owner, who, like the owner in *Bollinger*, retained too much control over the real property at issue, leaving the trustee without any discretion or authority to act outside the scope of the owner's directions. The trustee's sole responsibility was to hold and transfer title to the property at the direction of the beneficiary-owner, and because the beneficiary retained the direct obligation to pay liabilities and taxes related to the property, the right to manage and control the property, as well as any liability with respect to the

[7] Treas. Reg.§§ 301.7701-1(a)(l) and 301.7701-l(a)(3).
[8] Comm'r v. Bollinger, 485 U.S. 340 (1988); Rev. Rul. 92-106,1992-2 C.B. 204; Moline Properties v. Comm'r, 319 U.S. 436, 439 (1943).
[9] *See* Comm'r v. Bollinger, 485 U.S. 340 (1988); Rev. Rul. 92-106, 1992-2 C.B. 204.
[10] *See* Moline Properties, 319 U.S. at 438-439; Rev. Rul. 2004-86, 2004-33 I.R.B. 191.





property, the IRS concluded that the Illinois land trust could not rise to the level of an "entity" separate from the beneficial owner for federal income tax purposes.

In contrast, the IRS concluded in the Ruling that a Delaware statutory trust (a "DST") was an entity that should be recognized as separate from its owners for federal income tax purposes.[11] In the Ruling, the DST's beneficial owners transferred property title to a trustee, who retained the exclusive right to use and control the property. In looking at the trust arrangement, the IRS focused on the powers, limitations, and benefits that Delaware law accords to a DST and its beneficial owners. Under Delaware law, creditors of a DST's beneficial owner may seek payment only from the beneficial owner; they may not assert claims directly against the DST's property. The DST's property is subject to attachment and execution with respect to the DST's liabilities similar to a corporation. A DST may sue or be sued. The DST's beneficial owners are entitled to the same limitation on personal liability stemming from a DST's actions that is extended to stockholders of a Delaware corporation. A DST may merge or consolidate with or into one or more statutory entities or other business entities. Lastly, a DST can be formed for investment purposes. These statutory powers and privileges afforded to a DST and its beneficial owners, as well as the DST's purpose, led the IRS to conclude that the DST in the Ruling was an entity separate from its owners for federal income tax purposes.[12]

Applied here, the Trust more closely resembles the DST in the Ruling and lacks many of the agency indicia that the court and the IRS discussed and relied upon in *Bollinger* and Rev. Rul. 92-106. In addition, Delaware law governing the Trust contains the same powers and protections that led the IRS to conclude in a similar DST arrangement that the DST should be recognized as an entity separate from its beneficial owners.

The Trust should not be viewed as an agent of the Beneficial Owners. Like the beneficial owners in the Ruling, the Beneficial Owners have no right or power to direct the actions of the Trust or the Trustees in connection with the management or operation of the Trust or the Property.[13] The Beneficial Owners are not permitted under the Trust Agreement to (i) contribute additional assets to the Trust, (ii) be involved in operating or managing the Trust or the Trust Assets in any way, (iii) cause the Trust to negotiate or re-negotiate any loans or leases, or (iv) cause the Trust to sell its assets or re-invest the proceeds of such sale.[14] Unlike the beneficiary-owners in *Bollinger* and Revenue Ruling 92-106, the Beneficial Owners have the right only to receive distributions from the Trust as a result of the operation or sale of the Property.[15] Thus, the Trust will engage in activities on its own behalf rather than as an agent of the Beneficial Owners.

In addition, the Trust is subject to the same statutory duties and protections under Delaware law as the DST in the Ruling. Under Delaware law, creditors of the Beneficial Owners cannot assert claims directly against the Trust Assets, the Trust can sue and be sued, and the Trust Assets are subject to attachment and execution as if the Trust were a Delaware corporation. In addition, the Beneficial Owners are entitled, under Delaware law, to the same limitation on personal liability because of the Trust's actions that is extended to stockholders of a Delaware corporation. Because

[11] Rev. Rul. 2004 86, 2004-33 I.R.B. 191.
[12] *Id.* (citing to Del. Code Ann. Title 12 §§ 3801-3824).
[13] *See* Trust Agreement at Section 6.8 and Section 6.11.
[14] *See* Trust Agreement at Section 6.11.
[15] *See id.*





the Trust's governing law contains the hallmarks of a separate entity that were discussed and applied in the Ruling, the Trust should be treated as an entity that is separate from the Beneficial Owners.

Taken together, the Beneficial Owners, through passive participation in the Trust and not as principals of the Trust in an agency relationship, are availing themselves of the various benefits of Delaware law, including limited liability protections. Consequently, the Trust should be recognized as an entity that is separate from the Beneficial Owners.

(2) *There is no power under the Trust Agreement to vary the investment of the Beneficial Owners.*

A trust with a single class of ownership interests that provides no power to vary the investments of the trust should be classified as an investment trust for federal income tax purposes.[16] A power to vary the investment of the certificate holders exists where there is managerial power, under the trust instrument, that enables a trust to take advantage of variations in the market to improve the investment of the investors.[17] Where, however, a trustee's activities and powers are limited to the collection and distribution of income under a trust instrument, no such power to vary the investment of the certificate holders should exist.[18]

Two opinions issued by the Second Circuit on the same day generally are viewed, together, as the seminal case law on trust arrangements that are considered investment trusts and those that are not.

In the first opinion, *Commissioner v. Chase National Bank*,[19] the Second Circuit addressed whether a state-law trust arrangement should be classified as a "trust" for federal income tax purposes. In that case, the depositor purchased shares of the common stock of several corporations and made up "units" consisting of a number of shares of the common stock of each corporation. The "units" were deposited in a trust and then certificates in the trust were sold to investors. The trustee was vested with all 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 byway of reinvestment of funds or otherwise. The Second Circuit looked to the regulatory language used to distinguish associations from trusts (i.e., trusts created to carry on a business versus those created to protect and conserve property)[20] and found that the trust instrument, because of the limitations on the powers and discretions of the depositor and trustee contained within it, "prevented the trusts from being, or becoming, more than what are sometimes called strict investment trusts."[21] In addition to the trust instrument, the court also looked at the actions of both the depositors and trustee in light of the limitations under the trust instrument. The court

[16] Treas. Reg.§ 301.7701-4(c)(1).
[17] *See* Comm'r v. North American Bond Trust, 122 F.2d 545, 546 (2d Cir. 1941).
[18] *See* Rev. Rul. 2004-86, 2004-33 I.R.B. 191.
[19] 122 F.2d 540 (2d Cir. 1941).
[20] *See id.* at 543.
[21] *Id.*

viewed the combined efforts and actions of the trustee and the depositors and found that their actions did not go beyond the powers that were necessary to protect and conserve the trust property and collect and distribute income to the certificate holders.[22]

The Second Circuit, nevertheless, reached the opposite result in the second opinion. In *Commissioner v. North American Bond Trust*,[23] the court recognized that, although the trust arrangement in *North American Bond Trust* was similar to the trust in *Chase National Bank*, the trust instrument in *North American Bond Trust* was also slightly different enough to warrant a different conclusion. Because the trust instrument in *North American Bond Trust* provided the depositor with certain powers that were not present in the *Chase National Bank* trust instrument, the court concluded that the depositor and trustee possessed the power to, effectively, "change the investment of certificate holders at his discretion."[24] In making up new units, the depositor was not confined to the same bonds that he had selected for the previous units. Additionally, the bonds of all units constituted a single pool in which each certificate holder shared according to his proportion of all the certificates issued. As a result, the money from new investors could be used to purchase new bond issues that would in turn reduce the existing certificate holders' interests in the old bond issues. The depositor thus could take advantage of market variations in a manner that could improve the investment of the original investors through dilution of the original investment. Based on these facts, the court held that the depositor "had power, though a limited power, to vary the existing investments of all certificate holders at will"[25] and, accordingly, that the trust was taxable as an association, rather than as a fixed investment trust.

Applied to the Trust, both the Trust Agreement and the Trustees' actions, which according to the Representation Letter, will be conducted in accordance with the Trust Agreement, are consistent with the trust instrument and actions of the fiduciary in *Chase National Bank*. The Trust Agreement limits the Trustees' powers and duties to collection and distribution of income,[26] and further constricts the Trustees' ability to do anything that would put the Trust's status as an investment trust in jeopardy.[27]

Where a trustee's activities are limited essentially to the collection and distribution of income under a trust instrument, the IRS has ruled that no such power to vary the investment of the certificate holders existed.[28] The Ruling involved an individual "*A*", who borrowed money from an unrelated lender (the "Bank") and signed a 10-year, interest-bearing nonrecourse note. *A* then used the proceeds of the loan to purchase rental real property, Black acre, which was the sole collateral for the loan from the Bank. Immediately thereafter, *A* "net" leased the property to *Z* for a term of 10 years.[29] Under the terms of the lease, *Z* was required to pay all taxes, assessments, fees, or other charges imposed on Black acre by federal, state, or local authorities. In addition, *Z* was required to pay all insurance, maintenance, ordinary repairs, and utilities relating to Black acre. *Z* was free to sublease Black acre to anyone *Z* chose. *Z* paid to *A* fixed amount of rent that

[22] *Id.*
[23] 122 F.2d 545 (2d Cir. 1941), cert. denied 314 U.S.701 (1942).
[24] *Id.* at 546.
[25] *Id.*
[26] *See* Trust Agreement at Section 5.3(c).
[27] *See id.*
[28] *See* Rev. Rul. 2004-86, 2004-33 I.R.B. 191.
[29] The Ruling does not indicate whether *A* is related to *Z*, but given that the ruling states that *Z* is not related to persons described in the ruling other than *A*, it can be assumed that *Z* is related to *A*.





could be adjusted by an agreed upon formula that was based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustment to the rate or Index was not within the control of any of the parties to the lease. The rent paid by *Z* was not contingent upon *A*'s ability to lease the property or on *Z*'s gross sales or net profits derived from Black acre.[30]

On the same date that *A* acquired Black acre and leased it to *Z*, *A* also formed a trust under Delaware law to which *A* contributed fee title to Black acre after entering the loan with the Bank and the lease with *Z*. Upon contribution, the trust assumed *A*'s rights and obligations under the loan from the Bank as well as under the lease with *Z*. In accordance with the nonrecourse nature of the note, neither the trust nor any of its beneficial owners were personally liable to the Bank for the loan, which continued to be secured by Black acre. The trust would have terminated on the earlier of 10 years from the date of its creation or the disposition of Black acre, but would not have terminated on the bankruptcy, death, or incapacity of any owner, or the transfer of any right, title, or interest of the beneficial owners, of the trust.

The trust agreement authorized the trustee to engage in only those activities central to the collection, investment, and distribution of income arising from Black acre. It also authorized the trustee to use trust funds to establish a reasonable reserve to pay expenses incurred in connection with holding Black acre. The trustee was required to distribute on a quarterly basis all available cash less such reserves to each beneficial owner in proportion to their respective interests in the trust. The trustee was required to invest cash received from Black acre between each quarterly distribution and all cash reserves in short-term obligations, i.e., maturing prior to the next quarterly distribution date, of (or guaranteed by) the United States or any agency or instrumentality thereof, and in certificates of deposit of any bank or trust company having a minimum stated surplus and capital. The trustee was required to hold such obligations until maturity. In addition to the right to a quarterly distribution of cash, each beneficial owner had the right to an in-kind distribution of its proportionate share of the property of the trust.

The trust agreement prohibited the trustee from engaging in activities beyond the scope of the collection, investment, and distribution of income arising from Black acre. The trustee was not authorized to exchange Black acre for other property, purchase assets other than the short term investments described above or accept additional contributions of assets (including money) for the trust. The trustee could not renegotiate the terms of the debt used to acquire Black acre and could not renegotiate the lease with *Z* or enter into leases with tenants other than *Z*, except in the case of *Z's* bankruptcy or insolvency. In addition, the trustee was permitted, under the trust agreement, to make only minor non-structural modifications to Black acre, unless otherwise required by law. The trust agreement further provided that the trustee could engage in ministerial activities to the extent required maintaining and operating the trust under local law. In addition, the trustee could not enter into a written agreement with *A* or indicate to third parties that the trustee (or the trust) is *A's* agent.

[30] Although the lease from *A* to *Z* is described in the Ruling as a "net" lease, it is not clear whether the lessor or the lessee would be required to make capital improvements or major repairs to the property. Thus, the lease might be "double net," in which the lessor remains liable for certain capital improvements and repairs (such as repairs to the roof) instead of a "triple net" lease in which the lessee is responsible for all costs and expenses associated with the property in all events.





Immediately after *A* contributed *A's* interest in Black acre to the trust, *A* conveyed *A's* entire interest in the trust to *B* and *C* in exchange for interests in White acre and Green acre, respectively. *B* and *C* were not related to the Bank or *Z* (the lessee of Black acre), and neither the trustee nor the trust was an agent of *B* or *C*. *B* and *C* desired to treat their acquired interests in the trust as replacement property pursuant to a Section 1031 like-kind exchange for their relinquished properties, White acre and Green acre, respectively.

Neither the trust nor the trustee entered into a written agreement with *A*, *B* or C creating an agency relationship, and, in dealings with third parties, neither the trust nor the trustee represented itself as an agent of *A*, *B* or C.

To determine whether the trust arrangement qualified as an investment trust classified as a "trust" for federal income tax purposes, the IRS examined whether the trust agreement granted the power to vary the investment of the trust's beneficial interest holders. Because the duration of the trust was the same as the duration of the loan and the lease that were assumed by the trust at the time of its formation, the financing and leasing arrangements of the trust and its assets (Black acre) were fixed for the entire life of the trust. Furthermore, 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 these obligations until maturity. Because the trust agreement required that (i) any cash from Black acre, and any cash earned on short term obligations held by the trust between distribution dates, be distributed quarterly, (ii) no cash could be contributed to the trust by the beneficiaries, (iii) the trust could not borrow any additional money, and (iv) the disposition of Black acre would result in the termination of the trust, the IRS concluded that there was no possibility of the reinvestment of money under the trust agreement.

In the Ruling's analysis, the IRS emphasized that the trustee's activities were limited to the collection and distribution of income. The trustee could not exchange Black acre for other property, purchase assets other than short term investments, or accept any additional contributions of assets (including money) for the trust. The trustee could not renegotiate the terms of the debt used to acquire Black acre and could not renegotiate the lease with *Z* or enter leases with tenants other than *A*, except in the case of *Z*'s bankruptcy or insolvency. In addition, the trustee could make only minor nonstructural modifications to its property except to the extent required by law. The IRS observed that the trustee had none of the powers that would indicate intent to carry on a profit-making business. Accordingly, the IRS concluded that the trustee had no power to vary the investment of the beneficiaries of the trust, which is consistent with the description of an investment trust classified as a "trust" for federal income tax purposes.

The IRS expressly warned in the Ruling 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: (i) dispose of Black acre and acquire new property; (ii) renegotiate the lease with *Z;* (iii) enter into leases with a tenant other than *Z* (except in the case of *Z*'s bankruptcy or insolvency); (iv) renegotiate the obligation used to purchase Black acre (except In the case of *Z*'s bankruptcy or insolvency); (v) receive capital contributions from the investors; (vi) invest cash received to profit from market fluctuations; or (vii) make more than minor non-structural modifications to Black acre that were not required by





law. Thus, it is not sufficient that the trustee never takes any of the actions described above—the trustee must lack the power to undertake such actions.

The IRS also addressed the classification of trust arrangements in several other revenue rulings. Revenue Ruling 75-192[31] 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, which was formed to hold real property, described in Revenue Ruling 79-77[32] as a "trust" for federal income tax purposes. The beneficiaries were required to approve all agreements entered by the trustee and they were personally liable for the debts of the trust. The beneficiaries directed the trustee to enter 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, 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 its assets or upon unanimous agreement of the beneficiaries. Based upon the foregoing, the IRS classified the trust arrangement described in Revenue Ruling 79-77 as a "trust" for federal income tax purposes.

In contrast, the IRS concluded that the trust arrangement described in Revenue Ruling 78-371[33] was classified as a business entity rather than a "trust." Unlike the trust arrangement described in Revenue Ruling 79-77 that restricted the trustee to dealing with a single piece of property subject to a net lease, the trust arrangement in Revenue Ruling 78-371 expressly authorized the trustees to purchase and sell contiguous or adjacent real estate, to accept or reject certain contributions of contiguous or adjacent real estate, and to raze or erect any building or other structure or make any improvements to the land contributed to the trust. The trustees also were empowered to borrow money and to mortgage and lease the trust property. The IRS concluded in Revenue Ruling 78-371 that the trustee's power to engage in extensive real estate operations and to reinvest the sales proceeds in financial products indicated that the trust arrangement was not formed merely to protect and conserve the trust's property and, thus, it ruled that the trust was taxable as a business entity treated as a corporation.

The existence of a power to sell trust assets does not always give rise to a power to vary the trust's investments.[34] 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

[31] 1975-1 C.B. 384.
[32] 1979-1 C.B. 448.
[33] 1978-2 C.B. 344.
[34] *Id.*

can still qualify as an investment trust classified for federal income tax purposes a "trust."[35] 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 to take advantage of variations in the market that prohibit a trust arrangement from being treated as an investment trust classified as a "trust" for federal income tax purposes.

Applied here, the powers and authority granted to the Signatory Trustee in the Trust Agreement are intended to fall within the limited scope of the powers and authority that may be exercised by a trustee of an "investment trust." The Trust Agreement authorizes the Signatory Trustee to collect rents and make distributions, enter into any agreements for the purposes of enabling a Beneficial Owner to complete a like-kind exchange, notify the relevant parties of any default under the Transaction Documents, and enter into a new lease solely under very limited circumstances pertaining to a bankruptcy or insolvency of the Master Tenant.[36] Additionally, the Trust Agreement expressly denies the Signatory Trustee any power or authority to take any action that would cause the Trust to cease to be an "investment trust" described in Treasury Regulations § 301.7701-4(c) or of each Beneficial Owner as a "grantor" within the meaning of § 671 of the Code.[37]

Many of the prohibited actions are factual in nature (i.e., whether or not more than a minor nonstructural modification, other than as required by law was performed at the Property). We are relying on the representations in the Representation Letter regarding certain factual matters and have not independently verified the accuracy of such representations.

Although the Trust Agreement grants certain powers to the Signatory Trustee and the Delaware Trustee that are not addressed in the trust arrangement described in the Ruling, we believe that these powers should not prevent the Trust from being treated as an investment trust. Those powers include (i) the sale of the Property and (ii) the potential liquidation and termination of the Trust as a result of a Transfer Distribution. We believe that neither of these powers permit the Delaware Trustee or the Signatory Trustee to vary the investments of the certificate holders of the Trust in a manner that results in the Beneficial Owners improving their investment results based on variations in the market.[38]

The power granted under the Trust Agreement to sell the Property should not be viewed as a power to vary the Trust's investments because the Trust is prohibited from reinvesting the proceeds of the sale. Immediately after a sale of the Property, the Signatory Trustee must distribute the sales proceeds to the Beneficial Owners and the Trust will terminate. The Delaware Trustee has no power to purchase replacement investments with the proceeds from the sale of the Property. As a result, the fact that the Trustees have the power to sell the Property should not prevent the

[35] *See* Comm'r v. North American Bond Trust, 122 F.2d 545 (2d Cir. 1941), cert. denied 314 U.S. 701 (1941); Pennsylvania Co. for Insurances on Lives and Granting Annuities, 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.
[36] *See* Trust Agreement at Section 5.3(c)(2), (3), (4), (5) and (7).
[37] *See* Trust Agreement at Section 5.3(c).
[38] *See* Rev. Rul. 75-192, 1975-1 C.B. 384 (right to reinvest funds in short-term obligations was not a power to vary the investment); Rev. Rul. 78-371, 1973-1 C.6. 384 (trustee could purchase and sell contiguous or adjacent real estate, accept or reject certain contributions of contiguous or adjacent real estate, raze or erect any building or structure, make any improvements to the land contributed to the trust, to borrow money, and to mortgage and lease the trust property held a business entity and not a trust); Rev. Rul. 73-460,1973-2 C.B. 424 (depositor could direct the trustee under limited circumstances to accept or reject a "substitution" of new bonds for old bonds proposed by the obligor of such bonds, as the depositor might deem proper, held a trust).





Trust from being treated as an investment trust that is classified as a "trust" for federal income tax purposes.

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

Although distinctions exist between the Trust Agreement and the trust arrangement described in the Ruling, we believe that these distinctions are not material. These distinctions include but are not limited to: (i) the ongoing role of the Sponsor or its Affiliate as a Signatory Trustee functioning in a role similar to a trust manager; and (ii) the Trust's potential acceptance of multiple contributions over time, rather than through a single contribution. We contend that, like the material provisions discussed above, these provisions are consistent with, rather than contrary to, the analysis in the Ruling for the reasons set forth below.

First, the Signatory Trustee's ongoing role as a trustee should not be viewed as inconsistent with the analysis in the Ruling or the case law because the Signatory Trustee's powers are limited to the powers and authority that may be exercised by a trustee of a fixed investment trust.

Second, the Trust's acceptance of multiple contributions over time should not be viewed as raising additional capital (which is prohibited under the Ruling) because the capital of the Trust is not increasing. Rather, the proceeds of the additional closings must be distributed to the Depositor. Further, the fact that 100% of the Interests may be sold in multiple closings rather than in a single closing is driven by practical considerations and does not provide a basis for distinguishing a trust from a partnership. In addition, because the structure of the Offering is fixed, the additional contributions do not enable the Trust to benefit from market fluctuations over time.

In sum, because none of these provisions permit the Signatory Trustee to vary the investments of the Trust in a manner that results in the Beneficial Owners improving their investment results based on variations in the market, we believe they are consistent with treating the Trust as a fixed investment trust. In addition, we believe that the Trust Agreement limits the Trustees' actions to those of collecting and distributing income, and where the Sponsor has represented that the Trustees will manage the Trust Assets in accordance with the Trust Agreement, there should be no power to vary the investment of the Beneficial Owners.

B. <u>The Beneficial Owners Should Be Treated as "Grantors," Who Own Direct Interests in the Trust Assets</u>.





Once it is determined that the Trust should be treated as an investment trust and not a business entity, the inquiry turns to the tax treatment of Beneficial Owners and their respective Interests. To obtain look-through treatment of the Trust, the Beneficial Owners must be treated as: (1) "grantors" of the Trust under Subchapter J of the Code, and (2) owning a pro rata share of the Trust Assets.

*(1) The Beneficial Owners should be treated as "Grantors" of a pro rata share of the Trust Assets.*

A "grantor" of a trust includes any person that either creates a trust or directly or indirectly makes a gratuitous transfer of property, including cash, to a trust.[39]

A gratuitous transfer to a trust includes a transfer of cash to the trust in exchange solely for an interest in the trust.[40] Under the grantor trust rules, an individual or entity shall be treated as the "grantor" of any portion of a trust, whose income without the approval or consent of any adverse party, is distributed to the grantor or the grantor's spouse, or is held or accumulated for future distribution to the grantor or the grantor's spouse.[41]

Each Beneficial Owner will transfer cash to the Trust in exchange solely for an Interest in the Trust. Because receiving an Interest in the Trust is not treated as the receipt of property, the Beneficial Owners should be treated as making a gratuitous transfer to the Trust. Thus, the Beneficial Owners should be treated as "grantors" of the Trust.

*(2) As Grantors, the Beneficial Owners should be treated as owning an undivided fractional Interest in the Property for federal income tax purposes.*

A "grantor" that is treated as the owner of an undivided fractional interest of the assets in a trust under the provisions of subchapter J of the Code also is treated as owning an undivided fractional interest of such assets for all federal income tax purposes.[42] 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.[43] A grantor is treated as the owner of any portion of a trust whose income, without the approval or consent of any adverse party is, or in the discretion of the grantor or a non-adverse party or both, may be distributed to the grantor or held or accumulated for future distribution to the grantor. Under the Ruling, the IRS concluded that because *B* and *C* had the right to distributions of all the income of the trust attributable to their undivided fractional interests, they should be treated under § 677 of the Code as owners of the aliquot portion of the trust, and all income, deductions, and credits attributable to that portion were includible by *B* and

[39] Treas. Reg. § 1.672-2(e)(1).
[40] Treas. Reg.§ 1.672-2(e)(2); *see also* Treas. Reg. § 1.672 2(e)(6) Ex. (2).
[41] I.R.C. § 677(a)(1). In addition, 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); Treas. Reg. § 672-2(e)(3); *see also* Treas. Reg. § .672-2(e)(6) Ex. (2).
[42] *See* Rev. Rul. 88-103, 1988-2 C.B. 304; Rev. Rul. 85-45, 1985-1 C.B. 183; Rev. Rul. 85-13, 1985-1 C.B. 184; *see also* Treas. Reg. § 1.10012(c), Examples.
[43] I.R.C. §673(a); I.R.C. §677(a). For purposes of this provision, a trustee who lacks an economic interest in the assets of a trust is not an adverse party. *See* Treas. Reg.§ 672(a).





*C* in computing their respective taxable incomes. Because the owner of an undivided fractional interest of a trust is considered to own the trust assets attributable to that interest for federal income tax purposes, the IRS treated *B* and *C* as each owning an undivided fractional interest in Black acre for federal income tax purposes.

Applied here, the Trust Agreement contains a number of the rights to the Beneficial Owners as "grantors" that should result in the Beneficial Owners being treated as owning a direct interest in the Property. The Beneficial Owners have the right to the distribution of all income received by the Trust without the approval, consent, or exercise of discretion by any person. In addition, the Beneficial Owners have a total reversionary interest in the Trust Assets. These rights should result in the Beneficial Owners being treated as owning a direct interest in the Trust Assets for federal income tax purposes.

- **THE DISCUSSION OF THE FEDERAL INCOME TAX CONSEQUENCES CONTAINED IN THE MEMORANDUM IS CORRECT IN ALL MATERIAL RESPECTS.**

We have reviewed the discussion of federal income tax consequences contained in the Memorandum, and we believe that it is correct in all material respects. Our opinion, however, does not address whether the exchange entered by a Beneficial Owner satisfies all the requirements of § 1031 of the Code.

**CONCLUSION**

Based on the foregoing, it is our opinion that:

1. The Trust should be treated as an "investment trust" described in Treasury Regulation § 301.7701-4(c) that is taxable as a trust and not a business entity;

2. The Beneficial Owners should be treated as "grantors" of the Trust, who own an undivided fractional interest in the Trust Assets for federal income tax purposes; and

3. The federal income tax discussion within the Memorandum is correct in all material respects.

Notwithstanding the foregoing, a transaction that qualifies for non-recognition treatment under § 1031 of the Code for a specific Beneficial Owner involves issues based on numerous specific facts that are not and cannot be known to us. We, therefore, give no opinion as to the ability of any Beneficial Owner to effectuate an acquisition of replacement property under § 1031 of the Code.

As stated above, this Opinion addresses only one aspect of qualifying under § 1031 of the Code - that the Interests should be treated as interests in real property for purposes of § 1031 of the Code. We express no opinion as to (i) whether some portion of the Property may be "personal property" rather than "real property," or (ii) whether certain amounts that the Beneficial Owners pay and are used for offering costs or expenses, financing costs, and funding reserves will be considered taxable boot. We express no opinion about the state or local tax consequences of the transactions described herein.

We are providing this Opinion to support the marketing of the Interests. This Opinion is not intended to be used and cannot be used by any potential investor or Beneficial Owner for purposes of avoiding penalties that may be imposed under federal tax law. Our opinions are limited to the matters expressly stated herein; no further opinion is implied or may be inferred beyond such matters. Finally, our willingness to render the opinions set forth in this Opinion neither implies, nor should be viewed as implying any approval or recommendation of an investment in the Property.

Sincerely,

Perkins Law, PLLC

Perkins Law, PLLC



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## EXHIBIT C

### Tax Equivalent Yield

Attached as Exhibit "C" to the Memorandum is an estimate of the tax equivalent yield on a direct cash investment after the income tax benefit from depreciation. This estimate is provided for the benefit of the prospective investor. This Material is not to be considered tax or legal advice. All prospective investors are instructed to consult with their CPA, Attorneys, or other tax professionals regarding their specific tax liabilities.

**Tax Equivalent Yield Model: Essential Net Lease Industrial 114 DST**

This example illustrates the estimated tax equivalent yield an investor would receive on a direct cash investment after the income tax benefit from depreciation.

| Forecasted Returns | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Current Projected Yield** | **5.50%** | **5.52%** | **5.54%** | **5.56%** | **5.58%** |
| **Tax Equivalent Yield** | **7.16%** | **7.18%** | **7.20%** | **7.22%** | **7.24%** |

**Footnotes / Disclosures**

(1) The projected cash distributions are assumed to be equal to net rental revenue before depreciation for tax purposes, and assumes an investment with tax basis equal to the invested capital.

(2) Depreciation is calculated on a straight-line basis over 39 years for commercial properties.

(3) The cost apportionment to the Building is 97%.

(4) The model assumes an estimated tax rate of both Federal and state taxes of 40%.

(5) Tax-Equivalent Yield is the yield required on a similar investment to equal the after tax cash return.

This material is not to be considered tax or legal advice. Please speak with your CPA and Attorney for details regarding your specific situation. This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Such offers can be made only by the confidential Private Placement Memorandum (the "Memorandum"). Please read the entire Memorandum paying special attention to the risk section prior to investing. Potential returns and appreciation are never guaranteed, and loss of principal is possible. Please speak with your CPA and attorney for tax and legal advice. Diversification does not guarantee returns and does not protect against loss. Prepared by Cove Capital Investments LLC as DST Sponsor and has not undergone an independent audit. Securities offered through FNEX Capital, member FINRA, SIPC.