Name of Offeree: _____ Copy No.: _____

1031CF PORTFOLIO 5 DST
CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
BENEFICIAL INTERESTS IN A DELAWARE STATUTORY TRUST

September 6, 2023

Maximum Offering Amount: $28,400,000
$284,000 per 1.0% Interest
Minimum Purchase: $25,000 (0.0880% Interest)

1031CF Portfolio 5 DST (the "Trust"), a recently formed Delaware statutory trust, is hereby offering (the "Offering") to sell to certain qualified, accredited investors ("Investors" or "Purchasers") pursuant to this Confidential Private Placement Memorandum (with exhibits hereto, the "Memorandum") 100% of the beneficial interests in the Trust (the "Interests").

The Trust has acquired a portfolio consisting of (i) a 50-unit assisted living and memory care facility licensed for 100 beds (the "Gold Choice Palm Coast Facility") located at 3830 Old Kings Road, Palm Coast, Florida 32137 (the "Gold Choice Palm Coast Property"), and (ii) a 64-unit assisted living and memory care facility licensed for 72 beds (the "Canopy at Harper Lake Facility" and together with the Gold Choice Palm Coast Facility, the "Facilities") located at 213 NW Gleason Drive, Lake City, Florida 32055 (the "Canopy at Harper Lake Property" and together with the Gold Choice Palm Coast Property, the "Properties"). The terms of the Trust are governed by an amended and restated trust agreement attached as Exhibit A hereto (the "Trust Agreement"). 1031CF Portfolio 5 ST LLC, a Delaware limited liability company and an Affiliate of 1031 CF Properties, LLC, a California limited liability company (the "Sponsor"), is the signatory trustee under the Trust Agreement (the "Signatory Trustee") and is responsible for the operation of the Trust. Sorensen Entity Services LLC serves as Delaware statutory trustee for the Trust (the "Delaware Trustee"), pursuant to the terms of the Trust Agreement. The residents of the Properties are collectively referred to herein as the "Residents," and each, a "Resident." The Residents lease each of the Properties pursuant to residency agreements, referred to herein as the "Rental Agreements," and each, a "Rental Agreement."

The Trust has acquired the Gold Choice Palm Coast Property from Old Kings Road, LLC, a Florida limited liability company (the "Palm Coast Seller"), and the Canopy at Harper Lake Property from Harper Lake Holdings, LLC and Harper Lake Operations, LLC, each a Florida limited liability company (collectively the "Harper Lake Seller" and together with the Palm Coast Seller, the "Sellers"), a fee simple interest in the Properties on September 1, 2023 (the "Closing Date") for an aggregate purchase price of $21,150,000 (the "Purchase Price") plus payment of closing costs and related transactional costs, pursuant to the respective Contracts of Purchase and Sale, each dated April 6, 2023, as amended (the "Contracts of Purchase and Sale") by and between the Sponsor and the Sellers. In addition, as an inducement to the Trust to acquire the Canopy at Harper Lake Property, the Harper Lake Seller has funded an escrow of $500,000 in favor of the Harper Lake Master Tenant of the to support Seller's guaranty of the Canopy at Harper Lake Property's annual net operating income of $885,000 during the first eighteen (18) months of operations following closing, pursuant to a Closing Holdback Escrow Agreement dated as of the Closing Date (the "Closing Escrow Agreement") between the Harper Lake Seller, Harper Lake Master Tenant, and Zimmerman, Kiser, P.A. ("Holdback Escrow Agent").

The "as-is" market value of the fee simple interest in the Gold Choice Palm Coast Property as of July 13, 2023 was $10,870,000 and the "as-is" market value of the fee simple interest in the Canopy at Harper Lake Property as of July 20, 2023 was $11,770,000, for a combined total of $22,640,000 according to the Appraisals (as defined herein). Before the Closing Date, 1031CF Portfolio 5 Holdings LLC, a Delaware limited liability company and an Affiliate of the Trust (the "Depositor"), contributed to the Trust (i) its right to acquire the Properties and (ii) the Cash Contribution (as defined below) (collectively, the "Depositor Contribution") in exchange for its receipt of unsold beneficial interests of the Trust (the "Unsold Interests"). 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.

The Depositor funded the acquisition and closing costs for the acquisition of the Properties through a contribution by the Depositor to the Trust in cash of an amount equal to $24,989,000 (the "Cash Contribution"). The Trust also established a reserve out of the Cash Contribution in the amount of $600,000 (the "Trust-Held Reserve"). The Depositor funded the Cash Contribution with preferred equity issued by the Depositor. See "ESTIMATED USE OF PROCEEDS", "ACQUISITION AND FINANCING OF THE PROPERTIES" and "CONFLICTS OF INTEREST."

The Trust is a passive owner of the Properties and is not involved in any manner in the active management of the Properties or the operation of the Facilities. Concurrently with the acquisition of the Properties, the Trust (i) master leased the Gold Choice Palm Coast Property to 1031CF Palm Coast MT LLC, a Delaware limited liability company (the "Palm Coast Master Tenant") and a wholly owned subsidiary of 1031CF Palm Coast Holdings LLC, a Delaware limited liability company ("Palm Coast Holdings") and a wholly owned subsidiary of the Sponsor, pursuant to a master lease agreement (the "Palm Coast Master Lease"), attached as Exhibit B hereto, and (ii) master leased the Canopy at Harper Lake Property to 1031CF Lake City MT LLC, a Delaware limited liability company (the "Harper Lake Master Tenant" and together with the Palm Coast Master Tenant, the "Master Tenants") and a wholly owned subsidiary of 1031CF Harper Lake Holdings LLC, a Delaware limited liability company ("Harper Lake Holdings") and a wholly owned subsidiary of the Sponsor, pursuant to a master lease agreement (the "Harper Lake Master Lease" and together with the Palm Coast Master Lease, the "Master Leases") attached as Exhibit C hereto. Capitalized terms relating to the applicable Master Lease that are not defined in this Memorandum are defined in the applicable Master Lease. The Master Tenants may engage third parties to manage some of its responsibilities under the Master Leases.

The Master Tenants have engaged third parties to manage some of their responsibilities under the Master Leases and to manage the operations of the Facilities. The Master Tenants have entered into individual property management agreements with respect to each of the Properties (the "PMAs") with AGNES Healthcare, LLC, doing business as Gold Choice Senior Management, a Florida limited liability company (the "Property Manager").

Interests will be sold to the Purchasers on the terms and conditions described herein for a total cost of $28,400,000 (the "Maximum Offering Amount"). The Maximum Offering Amount consists of the costs described herein, including: (i) the total purchase price of $21,150,000 payable to the Sellers, (ii) selling commissions, managing broker-dealer fee and due diligence allowances, (iii) organizational and offering expenses, (iv) closing costs, including title insurance, escrow fees, pro-rations, document preparation fees, miscellaneous recording fees and charges and legal fees, (v) acquisition fee, including amounts reallocated to the Master Tenants at closing (approximately $100,000) or as may be used to fund the Demand Note (as defined below); and (vi) preferred equity carrying costs. The Offering will continue until the earlier of (i) the sale of all of the Interests; (ii) eighteen (18) months from the commencement of the Offering (the "Offering Termination Date"); or (iii) the termination of the Offering by the Signatory Trustee in its sole discretion. Each sale of Interests to the Purchasers will reduce the ownership of the Depositor in the Trust by a proportionate amount, and the proceeds from this Offering will be used by the Signatory Trustee, in part, to redeem the beneficial interests held by the Depositor. In connection with the acquisition of Interests, each Investor will acknowledge that it is bound by the terms of the Trust Agreement. The Sponsor or its Affiliates may purchase Interests in this Offering. Such Affiliates may hold any Interests so purchased or transfer to third party after the receipt of the Maximum Offering Amount in this Offering.

An investment in the Interests is highly speculative and involves substantial risks including, but not limited to:

- this is a "best efforts" offering with no minimum raise requirement;
- risks associated with investments in real estate;
- risks associated with owning and operating a senior living facility in Palm Coast, Florida;
- risks associated with owning and operating a senior living facility in Lake City, Florida;
- risks related to the compliance with laws and regulations related to the ownership and operation of senior living facilities;
- the impact of an epidemic where the Properties are located, or a pandemic, either of which may adversely affect the local or global economy and the operations of the Facilities;
- lack of liquidity of the Interests;
- the holding of a beneficial interest in the Trust with no voting rights as to the management of the Trust or a sale or other disposition of the Properties, including with respect to a 721 Exchange (as defined below);
- there are risks related to competition from properties, similar to and near the Properties, including properties that are, or may in the future be, owned and operated by Affiliates of the Trust;
- performance of the Master Tenants under the Master Leases;
- expiration of the Rental Agreements between the Master Tenants and the Residents of the Properties or the nonperformance of the Residents under such Rental Agreements;
- environmental risks;
- lack of diversity of investment;
- reliance on the Master Tenants (and the Property Manager engaged by the Master Tenants) to manage the Properties;
- the Interests being subject to the restrictions in the Trust Agreement;

- the existence of various conflicts of interest among the Sponsor, the Trust, the Master Tenants, and its Affiliates; and
- significant material tax risks, including treatment of the Interests for Section 1031 exchange purposes, and the use of exchange funds for reserves, which may result in taxable boot.

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.

The purchase price for a 1.0% Interest is $284,000. The minimum purchase is a 0.0880% Interest, a $25,000 investment, unless the Signatory Trustee, in its sole discretion, allows a smaller investment. See "SUMMARY OF PURCHASE AGREEMENT AND INSTRUCTIONS."

	Price to[(1)] Investors in Interests	Selling Commissions And Expenses[(2)]	Proceeds to the Trust[(3)]
Per 1.0% Interest in the Trust	$284,000	$25,560	$258,440
Minimum Purchase	$25,000	$2,250	$22,750
Maximum Offering	$28,400,000	$2,556,000	$25,844,000

(1) The minimum purchase per Investor in the Trust is a 0.0880% Interest for a purchase price of $25,000 except that the Signatory Trustee may permit a smaller investment in its sole discretion.

(2) Offers and sales of Interests will be made on a "best efforts" basis by broker-dealers (the "Participating Dealers") who are members of the Financial Industry Regulatory Authority, Inc. ("FINRA") and registered investment advisors ("RIAs") may provide information regarding the Interests to their clients who may also subscribe to the Offering. In addition, Capulent LLC, a California limited liability company and a member of FINRA (the "Dealer-Manager"), will act as the dealer manager of the Offering. Certain Affiliates of the Sponsor are registered representatives of the Dealer-Manager and, as such, may participate in selling Interests and receive selling compensation therefore. The following commissions and expenses will be paid to the Dealer-Manager from the gross proceeds of the Offering (the "Offering Proceeds"): (i) selling commissions (the "Selling Commissions") equal to five percent (5%) of the Offering Proceeds, (ii) a placement fee (the "Placement Fee") in an amount equal to one percent (1%) of the Offering Proceeds, (iii) a wholesaling fee (the "Wholesaling Fee") in an amount equal to one percent (1%) of the Offering Proceeds, (iv) a due diligence allowance (the "Due Diligence Allowance") of up to one percent (1%) of the Offering Proceeds, and (v) a dealer manager fee (the "Dealer-Manager Fee") in an amount of up to one-percent (1%) of the Offering Proceeds (the Selling Commissions, Placement Fee, Wholesaling Fee, Due Diligence Allowance and the Dealer-Manager Fee are collectively referred to as the "Selling Expenses"). The Dealer-Manager may reallow the Selling Commissions, Placement Agent Fee, Wholesaling Fee and Due Diligence Allowance to other broker-dealers engaged by the Dealer-Manager for the Offering. Under no circumstances will the total Selling Expenses exceed nine percent (9%) of the gross proceeds of the Offering. In addition, the Sponsor is entitled to reimbursement for organization and offering expenses (the "Organization and Offering Expenses") equal to approximately 1.12% of the gross proceeds of the Offering as reimbursement for expenses incurred in connection with the Offering, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, accounting and other fees and expenses incurred in connection with the Offering. If the actual Organization and Offering Expenses are greater than this amount, the Sponsor will fund the shortfall, and if such expenses are less than this amount, the excess funds will be retained by the Sponsor. The Selling Expenses and the Organization and Offering Expenses (collectively the "Selling Commissions and Expenses") will not exceed 10.12% of the gross proceeds of the Offering. 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 an RIA.

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

Inquiries regarding purchases of Interests should be directed to 1031CF Portfolio 5 DST, c/o 1031 Crowdfunding, LLC, 2603 Main Street, Suite 1050, Irvine, California 92614. The telephone number for 1031 Crowdfunding is (844) 533-1031. Emails should be directed to the Trust at Investor@1031crowdfunding.com.

These securities have not been approved or disapproved by the Securities and Exchange Commission ("SEC") or the securities regulatory authority of any state, nor has the SEC or any securities regulatory authority of any state passed upon the accuracy or adequacy of the 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. 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.

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

Purchase of the Interests involves certain substantial risks, including material tax risks. Purchasers must read and carefully consider the discussion set forth below in "RISK FACTORS" and "FEDERAL INCOME TAX CONSEQUENCES." Purchase of 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 does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorized.

This Memorandum has been prepared solely for the benefit of prospective Purchasers (and their authorized representatives and advisors) interested in the Offering, and recipients of the Memorandum are required to keep such information 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 you or your representative requests for the purpose of evaluating the merits and risks of this offering of Interests.

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

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 or more investors in Florida, any Florida investor may, at his option, void any purchase hereunder within a period of three days after he (a) first tenders or pays to the Trust, an agent of the Trust, or an escrow agent the consideration required hereunder or (b) delivers his 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 three-day period, stating that he is voiding and rescinding the purchase. If any purchaser 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.

FOR PENNSYLVANIA RESIDENTS

These securities have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom. Any sale made pursuant to such exemption is voidable by a Pennsylvania purchaser within two business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is not a written binding contract or purchase, within two business days after he or she makes the initial payment for the Interests being offered. However, this right is not available to any purchaser who is a bank, trust company, savings institution, insurance company, securities dealer, investment company (as defined in the Investment Company Act), pension or profit-sharing trust, any qualified institutional buyer as defined in 17 C.F.R. 230.144A(a), under the Securities Act, or such other financial institutions as defined by the Pennsylvania Securities Act of 1932 or regulation of the Pennsylvania Securities Commission.

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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 the exemption from the registration requirements of the Securities Act and such state laws provided under Rule 506(c) of Regulation D promulgated under the Securities Act. 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 Purchaser 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 Purchaser or for any other reason or for no reason. 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. These securities have not been recommended by any federal or state securities commission or regulatory authority.

The Interests are speculative, involve a significant 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 Purchasers who:

(1) purchase a minimum of $25,000 of Interests unless the Signatory Trustee, in its sole discretion, waives the applicable minimum purchase requirement;

(2) represent in writing that they are “Accredited Investors” (as defined by Rule 501 of Regulation D promulgated under the Securities Act); and

(3) satisfy the investor suitability requirements established by the Signatory Trustee and as may be required under federal or state law.

Each prospective Purchaser must represent in writing that he meets, among others, ALL of the following requirements:

(1) He has received, read and fully understands this Memorandum, he is basing his decision to invest only on this Memorandum, he has relied only on the information contained in this Memorandum, and he has not relied upon any representations made by any other person or other means;

(2) He understands that an investment in the Interests involves substantial risks and he 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”;

(3) His overall commitment to investments that are not readily marketable or redeemable is not disproportionate to his individual net worth, and his investment in the Interests will not cause such overall commitment to become excessive;

(4) He has adequate means of providing for his financial requirements, both current and anticipated, and has no need for liquidity in this investment;

(5) He can bear, and is willing to accept, the economic risk of losing his entire investment in the Interests;

(6) He is acquiring the Interests for his 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

(7) He is an Accredited Investor (as defined under Rule 501 of Regulation D of the Securities Act).

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

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

(2) The prospective Purchaser is a natural person whose individual Net Worth (as defined below), or joint net worth with that person's spouse (or spousal equivalent), excluding the value of the primary residence, exceeds $1,000,000 at the time of purchase of the Interests; or

(3) The prospective Purchaser is an organization described under Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust or a partnership, not formed for the specific purpose of acquiring the Interests, with total assets in excess of $5,000,000; or

(4) The prospective Purchaser is a holder in good standing of certain professional certifications or designations, including the Financial Industry Regulatory Authority, Inc. Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65), or Licensed Private Securities Offerings Representative (Series 82) certifications.

(5) The prospective Purchaser is an entity with investments (as defined in Section 2a51-1(b) of the Investment Company Act) exceeding $5,000,000, not formed for the specific purpose of acquiring the Interests;

(6) The prospective Purchaser is a family client of a family office with total assets of at least $5,000,000, not formed for the specific purpose of acquiring Interests and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of an investment in Interests as described in Section 202(a)(11)(G)-1(b) under the Advisers Act;

(7) The prospective Purchaser is an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"), or an exempt reporting adviser (as defined in Section 203(l) or Section 203(m) of the Advisers Act), or a state-registered investment adviser;

(8) The prospective Purchaser is a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended;

(9) The prospective Purchaser is an investment company registered under the Investment Company Act of 1940 (the "Investment Company Act") or a business development company (as defined in Section 2(a)(48) of the Investment Company Act);

(10) The prospective Purchaser is a small business investment company licensed by the Small Business Administration under Section 301(c) or (d) or the Small Business Investment Act of 1958, as amended;

(11) The prospective Purchaser is an entity in which each of the equity owners is an Accredited Investor (as defined in subparagraphs (1) and (2) above); or

(12) The prospective Purchaser is one of the Trust's officers, directors, advisory board members or trustees or persons serving in a similar capacity; or

(13) The prospective Purchaser is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Interests, whose purchase is directed by a "sophisticated person" as defined in Rule 506(b)(2)(ii) of Regulation D under the Securities Act; or is a revocable trust whose settlor-trustees are all Accredited Investors; or

(14) The prospective Purchaser is an employee benefit plan within the meaning of the U.S. Federal Employment Rights and Income Security Act, U.S.C. Title 29, Section 18, or 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 Purchaser's Net Worth, "Net Worth" means the excess of total assets at fair market value (including personal and real property but excluding the estimated fair market value of a person's primary home) over 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 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 securities for the purpose of investing in the securities. 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 (i) or (ii) of the first sentence of this paragraph (g). However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

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.

Representations with respect to the foregoing and certain other matters will be made by each prospective Purchaser in the Purchase Agreement and Escrow Instructions. Prospective Purchasers 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 Purchaser satisfies the applicable standards at any time prior to acceptance. Prospective Purchasers are not obligated to supply any information so requested by the Signatory Trustee, but the Signatory Trustee may reject a Purchase Agreement and Escrow Instructions from any prospective Purchaser who fails to supply any information so requested.

SEC Rule 506(c) requires an issuer to take "reasonable steps" to verify that each investor is accredited. The Signatory Trustee will perform the accredited investor verification required by SEC Rule 506(c) certifying the accredited investor status of each investor. If an investor does not provide the required information, or if the Signatory Trustee does not believe an investor's accredited status has been verified, then the investor will not be permitted to invest regardless of whether the investor is actually accredited.

The investor suitability requirements stated above represent minimum suitability requirements, as established by the Signatory Trustee for prospective Purchasers. However, satisfaction of such requirements will not necessarily mean that the Interests are a suitable investment for the prospective Purchaser, or that the Signatory Trustee will accept the prospective Purchaser's Purchase Agreement and Escrow Instructions. 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 Purchasers.

THE INTERESTS MAY NOT BE SUITABLE INVESTMENT FOR A QUALIFIED PLAN, AN 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.

Also, each Purchaser must represent in writing that he also meets, among other requirements, the following additional investment requirements:

THE PURCHASER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS, ESPECIALLY THE QUALIFICATION OF THE INTERESTS UNDER INTERNAL REVENUE CODE SECTION 1031 AND THE RELATED TREASURY REGULATIONS, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER. FURTHER, THE PURCHASER REPRESENTS AND WARRANTS THAT: (I) HE HAS CONSULTED HIS 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 OF TAX COUNSEL ATTACHED AS EXHIBIT F, HE IS NOT RELYING ON THE SPONSOR, THE SIGNATORY TRUSTEE OR ANY OF THEIR AFFILIATES OR AGENTS, INCLUDING THEIR COUNSEL AND ACCOUNTANTS, OR ANY MEMBER OF THE SELLING GROUP FOR TAX ADVICE REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031 OR ANY OTHER MATTER; (III) EXCEPT FOR THE TAX OPINION OF TAX COUNSEL ATTACHED AS EXHIBIT F, WHICH IS BASED ON NUMEROUS ASSUMPTIONS AND QUALIFICATIONS THAT MAY NOT BE APPLICABLE TO THE PURCHASER, HE IS NOT RELYING ON ANY STATEMENTS MADE IN THIS MEMORANDUM REGARDING THE QUALIFICATION OF THE INTERESTS UNDER SECTION 1031; (IV) HE UNDERSTANDS THE TAX OPINION IS COUNSEL'S VIEW OF THE ANTICIPATED TAX TREATMENT AND THERE IS NO GUARANTY THAT THE IRS WILL AGREE WITH SUCH OPINION; (V) HE IS AWARE THAT THE IRS HAS ISSUED REVENUE RULING 2004-86, 2004-2 C.A. 191 SPECIFICALLY ADDRESSING DELAWARE STATUTORY TRUSTS, 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 (VI) HE SHALL, FOR FEDERAL INCOME TAX PURPOSES, REPORT THE PURCHASE OF THE INTEREST PURSUANT TO THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS AS A PURCHASE OF A DIRECT OWNERSHIP INTEREST IN THE PROPERTIES.

No person has been authorized by the Signatory Trustee to make any representations or furnish any information with respect to the Signatory Trustee or 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 Purchaser or its representatives upon request to the Signatory Trustee. During the course of this Offering and prior to sale, each prospective Purchaser 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 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 described above, do not read further and immediately return this Memorandum to the Signatory Trustee. In the event you do not meet such requirements, this Memorandum does not constitute an offer to sell Interests to you.

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.

In addition, the Interests may not be offered, sold, transferred or delivered, directly or indirectly, to any person who:

- has more than 15% of its assets in Sanctioned Countries; or
- derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

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

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HOW TO PURCHASE

Interests may only be purchased by "Accredited Investors" as described above in "WHO MAY INVEST." Prospective Investors who would like to invest in Interests must read carefully this Memorandum. Then, prospective Investors must complete and execute and deliver the Purchaser Questionnaire, the form of which is attached hereto as Exhibit G. Unless otherwise directed by the Trust, an Investor's Purchaser Questionnaire should be mailed or delivered to the Trust at the following address:

1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, CA 92614
Attn: Edward E. Fernandez
Investor@1031crowdfunding.com

The Signatory Trustee will review the signed Purchaser Questionnaire and attempt to verify the Purchaser's investment qualification. Following the Trust's receipt of a prospective Purchaser's completed and executed Purchaser Questionnaire, the Trust may, in its discretion, prepare an individualized Purchase Agreement and signature page to the Trust Agreement for such prospective Investor. The form of the Purchase Agreement and Escrow Instructions is attached hereto as Exhibit E. Upon receipt, prospective Investors must (1) execute the Purchase Agreement, and (2) mail or deliver an original executed copy to the Trust at the address above. The purchase price for the Interests will be payable in accordance with the terms of the Purchase Agreement. Within thirty (30) days after receipt of the executed Purchase Agreement, the Trust will verify the prospective Investor's investment qualification and notify the prospective Investor of the acceptance or non-acceptance of its Purchase Agreement, in the Trust's sole discretion. If the Trust accepts a prospective Investor's Purchase Agreement, then such Investor shall tender the purchase price for its Interest in accordance with its Purchase Agreement and shall deliver to the Trust an executed signature page to the Trust Agreement prior to the closing of such Investor's purchase of an Interest. See "SUMMARY OF PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS."

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SUMMARY OF THE OFFERING

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

Interests Offered:

The Interests being offered pursuant to this Memorandum are beneficial interests in 1031CF Portfolio 5 DST, a newly formed Delaware statutory trust. The Interests are being offered to prospective Investors for a Maximum Offering Amount of $28,400,000 or $284,000 per 1% Interest. This is an all equity offering with no debt attributable to the Interests. The minimum purchase is an 0.0880% Interest (or $25,000). The Offering will continue until the Offering Termination Date, which is the earlier of (i) the sale of all of the Interests; (ii) eighteen (18) months from the commencement of the Offering; or (iii) the termination of the Offering by the Signatory Trustee in its sole discretion. The Signatory Trustee has the right, in its sole discretion, to waive the minimum purchase requirement. See "PLAN OF DISTRIBUTION."

Only Investors who have cleared the accreditation process may be eligible to purchase an Interest. The Purchasers of Interests will own beneficial interests in the Trust. Each Investor will be subject to the terms of the Trust described in the Trust Agreement, the form of which is attached hereto as Exhibit A. Investors will have no voting rights with respect to the affairs of the Trust and will not have legal title to any portion of the Properties. Investors will not be permitted to seek partition of the assets of the Trust, including the Properties. Investors will not be permitted to file a petition in bankruptcy on behalf of any of the Trust or to otherwise take any action in support of the filing of an involuntary bankruptcy proceeding involving any of the Trust. Except as provided otherwise in the Trust Agreement and Master Leases and as summarized in this Memorandum, the Investors will be entitled, based on their respective Interests in the Trust, to cash distributions of the net operating cash flow of the Trust and the net proceeds from any sale, exchange, or financing of the Properties, 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. Such cash flow is expected to be distributed on a monthly basis. See "SUMMARY OF THE MASTER LEASES" and "COMPENSATION OF THE SPONSOR, MASTER TENANTS, AND AFFILIATES."

At no time shall the number of Investors exceed the number of persons constituting the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934, or any successor provision. See "SUMMARY OF THE TRUST AGREEMENT."

Properties – Description:

The Gold Choice Palm Coast Property is a 50-unit (licensed for 64 assisted living beds and 36 memory care beds, or a maximum of 100 beds, although in the opinion of the Sponsor and the existing Property Manager, the functional maximum number of beds is 87) assisted living and memory care facility located at 3830 Old Kings Road, Palm Coast, Florida 32137. Located on 6.60 acres, the community totals 33,552 gross square feet over one (1) 1-story structure. Amenities include a library, mail room, beauty/barber shop, resident laundry room, commercial laundry room, multi-purpose room, living room, and wellness/therapy facilities.

The Canopy at Harper Lake Property is a 64-unit (44 assisted living units and 20 memory care units, some of which can accommodate double occupancy, licensed for a total of 72 beds, which, in the opinion of the Sponsor and the existing Property Manager, is also the functional maximum) assisted living and memory care facility located at 213 NW Gleason Drive, Lake City, Florida 32055. Located on 5.73 acres, the community totals 47,552 gross square feet in one (1) 1-story structure. Amenities

include a library, mail room, beauty/barber shop, resident laundry room, commercial laundry room, multi-purpose room, living room, and wellness/therapy facilities.

Integra Realty Resources (the "Appraiser") has provided a Real Estate Appraisal for the Gold Choice Palm Coast Property, dated July 13, 2023 (the "Palm Coast Appraisal"), and has provided a Real Estate Appraisal for the Canopy at Harper Lake Property, dated July 20, 2023 (the "Harper Lake Appraisal" and together with the Palm Coast Appraisal, the "Appraisals").

AEI Consultants ("Environmental Assessor") has provided Phase I Environmental Site Assessments for both the Gold Choice Palm Coast Property, dated June 6, 2023 (the "Palm Coast Phase 1 Assessment"), and the Canopy at Harper Lake Property, dated June 6, 2023 (the "Harper Lake Phase 1 Assessment" and together with the Palm Coast Phase 1 Assessment, the "Phase 1 Assessments"). One environmental consideration was reported for the Gold Choice Palm Coast Property and no recognized environmental conditions were reported for the Canopy at Harper Lake Property.

AEI Consultants (the "Property Assessor") has also provided Property Condition Assessments for both the Gold Choice Palm Coast Property, dated June 7, 2023 (the "Palm Coast PCA") and the Canopy at Harper Lake Property, dated June 7, 2023 (the "Harper Lake PCA" and together with the Palm Coast PCA, the "PCAs"). The Property Assessor recommended no immediate capital expenditures at the Gold Choice Palm Coast Property, one short term repair needed in the amount of $7,500 and estimated an additional $327,846 of capital expenditures (including adjustments for inflation) to be necessary over the expected hold period. The Property Assessor recommended three immediate capital expenditures of $5,625 for the Canopy at Harper Lake Property, two short term repairs needed for $16,380, and estimated an additional $569,045 (including adjustments for inflation) to be necessary over the expected hold period. See "SUMMARY OF THE PROPERTIES – Summary of Property Condition Assessments."

Copies of the Appraisals, the Phase I Assessments, and the PCAs will be provided upon request electronically. See "DESCRIPTION OF THE PROPERTIES." See "RISK FACTORS – Real Estate Risks." See "RISK FACTORS – Real Estate Risks - Third-Party Reports; No Investor Reliance."

Property – Acquisition: The Trust acquired from Seller a fee simple interest in the Properties on September 1, 2023, for an aggregate Purchase Price of $21,150,000, plus payment of closing costs and related transactional costs, all pursuant to the terms of the Contracts of Purchase and Sale by and between Sellers and Sponsor.

Based on the Appraisals, the "as-is" market value of the fee interest in the Gold Choice Palm Coast Property as of July 13, 2023 was $10,870,000 and the "as-is" market value of the fee simple interest in the Canopy at Harper Lake Property as of July 20, 2023 was $11,770,000, for a combined total of $22,640,000 for both Properties. The market value according to the Appraisals represents the value of the Properties "as-is".

The Depositor has assigned the Contracts of Purchase and Sale with the Sellers to the Trust in connection with the consummation of the acquisition of the Properties. Before the Closing Date, the Depositor contributed to the Trust (i) its right to acquire the Properties, and (ii) the Cash Contribution (collectively, the "Depositor Contribution") in exchange for its receipt of the unsold beneficial interests of the Trust. The Trust is a passive owner of the Properties and is not involved in any manner in the active management of the Properties or the operation of the Facilities. Concurrently with the acquisition of the Properties, the Trust has master leased the Properties to the Master Tenants pursuant the Master Leases.

A portion of the Purchase Price was attributable to personal property and other classes of assets other than real property. Information about the allocation of the Purchase Price among classes of assets is available upon request from the Signatory Trustee.

Financing of the Properties (Depositor Contribution):

The Depositor intends to fund the acquisition and closing costs for the acquisition of the Property by making the Cash Contribution to the Trust in an amount of up to $24,989,000. The Depositor intends to fund the Cash Contribution with preferred equity issued by the Depositor, including one or more affiliates of the Sponsor, until sufficient funds are raised through the sale of Interests in this Offering. See "ESTIMATED USE OF PROCEEDS", "ACQUISITION OF THE PROPERTY" and "CONFLICTS OF INTEREST."

Properties – Master Leases:

The Trust has entered into the Master Leases with the Master Tenants as attached to this Memorandum as Exhibit B and Exhibit C, respectively. The Master Tenants are wholly-owned subsidiaries of Palm Coast Holdings and Harper Lake Holdings, respectively, each of which are wholly-owned subsidiaries of the Sponsor (or its Affiliate) and Affiliates of the Depositor. Capitalized terms relating to the Master Leases that are not defined in this Memorandum are defined in the Master Leases. The Master Tenants have engaged third parties to manage some of their responsibilities under the Master Leases.

Under the Master Leases, the Trust has master leased the Properties, along with the Facilities and all equipment and tangible and intangible personal property located in the Facilities and on the Properties, to the Master Tenants for an original term of ten (10) years and the Master Tenant has the right, in its sole discretion, to renew each Master Lease for three (3) additional terms of five (5) years each.

During the term of, and subject to the provisions of, the Master Leases, the Master Tenants are obligated to pay the Rent to the Trust and to pay certain other expenses. See "SUMMARY OF THE MASTER LEASES" and "RISK FACTORS – Real Estate Risks." The rent payable by the Master Tenant (the "Rent") consists of: (i) certain expenses of the Trust, amounts equal to the contributions to the Trust-Held Reserve expected to be made, the Asset Management Fee (as defined herein) payable to the Sponsor pursuant to the Asset Management Agreement (as defined herein), certain investor relations and administrative costs of the Trust, the fees payable to the Delaware Trustee and Signatory Trustee under the Trust Agreement ("Base Rent") and (ii) a stated rent ("Stated Rent"). The amount of Rent that may be payable under the Master Leases is summarized in the section of this Memorandum titled "SUMMARY OF THE MASTER LEASES."

Rent received by the Trust from the Master Tenants will be distributed to the Investors net of (i) any reserves including contributions to the Trust-Held Reserve, and (ii) payment of expenses and fees incurred by the Trust, including those expenses described in the section of this Memorandum titled "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

See "SUMMARY OF THE MASTER LEASES" and Exhibits B and C – Form of Master Leases.

Operation and Management of the Properties

Property Management Agreements

The duties of the Master Tenants generally include, but are not limited to, the operation, repair, replacement, maintenance and management of the Facilities and the Properties, except that, generally, the Master Tenants are not responsible for "Capital Expenses" as defined in the Master Leases or for the costs of repair following a condemnation or casualty. The Master Tenants have engaged the Property Manager to perform some or all of their duties.

The Master Tenants will pay the Property Manager a property management fee of five percent (5.5%) of the total operating revenues of the Facilities due and payable in advance on the first day of each month, with a true-up adjustment of such fee to reflect the actual total operating revenues for the month, with a resulting increase or decrease payable in the month following such true-up calculation (the "Property Management Fee"). The Property Manager will also receive an incentive management fee in calendar year 2023 of 25% of the amount actual earnings before interest, taxes, depreciation and amortization ("EBITDA") is in excess of $70,833 per month, for each of the Gold Choice Palm Coast Facility and Canopy at Harper Lake Facility (the "Incentive Management Fee"). For calendar years after 2023, the Property Manager will earn an annual Incentive Management Fee of 25% of the amount actual EBITDA is in excess of certain annual EBITDA thresholds for each Facility. See "SUMMARY OF THE MASTER LEASES" for details about which costs are the responsibility of the Trust and which costs are the responsibility of the Master Tenants. The objective of the Master Tenants is to generate cash flow for the payment of the Rent by using their best efforts to sustain occupancy and maintain market rates at the Facilities as determined in its discretion. Any property manager may be hired or terminated, including a property manager affiliated with the Sponsor or its principals, solely in the discretion of the Master Tenants without consultation with, or notice given to, the Trust or the Investors. The Investors will not be involved in the operation or management of the Facilities or the Properties. See "SUMMARY OF THE MASTER LEASES," "SUMMARY OF THE TRUST AGREEMENT" and "RISK FACTORS – Real Estate Risks."

Master Tenant Capitalization:

The capitalization of the Master Tenants is provided by (i) rents received from the Rental Agreements; and (ii) a portion of the acquisition fee that will be reallocated to the Master Tenants in an initial amount of approximately $100,000 and to fund the $600,000 demand note from the Sponsor in favor of the Master Tenants in the form attached hereto as Exhibit H (the "Demand Note"). The funds for the Demand Note and reallocated acquisition fee will come from Offering Proceeds, and any amounts not funded to the Master Tenants pursuant to the Demand Note will be retained by the Sponsor as additional acquisition fee compensation. However, the Sponsor has no obligation to escrow or otherwise reserve such funds and may use them for purposes other than funding the Demand Note. The Sponsor anticipates causing the Master Tenants to distribute $100,000 of reallocated acquisition fee to the Sponsor within the first 6 months of the hold period. See "RISK FACTORS – Real Estate Risks – The Sponsor May be Unable to Fulfill Its Obligations Under the Demand Note."

Properties Sale:

The anticipated holding period of the Properties is subject to the sole discretion of the Signatory Trustee based on market conditions at the time; provided, however, that the Trust is required to hold the Properties for a minimum of one (1) year after the date of the admittance of the last Investor to the Trust. The Investors will not be entitled to approve a sale, exchange, or other disposition of the Properties, including an exchange pursuant to Code Section 721. The Trust shall be responsible for paying any sales commission to a broker in connection with a sale; provided, that any such commission shall reduce the Disposition Fee (as defined below) payable to the Master Tenant. See "SUMMARY OF THE TRUST AGREEMENT" and "RISK FACTORS – Risks Relating to the Trust Structure – Investors Have Limited Control over the Trust."

Disposition Fee:

Upon the sale of the Properties, the Master Tenants will be entitled to a disposition fee (the "Disposition Fee") in an amount equal to four percent (4%) of the gross proceeds from the sale, exchange or other disposition of the Properties, including an exchange pursuant to Code Section 721 (a "721 Exchange"); provided, however, that the Disposition Fee will not be paid unless the aggregate gross sales price for the

Properties equals at least $28,400,000. If the Properties are sold or otherwise disposed of including through a 721 Exchange individually then the thresholds for payment of the Disposition Fee shall be $12,780,000 and $15,620,000 for the Gold Choice Palm Coast and Canopy at Harper Lake Properties, respectively. The Disposition Fee shall be reduced by the amount of any sales commissions payable to one or more third-party brokers in connection with the sale and assignment, which sales commissions shall be paid by the Trust. The Master Tenants may waive or reduce the Disposition Fee, in their sole discretion, in the event of an exchange transaction pursuant to Code Section 721 with respect to the Properties. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

Reserves:

A trust-held reserve of $600,000 (the "Trust-Held Reserve") was established at the closing on the Properties out of the Cash Contribution. The Trust-Held Reserve is held in an account controlled by the Trust. Such Trust-Held Reserve may be used for certain repairs and maintenance related to each Property, costs and expenses of each Property (including each Property's Property Management Fee) and may be drawn upon by the applicable Master Tenant subject to the applicable Master Lease. The Trust anticipates making additional annual contributions to the Trust-Held Reserve of a portion of the Base Rent received from the Master Tenant beginning in the first year of the hold period of the Properties and increasing by 4% thereafter. The Trust will make withdrawals from the Trust-Held Reserve available to the Master Tenant to make certain capital expenditures. Upon the sale of the Properties, all remaining reserve funds will be distributed 100% to the Investors. See "ESTIMATED USE OF PROCEEDS" and "SUMMARY OF THE TRUST AGREEMENT."

Trust Agreement:

The management of the Trust is governed by the Trust Agreement, a copy of which is attached hereto as Exhibit A, to which all the Investors will become a party. The Trust Agreement governs the rights and obligations of the Investors with respect to the Trust and the Trust's interest in the Facilities and the Properties. Pursuant to the Amended and Restated Trust Agreement, the Investors do not have any rights or control with respect to the operation and ownership of the Facilities, the operation and management of the Properties or the management of the Trust.

The Trust is managed by the Trustees. There are two Trustees: (i) the Signatory Trustee, and (ii) the Delaware Trustee. The Signatory Trustee will have primary responsibility and the right to manage the Trust, and the Trust's ownership of the Properties, including the sole power to determine when it is appropriate to sell the Properties. The Signatory Trustee, without the consent of any of the Investors or the Delaware Trustee, may sell or otherwise dispose of the Properties. 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 or other disposition (including a 721 Exchange) of the Properties is appropriate, sell or otherwise dispose of the Properties. The Trust will remain in effect until the earliest to occur of the following: (i) termination of the Master Leases, (ii) a Transfer Distribution (defined below) has occurred, (iii) the Properties are sold or otherwise disposed of, or (iv) the Trust is terminated as required under applicable law.

The Signatory Trustee will distribute, or cause to be distributed, any available cash to the Investors on a monthly basis subject to reasonable reserves for expenses, including contributions to the Trust-Held Reserve. If the Signatory Trustee determines that (i) the either of the Master Tenants have defaulted in paying Rent (defined below), (ii) either of the Master Leases with the Master Tenants 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 Investors will become members of the Springing LLC and the Signatory Trustee will become the manager of the Springing LLC. See Exhibit A – Amended and Restated Trust

Agreement, "SUMMARY OF THE TRUST AGREEMENT" and "RISK FACTORS – Risks Relating to the Trust Structure."

Transfer Distributions: Under the Trust Agreement, if: (1) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event, that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; or (2) the Signatory Trustee determines that the Investors are at risk of losing all or a substantial portion of their investment in the Interests or their indirect investment in the Interests, and the Signatory Trustee is prohibited from taking actions to cure or mitigate such events because such action would "vary the investment" of the Investors, the Signatory Trustee may terminate the Trust by converting it into a Springing LLC. If the Trust is converted to a Springing LLC (such conversion, a "Transfer Distribution"): (a) the Investors would become members of the Springing LLC that had formerly been the Trust, owning an interest in the Springing LLC in proportion to their Interests in the Trust; (b) the Springing LLC that had formerly been the Trust would continue to own the Properties; and (c) the Signatory Trustee would become the manager of the Springing LLC.

The foregoing transactions will permit actions to be taken to conserve and protect the at-risk Properties that could otherwise not have been taken.

Cash from Operations: Rent received by the Trust from the Master Tenants will be distributed to the Investors net of (i) any reserves, including contributions to the Trust-Held Reserve, and (ii) payment of expenses and fees incurred by the Trust. See "SUMMARY OF THE TRUST AGREEMENT" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

Cash from Capital Transactions: All net cash from capital transactions (sale or financing of the Properties, provided that a financing may only occur following a Transfer Distribution) will be distributed 100% to the Investors. See "SUMMARY OF THE TRUST AGREEMENT."

Compensation of the Sponsor, Master Tenants and Affiliates and Conflicts of Interest: The Sponsor, the Depositor, the Master Tenants, the Signatory Trustee and their Affiliates will receive substantial fees and compensation from (i) the Offering, (ii) the operation of the Facilities and the Properties, and (iii) managing the Trust, all as described in this Memorandum. See "RISK FACTORS – Risks Relating to the Management of the Facilities," "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES", "CONFLICTS OF INTEREST" and "ESTIMATED USE OF PROCEEDS."

Investor Suitability Standards: The Offering of the Interests by the Trust is strictly limited to Accredited Investors who meet certain minimum financial requirements as to income and/or net worth, among other requirements. This Offering is being conducted pursuant to SEC Rule 506(c), which requires an issuer to take "reasonable steps" to verify that each investor is accredited. The Signatory Trustee will perform the accredited investor verification required by SEC Rule 506(c). If an Investor does not provide the required information, or if the Signatory Trustee does not believe an Investor's accredited status has been verified, then the Investor will not be permitted to invest regardless of whether the Investor is actually accredited. See "WHO MAY INVEST."

Purchase Arrangements: 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, the form of which is attached hereto as Exhibit E; (ii) a Purchaser Questionnaire, the form of which is attached hereto as Exhibit G; 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, on or before the earlier of (i) thirty (30) days after the completed, executed Purchase

Agreement and the completed, executed Purchaser Questionnaire, and verification of the prospective Investor's investment qualifications, and (ii) the Offering Termination Date. The purchase price for such Investor's Interests is payable in accordance with the instructions set forth in the Purchase Agreement. See "HOW TO PURCHASE", Exhibit E – Form of Purchase Agreement and Escrow Instructions and Exhibit G – Form of Purchaser Questionnaire.

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 Facilities and the Properties, (iii) make monthly distributions to the Investors from the Rent collected by the Trust under the Master Leases, net of reserves and expenses and fees incurred by the Trust, and (iv) profitably sell or otherwise dispose of the Properties, including through a potential Code Section 721 exchange, at a time deemed by the Signatory Trustee to be in the best interest of the Trust, subject to the limitations described in this Memorandum. The Signatory Trustee anticipates that the Properties 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 (i) redeeming the Depositor's Unsold Interests, and (ii) paying all costs, fees and expenses related to the Offering and the acquisition of the Properties. There is no minimum Offering amount for the Offering and once a subscription is accepted by the Signatory Trustee, the subscription proceeds associated with such subscription will be available for immediate use by the Trust at its discretion. See "ESTIMATED USE OF PROCEEDS" and "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

Minimum Purchase: The minimum purchase by a prospective Investor is $25,000 unless the Signatory Trustee, in its sole discretion, waives the applicable minimum purchase requirement.

Tax Considerations: Tax Counsel to the Sponsor has provided the Tax Opinion, which states that, for federal income tax purposes, the acquisition of an Interest by an Investor should be treated as the direct acquisition of the Properties by the Investor for purposes of Section 1031 of the Internal Revenue Code. The Tax Opinion is specifically limited to the treatment of an Interest for purposes of Section 1031, however, and does not address any other tax issues that may be of interest to prospective Investors based on their own particular circumstances. 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. See the Tax Opinion of Tax Counsel attached to this Memorandum as Exhibit F and "FEDERAL INCOME TAX CONSEQUENCES"; also review "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 see also the Tax Opinion of Tax Counsel attached as Exhibit F 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 under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") to employee benefit plan investors. See "ERISA CONSIDERATIONS." Prospective tax-exempt Investors should be aware that investment in the Trust may generate income treated as unrelated business taxable

	income ("UBTI") for U.S. federal income tax purposes. See "FEDERAL INCOME TAX CONSEQUENCES – Taxation of Tax-Exempt Investors."
State Tax:	Each Purchaser will be individually responsible for determining whether it 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 its ownership of an Interest. Purchasers 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 Exhibit D (the "Financial Projections"). **Each prospective Purchaser should consult with his own tax advisor regarding the effect of state fees and taxes on an investment in the Interests.** See "RISK FACTORS - Tax Risks."
Defined Terms:	An "Affiliate" of any Person (i.e., a natural person, corporation, partnership, trust, unincorporated association or other legal entity) means any Person directly or indirectly controlling, controlled by or under common control with another Person.
Risk Factors:	There are numerous material risk factors associated with the Offering. See "RISK FACTORS."

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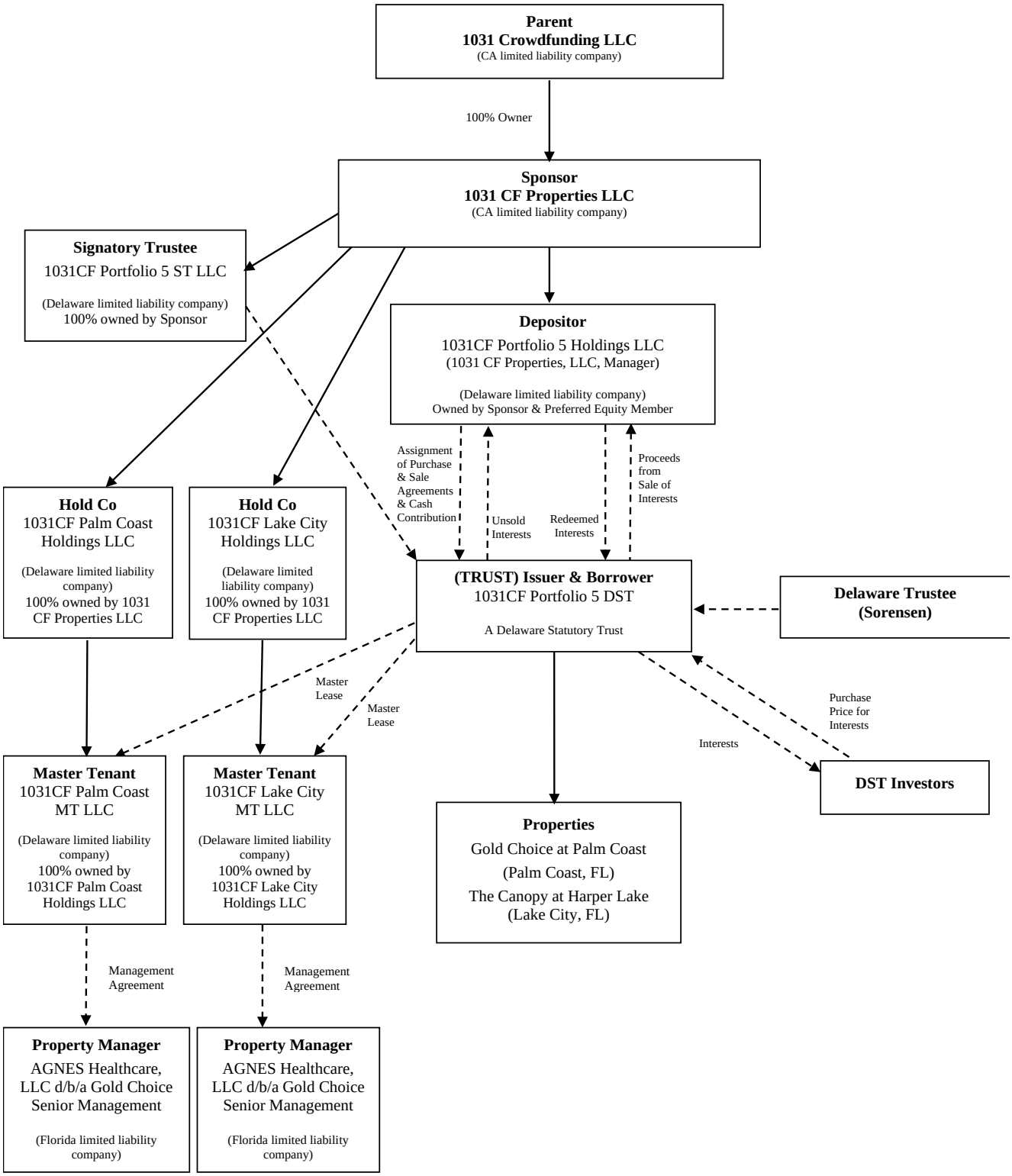
ORGANIZATIONAL CHART

Set forth below is an organizational chart reflecting the structure of the Trust, Signatory Trustee, Master Tenants and Depositor as of the commencement of the Offering. As the Trust sells Interests in the Offering, the Depositor's beneficial interest in the Trust will be redeemed and reduced.



RISK FACTORS

The purchase of Interests is speculative and involves a high degree of risk. Prospective Investors should be aware that it is impossible to predict the results to an Investor from an investment in Interests because of general uncertainties associated with the ownership of real estate in general, and the ownership of senior living facilities in particular. Each prospective Investor must carefully read this Memorandum prior to making an investment and should be able to bear the complete loss of this investment.

All prospective Investors should read this Memorandum in its entirety and 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 Properties, including, among other things, factors discussed below:

- general economic performance of the local and national economy;
- required Property-related capital expenditures;
- competition from properties similar to and near the Properties;
- adverse changes in local population trends, market conditions, neighborhood values, and local economic and social conditions;
- supply and demand for property such as the Properties;
- increases in operating expenses at the Properties including personnel costs;
- the impact of the COVID-19 pandemic;
- interest rates and real estate tax rates;
- governmental rules, regulations and fiscal policies;
- the enactment of unfavorable real estate, rent control, environmental, zoning or hazardous material laws;
- uninsured losses; and
- anticipated market capitalization rates at the time of sale.

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 Properties 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.

Projected Financial Results. The Financial Projections have been prepared by the Sponsor and are attached as Exhibit D to this Memorandum. Such "forward-looking" statements are based on various assumptions made by the Sponsor, which assumptions may not prove to be correct; for example, the growth and expansion of the local and regional economies, anticipated resident rates expense growth and budgeted capital expenditures. Accordingly, there can be no assurance that such projections, assumptions and statements will accurately predict future events or the actual performance of the Facilities. In addition, 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 Financial Projections are based upon specified assumptions. If these assumptions are incorrect, the Financial 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 Financial 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 Financial Projections are based are subject to variations that may arise as future events actually occur. The Financial Projections included herein 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 Financial Projections. Potential Investors are advised to 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 Facilities or the results of making an investment in the Interests.

ALTHOUGH THE SPONSOR BELIEVES THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, IT CANNOT ASSURE 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.

RISKS RELATED TO ASSISTED LIVING AND MEMORY CARE FACILITIES

Risks Specific to the Operation of an Assisted Living and Memory Care Facility. The Facilities are operated as assisted living and memory care centers. These types of facilities are government regulated and licensed age-restricted rental communities which provide assistance with the activities of daily living such as bathing, grooming, dressing and assistance with medication. As part of the senior housing and care industry, assisted living and memory care centers are subject to significant regulation as well as established industry standards, customs, and practices. Changes in the laws or reinterpretations of existing laws or industry standards can have a significant effect on methods of doing business and costs of doing business. The Master Tenants, the Property Manager and the Facilities will be subject to varying degrees of regulation and licensing by health or social service agencies and other federal and state regulatory authorities.

In addition, the Gold Choice Palm Coast Facility participates in Medicaid, which is a significant source of income for that Facility. If such participation increases in the future, changes in federal and/or state Medicaid reimbursement rates may affect the performance of the Gold Choice Palm Coast Facility. Medicaid is a politically sensitive program that may be subject to future cuts at the federal or state level. It is impossible to predict future cuts in Medicaid reimbursement rates or parameters, and any such future cuts are not reflected in the Financial Projections and could adversely impact rental revenue from the Gold Choice Palm Coast Facility and the value of the investments of Investors.

The Facilities must at all times comply with applicable laws and standards; however, there can be no assurance that an administrative or judicial interpretation of existing laws, regulations or standards will not have a material adverse effect on the operation of the Facilities or the financial condition of the Trust. Noncompliance with applicable regulations or other liability in connection with the operations of the Facilities may be due to a number of factors, including uncertainties in the meaning and scope of applicable regulations or in the appropriate standard of care, inadequate training or supervision of onsite personnel, employee mistakes or inattention and the failure to become aware of newly adopted or changed regulations or standards.

The Trust will be dependent upon the Master Tenants to receive and maintain their licenses. If either of the Master Tenants does not maintain its licenses, the Trust will need to locate an alternative licensed facility administrator. Unless an alternative licensed facility administrator can be located, the Trust will not be able to operate the Properties. Furthermore, if for any reason in the future, a license held by the Master Tenants were to be revoked, or the Master Tenants were to no longer be able to operate the Properties, then the Trust would need to find replacement facility administrators with the requisite licensing. The Trust would not be able to separately operate the Properties without experienced and licensed facility administrators.

Further, the Trust's success will be highly dependent upon the Master Tenants' and the Property Manager's abilities to satisfy the applicable regulations and requirements and to procure and maintain required licenses on a cost-effective basis. Operations could also be adversely affected by, among other things, regulatory developments such as mandatory increases in the scope and the quality of care to be afforded residents and revisions in licensing and certification standards. The Trust has not anticipated in the Financial Projections any amounts for compliance with new legal requirements. Should any unforeseen legal and regulatory compliance expenses arise, they may adversely affect the Master Tenants' ability to pay Rent to the Trust, which in turn may adversely affect the Trust's cash available for distribution to Investors and the value of their investment.

Providing Assisted Living and Memory Care Requires Specialized Services and Staffing and Can be Expensive. The Properties offer assisted living and memory care. Residents suffering from conditions such as Alzheimer's require additional care and supervision and may, at times, be disruptive to the other residents in the community. A higher level of staffing is required to manage a memory unit and thus, operating margins at the Properties may suffer in periods of lower occupancy. This could, in turn, affect the Master Tenants' ability to pay the Rent.

Resident Rate of Occupancy. As of the closing date, the physical occupancy rate of the Facilities was approximately 93.0% at the Gold Choice Palm Coast Facility and 79.2% at the Canopy at Harper Lake Facility based on the functional maximum number of beds. The Financial Projections assume stabilized physical occupancy of both the Gold Choice Palm Coast Facility and the Canopy at Harper Lake Facility at 92% (based on the functional maximum number of beds) during the Trust's ownership and no concessions, but there can be no assurance that the Facilities will achieve or maintain such rates as contemplated in the assumptions for such Financial Projections. If there is a substantial decrease in residents admitted to the Facilities or if current residents cease to continue their residency at the Facilities, the operating results of the Facilities could be substantially and adversely affected by the loss of revenue. There can be no assurance that the Properties will be substantially occupied at the projected resident fees. There can be no assurance that the Property Manager will be able to fill available Units and beds in the Facilities or maintain the current levels of occupancy. In addition, it may be necessary to make concessions in terms of resident fees and provide other incentives to attract new residents or to keep existing residents. If these expenditures and concessions continue to be necessary, or in fact were to increase, the financial performance of the Facilities would be adversely affected. In addition, residents may be unable to make their fee payments. Defaults by a significant number of residents could, depending on the extent of the effect on the occupancy rate of the Facilities and the ability to successfully find substitute residents, have a material adverse effect on the financial performance of the Facilities, which would materially adversely affect the Master Tenants' ability to pay the Rent to the Trust, and therefore, the Trust's ability to pay returns to Investors.

Concessions. In order to entice potential residents to sign a Rental Agreement or to entice existing residents to remain at the Facilities, management may need to employ the use of concessions or incentives due to competition from nearby properties for new and existing residents, some of which properties may be owned or operated by the Sponsor or its principals or their Affiliates in the future. This would directly affect cash flow to Investors.

Resident Turnover Rates are High and Difficult to Predict. The advanced age of residents at assisted living and memory care facilities such as the Properties makes resident turnover rates high and difficult to predict. To maintain a stabilized occupancy level, the Master Tenants must be constantly leasing to prospective Residents. In addition, state regulations governing some assisted living and memory care facilities require written rental agreements with each resident, and, in some cases, state regulations require that each resident have the right to terminate the rental agreement for any reason on reasonable notice or upon the death of the resident. Accordingly, the Master Tenants may not be permitted to contract with Residents to stay for longer periods of time, and unlike typical apartment leasing arrangements with terms of one year or longer, the Rental Agreements to be entered into by the Master Tenants are expected to be on month-to-month terms. If a large number of Residents elected to terminate their Rental Agreement at or around the same time, and if the units remain unoccupied, then the revenues and earnings derived from the Properties would be adversely affected. There is no assurance that the Master Tenants will be able to maintain occupancy rates sufficient to operate the Properties profitably.

Operating Senior Housing Facilities Entails Substantial Risk of Liability. Senior housing operators and their staffs are responsible for much of the daily care of residents. This will include assistance in bathing, eating, dressing and the administration of medications. Should a Resident become injured, ill or die, the Master Tenants may be subject to liability. The terms of the Master Leases require the Master Tenants to pay directly or reimburse the costs of premiums for maintaining liability insurance to cover such exposure, but no assurance can be given that any such insurance will cover all these or other liabilities or losses.

It May be Difficult to Attract and Retain Skilled Employees to Operate the Properties. The majority of the work in the senior care industry is closely tied to resident care. This work is demanding and relatively low paying. Consequently, turnover in the staff level of the senior care industry is very high. The Property Manager faces substantial competition with respect to the hiring and retention of qualified personnel and is dependent upon the existing available labor pool in the markets in which the Facilities are located. Therefore, adequate human resources and training personnel, competitive pay and benefits, and constant staff recruiting must be maintained to ensure adequate and capable staffing levels. The Trust has assumed certain increases in labor costs in creating the Financial Projections; however, there can be no assurance that labor costs will not increase at a faster than projected rate, or that the Property Manager will be able to attract the necessary personnel at a reasonable cost. To the extent the Property Manager's costs exceed those projected, the Master Tenants' ability

to pay Rent to the Trust may be adversely affected. No assurance can be given that the Master Tenants and/or Property Manager will be able to attract and retain senior and staff-level employees in sufficient numbers to operate the Properties profitably.

The Assisted Living and Memory Care Industry is Highly Regulated at the Federal, State and Local Levels. Government regulations regarding assisted living and memory care facilities may cover a broad range of issues, including but not limited to minimum staffing requirements, staff education, training and record keeping, physical plant specifications, food and housekeeping services, and fire safety and emergency evacuation guidelines. These requirements are not standard across the country and can be changed at any time, making compliance with local regulations extremely cumbersome. Significant resources must be committed to maintaining compliance with all applicable laws and regulations. No assurances can be given that the Master Tenants will be able to maintain the necessary licenses to provide assisted living and memory care or other services, or to maintain legal compliance at the Properties.

The Properties are expected to be subject to inspection by one or more federal, state or local agencies. Inspections may occur on a scheduled or unscheduled basis, and special inspections may result from complaints filed by Residents, Residents' families, employees, or competitors. From time to time in the ordinary course of business, the Properties may be the subject of deficiency reports, which would require appropriate corrective action. A reviewing agency may have authority to take action against a licensed facility over and above corrective action. Such actions could include imposition of fines, suspension or revocation of a license, civil or criminal penalties or other sanctions. Such actions could materially and adversely affect the Properties' revenue and income and therefore, the Master Tenants' ability to pay the Rent.

Compliance with Environmental Regulations May be Time-Consuming and Expensive. The management of infectious medical waste, including handling, storage, transportation, treatment and disposal, is subject to regulation under various laws, including federal and state environmental laws. These environmental laws set forth the management requirements, as well as permit, record-keeping, notice and reporting obligations. To the extent the Properties generate infectious medical waste, the Properties will be required to comply with all applicable regulations, which would increase compliance and operating expenses at the Properties.

Competition for Residents. Providers of assisted living and memory care housing and services compete for residents primarily on the basis of quality of care, price, reputation, physical appearance of the communities, services offered, family and physician preferences and location. While the Trust believes that the Facilities will be successful in attracting residents, there can be no assurance that the Property Manager will successfully market it or maintain its occupancy. The Facilities' potential competitors in this industry include national, regional and local operators of assisted living communities, long-term care residences, rehabilitation hospitals, extended care centers and skilled nursing facilities, retirement communities, independent living communities and home healthcare providers. A number of assisted living and memory care centers of similar size and amenities are located within a ten-mile radius of each of the Facilities and in the Facilities' respective submarkets. The Appraisals indicated there are seven (7) competitive healthcare facilities within the Gold Choice Palm Coast Facility's target market and are three (3) competitive healthcare facilities currently within the Canopy at Harper Lake Facility's target market, which may otherwise attract residents that would otherwise go to the Facilities. Competing properties may reduce demand for the Facilities, increase vacancy rates, decrease resident rates and impact the value of the Properties themselves. It is possible that residents of the Properties will move to an existing or new assisted living and memory care center in the surrounding area, which could adversely affect the financial performance of the Facilities. Competition from nearby assisted living and memory care centers could make it more difficult to attract new residents, maintain resident rates at their current levels and ultimately sell the Properties on a profitable basis. Further, the availability of possible sites for future construction may affect vacancy and resident rates if additional competitive properties are developed in the future. There is no assurance that the Master Tenants will maintain the current position of the Facilities or better compete in the Palm Coast or Lake City, Florida market.

Medical Waste Liability. The Trust anticipates that the Facilities will generate potentially infectious waste due to the illness or physical condition of some of the residents, including used bandages, swabs and other medical waste products and incontinence products of those residents diagnosed with infectious diseases. The management of potentially infectious medical waste, including handling, storage, transportation, treatment and disposal is subject to regulation under federal and state laws. These laws and regulations set forth requirements for managing medical waste, as well as permit, record keeping, notice and reporting obligations. The Master Tenants are required to operate the Facilities, through the Property Manager, in a manner that complies with such regulations. However, these regulations are highly complex and are amended from time to time, so there can be no assurance that the Master Tenants will be successful in continued compliance. Any finding that the Facilities is not in compliance with these laws and regulations could adversely affect the Facilities' business operations and

financial condition, which could adversely affect the Master Tenants' ability to pay Rent, and, ultimately, the Trust's ability to make distributions to Investors.

The Trust May Be Subject to Healthcare Reimbursement Law Liability. Federal laws governing healthcare reimbursement programs provide for civil monetary penalties in the event of fraud or abuse with respect to billing submitted to such reimbursement programs. In the event of fraud or abuse by any management company that the Trust may engage, such civil monetary penalties may be levied against the Properties and the Trust.

Other Litigation Risks and Insurance Costs for Healthcare Operations. In several well-publicized instances, private litigation by residents of senior living communities for negligence or alleged abuses has resulted in large damage awards against some operating companies in the senior living industry. The effect of this litigation and potential litigation has been to dramatically increase the costs of monitoring and reporting quality of care compliance incurred by companies operating facilities similar to the Facilities. Workers' compensation and employee health insurance costs have also increased in recent years. Medical liability insurance reform has become a topic of political debate and some states have enacted legislation to limit future liability awards. However, if such reforms are not generally adopted, insurance costs may continue to increase. If insurance costs for the Facilities increase faster than projected it will likely adversely affect the operating cash flow of the Master Tenants, and therefore the Trust and its ability to pay distributions to Investors.

Cyber Attack and Risk of Economic Harm. If the Facilities or the Property Manager or their computer systems are the targets of a cyberattack, such attack could result in the loss of information, or the release of confidential information, of the Facilities, residents of the Facilities, or the Property Manager that could result in losses, costs and expenses to the Facilities and their operations, and therefore materially and adversely affect the investment of Investors.

The Gold Choice Palm Coast Property Has a Total of 50-Units and the Canopy at Harper Lake Property Has a Total of 64-Units and There May Not Be a Market in the Future to Find Residents to Fill each Property. While the market currently appears to be strong enough to support properties of this size it might not remain strong in the future and beds could become empty due to a shortage of prospective residents.

REAL ESTATE RISKS

General Risk of Investment in the Properties. The economic success of the Interests will depend upon the results of operations of the Facilities. The results of the operation are subject to those risks typically associated with investments in real estate in addition to the risks specific to senior care facilities. Fluctuations in vacancy rates, residency rates and operating expenses (including utilities, taxes and insurance) can adversely affect operating results or render the sale or other disposition of the Properties difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy of the Facilities, future residency rates, future cost of capital improvements or future costs of operating the Facilities will be accurate since such matters will depend on events and factors beyond the control of the Master Tenants, the Property Manager, the Trust, the Signatory Trustee and the Investors. Such factors include continued validity and enforceability of the resident contracts, vacancy rates for properties similar to the Facilities, financial resources of residents, residency rates of nearby competing facilities, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for properties similar to the Facilities and the Properties, competition from similar properties, some of which may be owned or operated by the Sponsor, or their principals or Affiliates, 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.

Casualty to or Condemnation of the Properties. Damage to the Properties or any portion thereof due to fire or other casualty or condemnation could have a material and adverse effect on the Properties, including but not limited to loss of revenue, potential claims by Residents, and costs to restore the Properties in the event insurance proceeds are unavailable.

Limited Capital of the Master Tenants. The capitalization of the Master Tenants will be supported solely by: (i) the initial reallocation and contribution to the Master Tenants of approximately $100,000 of acquisition fee (which is anticipated to be distributed to the Sponsor over the first 6 months of the hold period), and (ii) the $600,000 Demand Note. The Sponsor anticipates funding the Demand Note with proceeds from the Offering that, if not needed for Master Tenants working capital, will become additional acquisition fee compensation to the Sponsor. Following its contribution to the Master Tenants of the acquisition fee reallocated, the Sponsor is under no obligation to contribute capital to the Master Tenants other than the amount of the Demand Note. If the Master Tenants need funds to pay the Rent or satisfy their other obligations under the

Master Leases, they will need to call upon the Sponsor to contribute the amount of the Demand Note. However, no assurance can be given that the reallocation of the acquisition fee to the Master Tenants and the $600,000 Demand Note will be sufficient to enable the Master Tenants to pay the Rent or to fund its obligations under the Master Leases. If either of the Master Tenants are unable to pay the Rent or satisfy its obligations under the Master Leases, the applicable Master Tenant would be in default on the applicable Master Lease and the Trust would likely terminate the applicable Master Lease. In such event, the Trust may not be able to master lease the Property on terms similar to the applicable Master Lease. If the Trust were unable to enter into a new master lease for the Property, the returns to Investors would likely be materially adversely affected. In addition, if the Trust were unable to enter into a new master lease, it would likely become necessary for the Trust to spring into a Springing LLC in order to engage in leasing activities, which would be likely to have adverse tax consequences to Investors. Absent a bankruptcy by the Master Tenants, the Signatory Trustee would not be empowered to execute such a replacement Master Lease and would be required to spring into a Springing LLC. Upon a termination of a Master Lease, whether as a result of a bankruptcy of the applicable Master Tenant, termination in connection with a disposition, or other termination, any outstanding operating costs of the applicable Property that were the obligation of the applicable Master Tenant under its Master Lease may become the obligations of the Trust. See "RISK FACTORS – Risks Relating to the Trust Structure – Limited Powers of Trustees; Risk of Termination of Trust."

Acts of Terrorism. We do not anticipate procuring insurance coverage for terrorism. In the event the Properties are damaged by a terrorist attack, Investors could lose some or all of their investment.

Uncertain Economic Conditions. Economic conditions have become increasingly uncertain over recent months, with high inflation, rising interest rates and increasingly negative market conditions. A continuing downturn in, or weakening of, the economy and/or the real estate industry could have an adverse impact on the economic performance of the Properties, the income of the Trust, and the ultimate sales or other disposition price that can be obtained for the Properties by the Trust. To the extent Residents of the Properties experience a serious economic setback, including as a result of inflation, they might not be able to pay rent at the current rate or at all, which could adversely impact the ability of the Master Tenants to pay Rent under the Master Leases, resulting in a loss of income to the Trust. In addition, continued inflation at a historic pace may increase the costs of operation of the Properties at faster than projected rates, resulting in decreased cash flow to the Master Tenants which could adversely impact their ability to pay Rent.

Effects of the COVID-19 Pandemic and other pandemics, local epidemics or other infectious disease. Pandemics, such as the COVID-19 pandemic, and outbreaks of local epidemics and other infectious disease may adversely impact the Properties and the operations of the Facilities, including their financial condition and cash flows. The Trust's and Master Tenants' business activities and economic performance could also be negatively impacted by federal, state, or local government laws and regulations in response to a pandemic or local outbreak, including restrictions on travel, quarantines, and additional regulation of senior living facilities. The Master Tenants depend on rental revenues and other property income from the Residents of the Facilities for substantially all of their revenues in order to pay Rent under the Master Leases. An outbreak of COVID-19, a severe cold and flu season or an outbreak of another contagious disease in the state of Florida, where the Properties are located, could result in significant adverse consequences including a regulatory ban on admissions, decreased occupancy, failures of the Master Tenants to make lease payments, loss of reputation and lawsuits. Additionally, a pandemic and related containment measures would interfere with the ability of our associates, suppliers, and other business partners and those of the Property Manager to carry out their assigned tasks or supply materials, services, or funding at ordinary levels of performance relative to the conduct of our business. The effects of a pandemic like COVID-19 may also result in increased personnel costs for the operation of senior care facilities like the COVID-19 pandemic did. The degree to which a further COVID-19 outbreak or another infectious disease may impact the results of operations and financial condition of the Properties is unknown at this time and will depend on future developments, including further geographic spread of COVID-19, the severity and the duration of the pandemic and further actions that may be taken by governmental authorities, businesses or individuals on their own initiatives in response to the pandemic. Any variants to the COVID-19 virus and the corresponding effects to those infected cannot be predicted.

The COVID-19 pandemic and ensuing challenges with increasing costs in the senior housing industry materially and adversely affected the performance and financial condition of certain of the Sponsor's prior DST programs that purchased senior care programs prior to the onset of the pandemic. See "MANAGEMENT – Prior Adverse Developments." While the Sponsor believes it has accounted for the effects of the pandemic and increased operational costs in its acquisition of the Properties and in the Financial Projections of the Properties performance, the effects of the COVID-19 pandemic and other pandemics or infectious diseases are inherently unpredictable and may materially and adversely affect the Properties and their performance, including their ability to generate cash flow as projected, the Master Tenants' ability to pay the Rent, and the Trust's ability to pay distributions to Investors.

Compliance with Americans with Disabilities Act of 1990. If the Properties are not in compliance with the Americans with Disabilities Act of 1990, as amended (the "ADA"), the Master Tenants or Trust may be required to pay for improvements to effect compliance 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 evolve to place a greater cost or burden on the Trust as the owner of the Properties. Any future construction, renovations or improvements to the Properties impacting accessibility may also be required to comply with Washington state regulations. If the Trust or Master Tenants are required to make improvements to the Properties in order to comply with ADA, it could adversely impact the funds available to the Trust, and the Investors' return.

In connection with the ADA, the scope of the PCAs for the Properties was limited and did not constitute full ADA Compliance Surveys. During the site visits to the Properties, visual observations were made to identify barriers to general accessibility to areas of public accommodations including the common area restrooms and parking. The Property Assessor performed a baseline ADA Visual Accessibility Survey which indicates that the Properties appear to be generally conforming to ADA requirements. The scope of the PCAs did not cover the residential units at the Properties. These observations were limited, and a full ADA Compliance Survey may reveal additional aspects of the Properties that are not in compliance with the ADA. If material non-compliance exists and the Trust or Master Tenants are required to make material improvements to the Properties in order to comply with ADA, such improvements could materially adversely impact the funds available to the Trust and could potentially trigger the conversion of the Trust into Springing LLCs to the extent extensive capital renovations become necessary to comply. See "RISK FACTORS – Tax Risks – If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Future Tax-Deferred Exchange Treatment under Code Section 1031."

Environmental Liability. Federal, state and local laws may impose liability on a property owner for releases, or the otherwise-improper presence on the property, of hazardous substances without regard to fault or knowledge of the presence of such substances. A property owner may be held liable for environmental releases of such substances that occurred before it acquired title and that are not discovered until after it sells the property. If any hazardous substances are found at any time on the Properties, the Trust may be held liable for all cleanup costs, fines, penalties and other costs regardless of whether it owned the Properties when the releases occurred or the hazardous substances were discovered. Under one such law, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), a purchaser of property may qualify for certain defenses to, and exemptions from, liability under CERCLA by obtaining a new or updated Environmental Site Assessment that qualifies as an "All Appropriate Inquiry" under CERCLA, as long as such Assessment was conducted, or updated, within 180 days of the purchase of the property. A Phase I Environmental Site Assessment performed in compliance with ASTM E 1527-05 qualifies as an "All Appropriate Inquiry" under CERCLA. The Sponsor has obtained the Phase 1 Environmental Site Assessment for the Properties.

A Phase I Environmental Site Assessment was performed for each the Gold Choice Palm Coast Property (the "Palm Coast Phase 1 Assessment") and the Canopy at Harper Lake Property (the "Harper Lake Phase I Assessment" and together with the Palm Coast Phase 1 Assessment, the "Phase I Assessments") by AEI Consultants ("Environmental Assessor"). Both the Palm Coast Phase 1 Assessment and the Harper Lake Phase I Assessment are dated June 6, 2023. Copies of the Phase I Assessments will be provided upon request electronically. The Phase I Assessments are for informational purposes only. The Trust will not obtain from the preparer of the Phase I Assessments, a reliance letter which would entitle the Trust, among others, to rely on the Phase I Assessments and to enforce any claims against the preparers of the assessment if they failed to identify any particular deficiency. Whether a reliance letter is obtained or not, there is no guaranty Investors would be entitled to rely on the PCAs. In addition, there can be no assurance that the preparer of the PCAs would be held liable for any losses in connection with deficiencies in the Properties that were not identified in the PCAs. Furthermore, there can be no assurance that financial wherewithal of such preparers would be sufficient to cover any loss that may arise, should they be held liable.

The Palm Coast Phase 1 Assessment reported one environmental consideration and the Harper Lake Phase I Assessment did not reveal any evidence of recognizable environmental conditions. Based on the conclusions of the Phase I Assessments, the Environmental Assessor recommended no further investigation of the Properties. The Phase I Assessments, however, do not involve any invasive testing and are limited to a physical walk through or inspection of the Properties 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 the Properties would be exposed by the Phase I Assessments. It is possible that an environmental claim may be raised in such a manner that the claim could become enforceable against the Trust. Finally,

it is possible that the existence of any environmental issues with the Properties may make it more difficult, and perhaps impossible, to obtain financing or to sell the Properties.

The Trust has made no representations in the Purchase Agreements regarding any environmental matters and has not agreed to indemnify the Investors for any environmental liabilities. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Properties may be substantially affected. In an extreme case, the Properties may be rendered worthless, or the Trust may be obligated to pay cleanup and other costs in excess of the value of the Properties.

Risk of Mold Contamination. Mold contamination has been linked to a number of health problems, resulting in recent litigation in which the plaintiffs are seeking various remedies, including damages and the ability to terminate their leases. Several insurance companies have reported an increase in mold-related claims, causing a growing concern in the real estate community that real estate owners might be subject to increasing lawsuits regarding mold contamination. Environmental Assessor's assessment of the Properties included limited visual and olfactory assessment for the presence of moisture conditions. The Phase I Assessments note that the Environmental Assessor did not observe obvious visual or olfactory indications of significant moisture conditions in readily accessible interior areas of the Properties conditions. However, the Phase I Assessments should not be construed as a mold survey or inspection. Moisture conditions that could be conducive to the growth of mold, if present, may or may not visually manifest itself. A comprehensive review of the Properties in connection with either moisture conditions or mold has not been performed, and no assurance can be given that either a moisture or mold condition does not exist or will not arise in the future. The Trust does not intend to obtain insurance for loss related to moisture conditions or mold contamination.

Earthquake, Hurricane and Flood Exposure. The Sponsor makes no representation as to whether the Facilities are located within a flood plain or a high-risk area for wind or seismic activity. Both Properties are located in Flood Zone XN, an area of minimal flood hazard. The Palm Coast PCA indicated that Gold Choice Palm Coast Property is located in Seismic Zone 0 with a very low probability of damaging ground motion and the Harper Lake PCA indicate that the Canopy at Harper Lake Property is located in Seismic Zone 1, an area of low probability of damaging ground motion. Both of the Properties are located in Wind Zone III, coastal areas that can occasionally experience damaging hurricanes, and are located in a state that is expected to experience greater hardships due to the effects of climate change. There can be no assurances that the Facilities 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 Facilities and the Properties, particularly since, although Properties will be covered for wind damage through property insurance, the Trust does not anticipate obtaining insurance against each of the above risks.

Properties Not a Diversified Investment. By the terms of the Trust Agreement, the Trust generally is not permitted to acquire real property other than the Properties, or to acquire any other assets or make any other investments. Because an investment in Interests represents an investment in one property, it is not a diversified investment. Accordingly, the poor performance of the Properties could adversely affect the profitability of the Interests.

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

Speculative Investment. No assurance can be given that the Investors will satisfy their investment objectives. No assurance can be given that the Investors will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Properties. For this reason, prospective Investors should carefully read this Memorandum. All such persons or entities should consult with their attorney and business and tax advisors prior to making an investment.

Determination of Purchase Price/Valuation. The Trust purchased the Properties from the Sellers, which are unaffiliated third parties, for an aggregate purchase price of $21,150,000, and incurred closing costs, preferred equity carrying costs, an acquisition fee to the Sponsor and related transaction and offering costs (see "SUMMARY OF THE OFFERING – Properties – Acquisition"). 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 significantly higher than the Trust's aggregate purchase price for the Properties. Therefore, Investors should not expect that the price paid for their investment is reflective of the fair market value of the Properties on a stand-alone basis. Investors are, however, acquiring their Interests based on the existence of the Master Leases and the management expertise provided by Affiliates of the

Sponsor. Nevertheless, there is no evidence that such additional rights support the difference between the total purchase price for the Properties, on the one hand, and the Maximum Offering Amount, on the other hand. Investors should also be aware that it may not be possible to sell or otherwise dispose of the Properties at a later date for a price equal to or greater than the purchase price paid by the Investors for their Interests. In the event that the Properties must be sold or otherwise disposed of for less than the purchase price paid by the Investors for their Interests, the Investors' financial goals will be adversely affected.

Closing Costs. Closing costs and other fees payable in connection with the purchase of the Properties included, title insurance costs, escrow fees, recording costs, allocation of legal fees, and transfer taxes. The Trust will be partially reimbursed for such costs and expenses from the Offering Proceeds. It is also possible that if the Signatory Trustee has overestimated the costs, there will be additional fees, equal to the excess of such collected amount over the actual cost incurred for the closing costs, remaining. Any excess funds will be returned to the Sponsor. In addition, any underestimation of such fees and costs will be borne by the Sponsor.

No Guaranteed Cash Flow. There can be no assurance that cash flow or profits will be generated by the Properties. If the Properties do not generate anticipated cash flow, the Master Tenants may not be able to pay the Rent to the Trust, in which event the Investors would not receive their anticipated cash flow from the Interests. If the Rent is deferred, the Rent is not paid for any reason, or the Rent paid is not the full amount due, there will be less or no cash flow for distributions to the Investors.

No Audited Results of Operation; No Guaranteed Cash Flow. The Trust does not intend to obtain, and thus will not provide to prospective Investors, audited operating statements regarding the prior operations of the Properties. The Trust is relying on financial information provided by the Sellers, which the Sellers have represented to be accurate in the Contracts of Purchase and Sale; however, the Sellers have not provided audited financial information for the Trust to rely on. It is possible that information relied upon by the Trust with respect to the acquisition of the Properties may not be accurate, and the Trust does not make any warranties as to the accuracy or completeness of the information supplied. Potential Investors should make a careful examination of the Financial Projections attached as Exhibit D with the assistance of their financial advisors and are invited to conduct their own examination of financial data provided. If the Properties do not generate sufficient cash flow, then the Master Tenants may be unable to pay the Rent and Investors' returns may be materially and adversely affected.

Limited Representations and Warranties of Sellers. The Trust has acquired the Properties "as is," with only limited representations and warranties from the Sellers, including with respect to environmental matters, the existence of hazardous materials, and matters affecting the condition, use and ownership of the Properties. As a result, if defects in the Properties, Rental Agreement disputes or other matters adversely affecting the Properties are discovered, the Trust may not be able to pursue a claim for any or all of its damages against the Sellers of the Properties. Additionally, the Master Tenants have obtained certain limited representations and warranties and indemnities from the current facility operator and the Property Manager as to the operations and management of the Facilities prior to the Closing. These indemnities may not be sufficient to make the Master Tenants whole in the event they become subject to any material pre-Closing operational or management liability.

Physical Condition of the Properties; No Representations to Investors. The Trust will not make any warranties or representations to the Investors regarding the condition of the Properties. The PCAs will be provided upon request electronically. The PCAs are for informational purposes only. The Trust will not obtain from the preparer of the PCAs, a reliance letter which would entitle the Trust, among others, to rely on the PCAs and to enforce any claims against AEI Consultants as the preparer of the PCAs if the Property Assessor failed to identify any particular Properties deficiency. Whether a reliance letter is obtained or not, there is no guaranty Investors would be entitled to rely on the PCAs. In addition, there can be no assurance that the preparer of the PCAs would be held liable for any losses in connection with deficiencies in the Properties that were not identified in the PCAs. Furthermore, there can be no assurance that financial wherewithal of such preparers would be sufficient to cover any loss that may arise, should they be held liable.

The PCAs state that the Properties appear to be in good overall condition, but the PCAs may not recognize necessary current repairs or repairs needed in the near future, and there can be no assurance that sufficient funds will be available for all repairs that become necessary. See "SUMMARY OF THE MASTER LEASES – Reserve Accounts" and "RISK FACTORS – Real Estate Risks – Limited Reserves."

The Trust-Held Reserve May Be Inadequate. The Master Tenants, subject the terms of their respective Master Leases, may have access to the Trust-Held Reserve for capital expenditures and other Property-specific costs and expenses. "SUMMARY OF THE MASTER LEASE – Reserve Accounts." To the extent that expenses of the Properties increase or unanticipated expenses arise, and the available reserves are insufficient to meet such expenses, the Trust may be forced to use some or all of the Rent payments received from the Master Tenants to pay such obligations of such Operating Trust, or to effect a Transfer Distribution in order to raise the necessary capital through a Springing LLC for such purposes, because the Trust itself is prohibited from raising additional capital. To the extent that the full cost of repairs or replacements or other costs must be funded out of funds received by the Trust from the Rent or from the Properties, it will negatively impact the income the Investors will receive from the Trust. There is no assurance that any additional capital for capital expenditures, or other Trust obligations, would become available. In addition, construction of more than minor, non-structural improvements out of reserves established by the Trust may require the Trust to effectuate a Transfer Distribution, which may have adverse tax consequences for the Investors.

Title and Survey Matters. The Properties are subject to various matters affecting title, including but not limited to, certain agreements encumbering the Properties and all matters set forth on any title commitments and surveys, zoning ordinances and building codes, including certain encroachments onto the Properties. 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 and other limitations on the right of the Trust to use the Properties. In addition, other issues that are not disclosed by the title commitment or the survey may affect title and/or the use of the Properties. In connection with the acquisition of the Properties, the Trust has obtained title insurance. In the event that a known or new matter arises with respect to the Properties, however, there is no guarantee that the title insurance will sufficiently protect the Trust against all title issues affecting the Properties, 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 Properties."

Agreements Affecting the Properties. By purchasing the Properties, the Trust has 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 Properties after they are 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. Certain of such agreements contain obligations and restrictions with which the Trust and the Master Tenants must comply. Although the Sponsor and the Trust are not aware of any non-compliance with such agreements, it is possible that the Properties are 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.

Third-Party Reports; No Investor Reliance. Reference is made in this Memorandum to the Appraisals, the Phase I Assessments, and the PCAs. These third-party reports are addressed to the Sponsor or its Affiliates and not the Trust or the Investors. These reports will be provided to Investors for reference purposes only. Individual Investors will have no contractual rights against the preparers of these third-party reports. It is currently anticipated that the preparers of the Appraisals, the Phase I Assessments, and the PCAs will not issue reliance letters entitling the Trust, among others, to rely on them. Whether or not the Trust does obtain reliance letters, such reliance letters are not expected to entitle an Investor to rely on the third-party reports. Copies of the third-party reports will be provided upon request electronically.

Possible Delays in Sale. The Properties could be sold or disposed of 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 Properties for a minimum of one (1) year after the date of the admittance of the last Investor to the Trust. The Investors will not be entitled to approve a sale of the Properties or any Transfer Distribution. It may not be possible to sell the Properties at the price indicated in the Financial Projections or on the projected timeline. As the Trust is prohibited from undertaking any such action, the Signatory Trustee would likely be required to exercise powers under the Trust Agreement that would result in the transfer of the Properties to the Springing LLC wherein the Investors will receive a membership percentage equivalent to their beneficial interest in the Trust. If the Trust is converted to the Springing LLC, the Investors' membership interests in the Springing LLC will not qualify for future tax deferred exchange treatment under Section 1031. 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 Properties. Market conditions with respect to a sale of the Properties 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 Properties, it may adversely affect its ability to find a buyer. If the Properties cannot be sold when or for the price projected, then the Investors' returns may be materially and adversely affected.

No Consent from Investors Required for Sale or Other Conveyance of Properties. While the Signatory Trustee may canvass the Investors regarding a potential sale or other conveyance including a 721 Exchange of the Facilities and the Trust's rights in the Properties, the Investors will have no right to consent to any such sale or conveyance. 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 of the Facilities and the Trust's interest in the Properties. Thus, the Investors have no control over a sale or conveyance including a 721 Exchange of the Facilities and the Trust's interest in the Properties.

RISKS RELATING TO THE TRUST STRUCTURE AND OPERATING RISKS

Limited Experience of Sponsor. The Offering is the Sponsor's and its Affiliates' ninth individual offering involving a Delaware statutory trust. See "MANAGEMENT." Nevertheless, there is no assurance that the Sponsor will be successful in selling some or all of the Interests, which would result in the Trust having smaller reserves than set forth in the Financial Projections attached as Exhibit D. If the Master Tenants fail to operate the Properties profitably, the Master Tenants may not be able to pay the Rent. If the Master Tenants, or either of them, are unable to pay the applicable Rent and are bankrupt or insolvent, the Trust may terminate the Master Leases, or applicable Master Lease, and attempt to renegotiate the applicable Master Lease or replace the applicable Master Tenant. There is no assurance that the Trust will be successful in these activities. This could result in the Purchasers losing some or all of their investment in the Properties. The Sponsor and its Affiliates are, and may in the future become, involved in other real estate projects and may make guaranties of other equity or debt offerings or property-related loans in the future.

Investors Have Limited Control over the Management of the Trust. The Trustees (and in particular, the Signatory Trustee) are solely responsible for the operation and management of the Trust. The Investors have no right to participate in the management of the Trust or in the decisions made by the Trustees. The Trustees, the Master Tenants and the Property Manager will not consult with the Investors when making decisions with respect to the Trust and the Properties. The Signatory Trustee is under no obligation to make its decision with respect to any prospective sale or other disposition including a 721 Exchange in accordance with such wishes of Investors. A Trustee may only be removed by Investors holding a majority of the Interests, and only if such Trustee has engaged in willful misconduct, fraud or gross negligence with respect to one of the Trust.

Limited Duties of Trustees. The Trustees do not owe any duties to the Investors other than those provided for in the Trust Agreement. Specifically, the Trustees do not have a fiduciary duty to any Investors as would be applicable to a limited liability company or partnership and, therefore, may take actions that would not be in the best interests of one or more of the Investors. The Trust Agreement provides that the Trustees are individually answerable for their actions to the Investors only if, among other things, the Trustees engage in willful misconduct, fraud or gross negligence or any "prohibited action" under the Trust Agreement, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement. In addition, a Trustee may only be removed by Investors holding a majority of the Interests, and then only if such Trustee has engaged in willful misconduct, fraud or gross negligence with respect to one of the Trust.

Limited Powers of Trustees; Risk of Termination of the Trust. To comply with Revenue Ruling 2004-86 regarding exchanges under Section 1031, the Trust structure prevents the Trustees from engaging in numerous actions to the extent any such action would "vary the investment" of the Investors under Treasury Regulation Section 301.7701-4(c). Those actions include (a) disposing of the Properties or reinvesting money held by the Trust, except as provided in the Trust Agreement, (b) entering into new financing, renegotiating the Master Lease, or entering into new leases except in the event of the bankruptcy or insolvency of the Master Tenants, (c) making other than minor non-structural modifications of the Properties, except as required by law, (d) after the formation and capitalization of the Trust, accepting any additional capital contributions from any Investor, or any contributions from any prospective new investor, (e) acquiring any parcel of real estate other than the Properties, or (f) taking any other action that would in the opinion of tax counsel, cause the Trust to be treated as a "business entity" for federal income tax purposes. These restrictions severely limit the actions the Trustees can take on behalf of the Investors with respect to the Properties. The Trust Agreement contains similar restrictions.

Accordingly, in order to be able to take the actions necessary to avoid a loss of the Properties, the Trust may need to be terminated and converted into a Springing LLC, which would be governed by the terms of the Springing LLC Operating Agreement substantially in the form attached to the Trust Agreement (the "Springing LLC Operating Agreement"). See "SUMMARY OF THE TRUST AGREEMENT." The Properties would remain subject to the Master Leases after such Transfer Distribution (unless otherwise terminated or renegotiated), and the ownership percentage of each Investor in the Springing LLC (from the Trust) would be identical to such Investor's Interest in the Trust (subject to the impact of additional

capital requirements). However, as a result of such Transfer Distribution, the Investors would at such time no longer be considered to own, for federal income tax purposes, a direct ownership interest in the Properties held by the Springing LLC. Since the Springing LLC would be treated as a partnership for tax purposes, it may be difficult or impossible for the individual Investors to do a tax-free exchange when the Springing LLC disposes of the Properties.

Sponsor and Master Tenants are Affiliates of the Signatory Trustee. The Sponsor and Master Tenants are Affiliates of the Signatory Trustee, which entity has responsibility for the management, control, sale, disposition of or otherwise dealing with the Properties. Because of the affiliation between the Signatory Trustee, Sponsor and Master Tenants there may exist conflicts of interest regarding the governance of the Trust that would not exist if the Signatory Trustee was an independent third-party.

RISKS RELATING TO THE INVESTORS

Liability of Investors. The liability shield afforded to an Investor in an Interest is generally respected for most purposes, barring unusual circumstances. Liability associated with the Trust, such as a claim against the Properties, should be limited to the Investors' 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 Investors and reach their personal assets. 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 Investors, the amount of distributions to the Investors, or otherwise.

Bankruptcy of an Investor. A bankruptcy or similar insolvency proceeding relating to any Investor may adversely affect returns from the Trust to the other Investors. For example, the bankrupt Investor, or its trustee in a bankruptcy proceeding, may attempt to reject and terminate the Trust Agreement or other relevant agreements. A bankruptcy filing by or against an Investor generally will automatically stay all action or proceedings against such Investor. The stay generally will prevent the Trust from pursuing any claims against the bankrupt Investor and may otherwise jeopardize the Trust. Claims of the Trust probably will be treated as general unsecured claims and it is unlikely that such claims would be paid in full, if at all.

Risk of Distributions Being Paid from Other Sources; Return of Capital. The Signatory Trustee intends to make distributions to the Investors out of cash flow from the Rent paid by the Master Tenants to the Trust. Cash flow is based on the profitability of the Properties, which is beyond the control of the Signatory Trustee and is not guaranteed. See "No Guaranteed Cash Flow." While the Signatory Trustee generally intends to make distributions to the Investors out of cash flow from operations of the Property, the Signatory Trustee reserves the right to make distributions out of funds on hand from other sources. 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 THE OFFERING AND LACK OF LIQUIDITY

Illiquid and Not Freely Transferable. Each Investor will be required to represent that he is acquiring the Interests for investment purposes only and not with a view to distribution or resale, that such Investor understands that the Interests are not freely transferable and, in any event, that such Investor must bear the economic risk of investment in the Trust for an indefinite period of time because (1) the Interests have not been registered under the Securities Act or certain applicable state "Blue Sky" or securities laws; and (2) the Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the Interests and Investors holding Interests cannot expect to be able to liquidate their investment in case of an emergency. Further, the sale or other transfer by an Investor of the Interests may have adverse federal income tax consequences.

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

Offering Not Registered with Securities and Exchange Commission 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 is being offered in reliance upon an exemption from the registration provisions of the Securities Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein. Since this is a nonpublic offering, prospective Investors will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the Offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

Private Offering Exemption – Compliance with Requirements. 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 Signatory Trustee or the Trust should fail to comply with the requirements of such exemption, including, without limitation, the "bad actor" provisions of Rule 506(d) that became effective on September 23, 2013 (see "Prohibition on Bad Actors," below), 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 this 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.

Prohibition on Bad Actors. This Offering is intended to be made in compliance with Rule 506(c) of Regulation D promulgated under the Securities Act. The requirements of Regulation D offerings include a prohibition on the participation of certain "bad actors." The Trust will obtain representations from the Signatory Trustee and its principals, the Managing Broker-Dealer, and the Selling Group Members that the applicable party is not a "bad actor" as that term is defined in Rule 506(d) of Regulation D. In the event that a statutory "bad actor" participates in the Offering, the Trust may lose its exemption from registration of the Interests. Pursuant to Rule 506(e) of Regulation D, certain events that would otherwise have designated an Offering participant as a "bad actor," but occurred prior to the effective date of Rule 506(d), are required to be disclosed to all potential investors. See "PLAN OF DISTRIBUTION - 506(e) Disclosure."

There is No Public Market for the Interests. An Investor will be required to represent that he, she or it is acquiring the Interests for investment purposes and not with a view to distribution or resale, and he, she or it can bear the economic risk of investment in the Properties for an indefinite period of time. The Interests are being offered and sold pursuant to exemptions from the registration provisions of federal and state law. Accordingly, the Interests will be subject to restrictions on transfer. Even if these transfer restrictions expire or are not applicable to a particular Investor, there is no public market for the Interests, and neither the Sponsor nor the Trust will take any steps to develop a market. Investors should expect to hold their Interests for a significant period of time.

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

RISKS RELATING TO THE MANAGEMENT OF THE PROPERTIES

Property Management. The Master Tenants have the sole right to hire or terminate the Property Manager, without consultation or notice to the Trust. If the Property Manager resigns or is terminated for any reason, there can be no assurance that the Trust or the Master Tenants will be able to obtain a successor property manager. In addition, there is no assurance that the Property Manager will be successful in operating the Properties, in which case the Master Tenants may not have sufficient funds to pay the Rent. This could result in the Investors losing their entire investment in the Properties. The Master Tenants have each entered into separate PMAs with the Property Manager as the initial Property Manager of each Facility.

No Operating History of the Master Tenants. Although the Master Tenants are newly formed and have no prior operating history, the principals of the Sponsor, which is the sole member of each of the two holding companies which are the sole members of the Master Tenants, have substantial prior experience managing and operating assisted living facilities and memory care centers. See "MANAGEMENT." Nevertheless, there is no assurance that the Master Tenants will manage the Properties successfully, or that any related or third-party property managers subcontracted by the Master Tenants (including, without limitation, the Property Manager) will do so adequately. If the Master Tenants are not able to operate and lease the Properties profitably, the Master Tenants may not be able to pay the Rent. If the Master Tenants are unable to pay the Rent and are bankrupt or insolvent, the Trust will terminate the Master Leases and attempt to renegotiate or refinance

the Properties, which may necessitate the conversion of the Trust into a 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, which could result in the Investors losing some or all of their investment in the Properties.

Bankruptcy of the Master Tenants. In addition to a loss of Rent, a bankruptcy or similar insolvency proceeding with respect to the Master Tenants or either of them will adversely affect the Trust. For example, the bankruptcy trustee of a Master Tenant might attempt to reject one or more of the Rental Agreements between the Master Tenants and the Residents of the Properties. Further, as a result of the automatic stay provided for under the applicable bankruptcy laws, the Trust might not be able to enforce a Master Tenant's obligations under its Master Lease, or be able to reach rental payments being made by the Residents under the Rental Agreements, thereby affecting the Trust's ability to receive Rent. In the event of the bankruptcy or insolvency of the Master Tenants, or either of them, the Trust will be able to terminate the applicable Master Leases and negotiate a new master lease with a new tenant. Re-leasing either of the Properties to a new master tenant requires incurring transactional costs which would adversely affect income to the Investors. There is no guaranty, however, that the Trust will be successful in re-leasing any of the Properties to a new master tenant. Additionally, the re-leasing of the Properties (or bankruptcy of the Master Tenants or either of them) may inevitably require the Trust to convert to a Springing LLC, and any such conversion would likely have adverse tax consequences to the Investors.

Conflicts of Interest. The Depositor, the Master Tenants, and the Signatory Trustee are Affiliates of the Sponsor and its principals. This may lead to a conflict of interest between their various roles as owners or officers of the Sponsor, the Depositor, the Master Tenants and the Signatory Trustee, including conflicts with the Investors regarding decisions related to the Master Leases and the Properties. The principals of the Sponsor are employed independently of this Offering and engage in other activities, including ownership and management of other senior independent living, assisted living, and memory care facilities. As such, the principals of the Sponsor will have conflicts of interest in allocating management time, services, and functions between the Sponsor, the Depositor, the Master Tenants and the Signatory Trustee on the one hand, and their various other existing enterprises and future enterprises on the other. In addition, the Sponsor, its principals and their respective Affiliates may continue to own and organize other business ventures that compete directly with the Properties. There is no prohibition on the disposition of the Properties, or either of them, to an Affiliate of the Sponsor, including pursuant to a 721 Exchange. The foregoing may result in the interests of the Sponsor and its principals and the interests of the Investors not always being aligned. See "CONFLICTS OF INTEREST."

Sale or other disposition of the Properties. The proceeds realized from the sale of the Properties will be distributed among the Investors in accordance with their respective Interests, but only and satisfaction of the claims of third-party creditors, if any. The ability of any Investor to recover all or any portion of its investment will, accordingly, depend on the amount of net proceeds realized from such sale and the amount of claims to be satisfied therefrom. The total use of funds in the acquisition of the Properties is $28,400,000 while the aggregate appraised value of the Properties is $22,640,000. Resultingly, the Properties must appreciate from their appraised values to generate net proceeds from sale. In addition, the Signatory Trustee has the right under the Trust Agreement to dispose of the Properties in a tax-deferred contribution under Code Section 721 pursuant to which the Investors will receive partnership interests in the contribute partnership, rather than cash proceeds from the disposition of the Properties. There can be no assurance that the Investors will receive any proceeds from the sale of the Properties.

TAX RISKS

There are substantial issues associated with the federal income tax aspects of a purchase of an Interest, especially if the purchase is part of a Section 1031 Exchange. The following risk factors summarize some of the tax risks to an Investor. A further discussion of the tax aspects (including other tax risks) of a purchase of an Interest is set forth under "Federal Income Tax Consequences." ***Because the tax aspects of the Offering are complex and certain of the tax consequences may differ depending on individual tax circumstances, each prospective Investor is strongly encouraged to consult with and rely on his, her or its own tax advisor about the tax aspects of this Offering in light of that Investor's individual situation. No representation or warranty of any kind is made with respect to the IRS' acceptance of the treatment of any item by an Investor.***

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

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

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

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

Certain Aspects Relating to Code Section 721. Broadly, a Code Section 721 contribution may, under certain circumstances, allow for a tax-deferred exchange of property (such as the Properties) for an interest in a partnership. Code Section 721 generally provides that neither the contributing partners (e.g., the Investors) nor a transferee partnership (i.e., the partnership issuing partnership interests in exchange for the contribution of property) will recognize gain or loss, for federal income tax purposes, upon a contribution of property to a partnership in exchange for a partnership interest. The rules of Code Section 721 may become relevant if, for example, the Signatory Trustee chooses to dispose of the Properties pursuant to an exit strategy consisting of a Code Section 721 contribution. Notwithstanding the general rule of nonrecognition under Code Section 721, a contributing partner may be required to recognize gain in certain instances. Prospective Purchasers must consult their owner tax advisors with respect to potential application or non-application of Code Section 721 to any future transaction.

Possible Adverse Tax Treatment for Closing Costs, Fees and Reserves. Each Purchaser of an Interest will be obligated to pay its pro rata share of closing costs, reserves and other costs of the Offering, including the Acquisition Fee and reallocated acquisition fee. A portion of the proceeds of the Offering will be used to pay each Purchaser's pro rata share of such costs. In addition, a portion of the proceeds of the Offering may be treated as having been used to purchase an interest in the Trust-Held Reserve established out of the Cash Contribution rather than for real estate. Under certain conditions, these costs, as well as reserves relating to the Property, may not constitute property that is like-kind to real estate for purposes of Code Section 1031. You may elect to pay these costs with personal funds separate from your Section 1031 Exchange funds. Because the tax treatment of certain expenses of the Offering, closing costs, or reserves is unclear and may vary depending upon the circumstances, no advice or opinion of Tax Counsel will be given regarding the tax treatment of such costs and the treatment of proceeds attributable to the reserves, which may be taxable to those Purchasers who purchase their Interests as part of a Section 1031 Exchange. Therefore, each prospective Purchaser should seek the advice of a qualified tax advisor as to the proper treatment of such items.

Taxable "Boot." An Investor will be obligated to pay his *pro rata* share of closing costs, carrying costs, acquisition fees and reserves. Certain of these costs and reserves may constitute the acquisition of property that is not like-kind to real estate for purposes of Section 1031, and consequently may be treated as taxable "boot." In addition, the IRS could take the position

that any value of the Properties that may be separately allocable to any intangible property may likewise not qualify for exchange treatment under Section 1031, and may be treated as taxable "boot." Each Investor must consult his own tax advisor regarding the tax consequences of such designated uses of exchange funds. An Investor may elect to pay such expenses from his own funds.

The Properties were purchased without mortgage debt. Accordingly, Purchasers investing in the Trust as part of a Section 1031 Exchange under the Code that have mortgage debt on their relinquished property will likely incur relief of debt or mortgage "boot." A prospective Purchaser should obtain the advice of his, her or its tax advisor before subscribing for an Interest or identifying the Properties as a possible Replacement Property.

Allocation Between Real Estate and Personal and Intangible Property. Neither the Sponsor nor the Trust are providing an allocation of the purchase price for the Properties between real estate and personal property, including intangible property. The nature of the Properties as operating assisted living and memory care facilities is such that the valuation undertaken by the Appraisers in the Appraisals includes a going concern value, which concludes an aggregate value for the fee interest in the Properties based on real property, personal property and intangible property (business values) for that Properties. To the extent that any material portion of the Properties constitutes tangible personal property, that portion of the Properties will not qualify for exchange treatment under Section 1031. Similarly, the IRS may conclude that any value of the Properties that may be separately allocable to any intangible property may likewise not qualify for exchange treatment under Section 1031. Each Purchaser must make his own allocation of the purchase price for the Properties between real estate and personal property, including intangible property, and neither the Sponsor nor the Trust make any representations or warranties as to the accuracy of such allocation by the Purchaser. Improper allocation by a Purchaser of the purchase price for the Properties could be subject to an IRS challenge upon audit and disallowance of exchange treatment as to such portion of the Properties under Section 1031. Therefore, each prospective Purchaser should seek the advice of a qualified tax advisor regarding the proper treatment of such items and the impact of such items on the proposed exchange under Section 1031.

Passive Activity, at Risk, and Excess Business Loss Rules. Losses from passive trade or business activities generally may not be used to offset "portfolio income," such as interest, dividends and royalties, or salary or other active business income. Deductions from passive activities, including interest deductions attributable to passive activities, generally may only be used to offset passive income. Passive activities include: (1) most trade or business activities in which the taxpayer does not "materially participate" (a statutorily defined test); and (2) rental activities (subject to an exception for taxpayers who qualify as real property operators under certain statutory tests). Subject to satisfaction of the real property operator test and the material participation test, an Investor's income and loss from an investment in an Interest, if any, will constitute income and loss from passive activities. However, the rules regarding the deductibility of passive losses (whether from an investment in an Interest, or from another passive activity that potentially could be used to offset income from an investment in an Interest) are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

In addition, an Investor that is an individual or closely held corporation will be unable to deduct losses from the Trust, if any, to the extent such losses exceed the amount the Investor is considered "at risk" under the Code. Losses not allowed under the at-risk provisions may be carried forward to subsequent tax years and used when the Investor's amount "at risk" increases or when the Investor generates gain on the disposition of the activity. However, the rules regarding the applicability of the at-risk rules to a particular Investor are complex and vary with the facts and circumstances particular to each Investor. Prospective Investors should consult their tax advisors with respect to the tax consequences to them of the rules described above.

In addition, under Pub. L. 115-97 (commonly referred to as the "Tax Cuts and Jobs Act of 2017") (the "TCJA"), as modified by the recently enacted Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), for tax years beginning after December 31, 2020, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount for 2018 was $250,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

Potential Requirement to Make Election to Avoid Limit on Business Interest Deductions. Under the TCJA, business interest deductions for taxpayers with average annual gross receipts in excess of $25 million are in general deferred to the

extent that annual business interest expense exceeds business interest income plus thirty percent (30%) of taxable income subject to certain adjustments. A real estate trade or business, however, may elect out of the deferral regime, in which case the business must depreciate certain types of real property by the straight-line method under slightly longer recovery periods (forty (40) years for nonresidential property, thirty (30) years for residential rental property, and twenty (20) years for qualified interior improvements). While Investors in the Interests may be eligible to make this election, there is considerable uncertainty as to the application of the new rules, which may depend in part upon an Investor's specific circumstances. Investors should consult their own tax advisors as to the applicability of the new rules to them and as to their ability to make such election. See "FEDERAL INCOME TAX CONSEQUENCES – Limit on Business Interest Deductions."

If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Future Tax-Deferred Exchange Treatment under Code Section 1031. As indicated in "SUMMARY OF THE TRUST AGREEMENT," in order to avoid a loss of the Properties, the Signatory Trustee may be required to terminate the Trust by converting it into (or otherwise effecting the transfer of the Properties to) a Springing LLC. As a result of such conversion or transfer, the Interests will be converted into membership interests in the Springing LLC, which cannot be transferred in an exchange that qualifies for tax-deferred exchange treatment under Code Section 1031. If, after the conversion of the Trust into a Springing LLC, the Investors wish to engage in a tax-deferred exchange of their indirect interests in the Properties, the Springing LLC's manager will attempt to convert the Investors' interests in the Springing LLC into (or exchange them for) direct interests in the Properties or adopt some other tax strategy to accomplish the tax-deferred exchange. However, there can be no guaranty that this will be accomplished, or that there exists any strategy that will allow the Investors to complete a valid Section 1031 Exchange once the Trust has been converted into a Springing LLC.

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 forty-five (45) days after disposition of his relinquished property. Regulation §1.1031(k)-1(c)(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") or (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 (iii) identify any number of properties if the taxpayer acquires at least 95% in value of the properties identified (the "95% rule"). Identifying the Properties will use one of the possible three identifications available under the three-property 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 his tax advisor before subscribing for an Interest or identifying the Properties as a possible Replacement Property. The Tax Opinion will not render any opinion on identification issues.

Taxable Income in Excess of Cash Receipts. It is possible that the income tax that an Investor owes each or any year from the ownership of an Interest will exceed the amount of the cash distribution that the Investor receives from the Properties. This may occur because income from the Properties 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 his tax liability associated with the Properties.

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

ERISA Risks. ERISA and Code Section 4975 impose certain fiduciary restrictions, including prohibited transaction restrictions, on funds that hold "plan assets."

The 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 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 Properties) 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).

Change in the Tax Law. The description that is set forth in the 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 the Memorandum. Nonetheless, you should be aware that new legislative, administrative or judicial action could significantly change the tax aspects of an investment in an Interest. Any such change may or may not be retroactive with respect to transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in an Interest.

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ESTIMATED USE OF PROCEEDS

The following tables set forth the estimated sources and uses of the Offering Proceeds. The tables reflect the present intentions of the Sponsor and an unforeseen change of circumstances may require the Sponsor to modify the information set forth below. The Sponsor and/or its Affiliates will receive substantial compensation and fees in connection with the Offering and the acquisition, operation and sale of the Properties, as described in this Memorandum. Certain of the uses described below are estimates by the Sponsor.

Maximum Offering Amount

Uses of Proceeds	Amount Based on Maximum Amount	Percent of Proceeds
Gross Proceeds	$28,400,000	100.00%
Total Sources	$28,400,000	100.00%
Offering and Organization Expenses[(1)]	$318,000	1.12%
Selling Commissions, Due Diligence Allowance and Dealer- Manager Fee[(2)]	$2,556,000	9.00%
Available for Investment	$25,526,000	89.88%
Property Purchase Price[(3)]	$21,150,000	74.47%
Trust-Held Reserve[(4)]	$600,000	2.11%
Real Estate Acquisition Expenses[(5)]	$523,000	1.84%
Acquisition Fee Reallocated to Master Tenants & Demand Note[(6)]	$700,000	2.46%
Acquisition Fee[(7)]	$423,000	1.50%
Mezzanine Carrying Costs[(8)]	$2,130,000	7.50%
Total Uses of Offering Proceeds	**$28,400,000**	**100.00%**

(1) The Sponsor is entitled to reimbursement for Organization and Offering Expenses equal to approximately 1.12% of the gross proceeds of the Offering as reimbursement for expenses incurred in connection with the Offering, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, accounting and other fees and expenses incurred in connection with the Offering. If the actual Organization and Offering Expenses are greater than this amount, the Sponsor will fund the shortfall, and if such expenses are less than this amount, the excess funds will be retained by the Sponsor. See "PLAN OF DISTRIBUTION."

(2) The Dealer-Manager will receive (i) Selling Commissions equal to five percent (5%) of the Offering Proceeds, (ii) a Placement Fee in an amount equal to one percent (1%) of the Offering Proceeds, (iii) a Wholesaling Fee in an amount equal to one percent (1%) of the Offering Proceeds, and (iv) a Due Diligence Allowance of up to one percent (1%) of the Offering Proceeds; provided, however, under no circumstances will the total Selling Expenses, which includes the Selling Commissions, Placement Fee, Wholesaling Fee, Due Diligence Allowance and Dealer-Manager Fee (described below), exceed nine percent (9%) of the gross proceeds of the Offering. The Dealer-Manager may reallow the Selling Commissions, Placement Fee, Wholesaling Fee and Due Diligence Allowance to other broker-dealers engaged by the Dealer-Manager for the Offering and to registered representatives of the Dealer-Manager, some of whom are principals and associates of 1031 Crowdfunding, LLC ("1031 Crowdfunding"), which in turn controls the Sponsor and the Signatory Trustee. The Dealer-Manager will receive a Dealer-Manager Fee in an amount of up to one percent (1%) of the Offering Proceeds. See "PLAN OF DISTRIBUTION – Marketing of Interests."

(3) The contract Purchase Price of the Properties.

(4) The Trust-Held Reserve was established at the closing on the Properties out of the Cash Contribution and is held by the Trust.

(5) These are costs incurred in connection with the Sponsor's due diligence of the Properties, including, but not limited to, due diligence reports such as the PCAs, ESAs, Appraisals, Zoning Report and real estate survey, as wells as costs incurred in connection with the acquisition of the Properties including the real estate legal fees, expenses for counsel to the Trust and its Affiliates, transfer taxes, escrow fees, title insurance premiums and recording fees (collectively, "Real Estate Acquisition Expenses"). If these are less than estimated amounts, the Sponsor will retain such overage and if actual acquisition expenses exceed estimated amounts, the Sponsor will pay such overage.

(6) The Sponsor will receive this amount as additional acquisition fee compensation and will make it available to the Master Tenants as working capital pursuant to an initial reallocation and contribution of the acquisition fee in the amount of approximately $100,000 (which will subsequently be distributed to the Sponsor over the first 6 months of the hold period) and further pursuant to the Demand Note of $600,000. Any amounts remaining unfunded under the Demand Note following the disposition of the Properties by the Trust will be retained by the Sponsor as additional acquisition fee compensation.

(7) In connection with the acquisition of the Properties, the Sponsor is entitled to an Acquisition Fee equal to $423,000 or 2% of the aggregate contract Purchase Price for the acquisition of the Properties, which amount is to be paid from the Offering Proceeds.

(8) This amount is the Sponsor's anticipated carrying cost of the preferred equity investment in the Depositor resulting in the Cash Contribution necessary to acquire the Properties and fund the Trust-Held Reserve while the Sponsor endeavors to sell the Interests pursuant to this offering. If the actual carrying costs are less than the estimated amount, the Sponsor will retain such excess as the sole common member of the Depositor as additional compensation for sponsoring this Offering. The Trust shall have no obligation to pay for any carrying costs that exceed the estimated amount.

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INVESTMENT OBJECTIVES

The Sponsor's business plan for the Properties, and its principal investment objectives, will be to:

(i) preserve the Investors' capital investment;

(ii) realize income through the operation of the Facilities and the Properties;

(iii) make monthly distributions to the Investors from the Rent collected by the Trust under the Master Leases, net of reserves and expenses and fees incurred by the Trust; and

(iv) profitably sell or otherwise dispose of the Properties, including through a potential 721 Exchange at a time deemed by the Signatory Trustee to be in the best interest of the Trust.

The Signatory Trustee anticipates that the Properties 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.

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DESCRIPTION OF THE PROPERTIES

Unless otherwise noted below, the information in this section has been excerpted and adopted from the Appraisals prepared by the Appraisers (which obtained information from the Property Manager and other sources, as noted therein) for the benefit of the Sponsor, the Phase I Environmental Site Assessments prepared by the Environmental Assessor for the benefit of the Sponsor, the Property Condition Assessments prepared by the Property Assessor, for the benefit of the Sponsor, other information provided by the Sponsor, and from other available sources. The Trust does not anticipate that the preparers of the Appraisals, the Phase I Environmental Site Assessments and the Property Condition Assessments will issue reliance letters entitling the Trust, among others, to rely thereon. Whether or not the Trust does obtain such reliance letters, such letters are not expected to entitle an Investor to rely on the Appraisals, the Phase I Environmental Site Assessments or the Property Condition Assessments.

GOLD CHOICE PALM COAST PROPERTY

Property Overview:	The Property is a 50 unit assisted living and memory care facility consisting of 100 licensed beds, 64 of which are assisted living beds/units and 36 memory care beds/units. However, in the opinion of the Sponsor and the existing Property Manager, the functional maximum number of beds is 87. The Gold Choice Palm Coast Property consists of one (1) one-story building situated on a total of 6.60 acres. Its amenities include a library, mail room, beauty/barber shop, resident laundry room, commercial laundry room, multi-purpose room, living room, and wellness/therapy facilities.
Address:	3830 Old Kings Road, Palm Coast, Florida 32137
Location:	The Gold Choice Palm Coast Property is located in Palm Coast, Flagler County, Florida.
Zoning:	The Property is zoned “OFC-2”
Land Area:	Site area is 6.60 acres
Flood Zone:	The Gold Choice Palm Coast Property is located in Flood Zone X (non-shaded)
No. of Buildings:	one (1) building
Year Built:	2021
Foundation:	Excavation for concrete footings under exterior walls, interior partitions, and columns Wood framing
Structure Type:	
Floors:	Resident Units - Vinyl tile in living areas, ceramic tile in baths Common Areas - Carpet and vinyl tile in and living, dining areas and hallways. Ceramic tile. Quarry tile flooring in kitchen areas
Exterior Walls:	Wood stud and wood siding.
Interior Walls:	Drywall on wood stud partitions; paint wall coverings; ceramic tile wainscoting in the bathrooms; wood hand railings
Ceiling:	Drywall, taped and painted
Roof Type:	Gable-type with wood trusses, rafters, and plywood deck, Asphalt shingles, metal gutters and downspouts
HVAC:	Individual, through-the-wall heating/air-conditioning units; pad-mounted packaged units; split-level air-conditioning units
Parking Surface:	Asphalt

Sprinkler/Security System:	Sprinkler system throughout the facility; smoke and heat detectors and alarm system Emergency call system with stations on bedroom and bathroom walls.
Utilities:	Natural gas, electricity, water, sewer

CANOPY AT HARPER LAKE PROPERTY

Property Overview:	The Canopy at Harper Lake Property is a 64-unit assisted living and memory care facility with 44 assisted living units and 20 memory care units, some of which can accommodate double occupancy, for a total of 72 licensed and functional beds. The Canopy at Harper Lake Property consists of one (1) one-story building situated on a total of 5.73 acres. Amenities include a library, mail room, beauty/barber shop, resident laundry room, commercial laundry room, multi-purpose room, living room, and wellness/therapy facilities.
Address:	213 NW Gleason Dr., Lake City, Florida 32055
Location:	The Canopy at Harper Lake Property is located in Lake City, Columbia County, Florida
Zoning:	The Property is zoned "CI Co"
Land Area:	Site area is 5.73 acres
Flood Zone:	The Canopy at Harper Lake Property is located in Flood Zone X (non-shaded)
No. of Buildings:	One (1) building
Year Built:	2018
Foundation:	Excavation for concrete footings under exterior walls, interior partitions, and columns Wood framing
Structure Type:	
Floors:	Resident Units - Carpet and vinyl tile in living areas, ceramic tile in baths Common Areas - Carpet and vinyl tile in and living, dining areas and hallways. Ceramic tile. Quarry tile flooring in kitchen areas
Exterior Walls:	Wood stud and wood siding
Interior Walls:	Drywall on wood stud partitions; paint wall coverings; ceramic tile wainscoting in the bathrooms; wood hand railings
Ceiling:	Drywall, taped and painted
Roof Type:	Gable-type with wood trusses, rafters, and plywood deck, asphalt shingles, metal gutters and downspouts
HVAC:	Individual, through-the-wall heating/air-conditioning units; pad-mounted packaged units; split-level air-conditioning units
Parking Surface:	Asphalt
Sprinkler/Security System:	Sprinkler system throughout the facility; smoke and heat detectors and alarm system Emergency call system with stations on bedroom and bathroom walls
Utilities:	Electricity, natural gas, water, sewage

Photographs of the Gold Choice Palm Coast Property

Photographs of the Canopy at Harper Lake Property

Summary of Appraisals

1031 Crowdfunding obtained appraisals from Integra Realty Resources (the "Appraiser") for the Gold Choice Palm Coast Property, dated July 13, 2023, and the Canopy at Harper Lake Property, dated July 20, 2023 (the "Appraisals"). According to the Appraisals the "as is" market value of fee simple estate in the Gold Choice Palm Coast Property was $10,870,000 and the Canopy at Harper Lake Property was $11,770,000, for a combined total of $22,640,000 for both Properties.

Summary of Phase I Environmental Site Assessment

AEI Consultants ("Environmental Assessor") has provided Phase I Environmental Site Assessments for both the Gold Choice Palm Coast Property, dated June 6, 2023 (the "Palm Coast Phase 1 Assessment"), and the Canopy at Harper Lake Property, dated June 6, 2023 (the "Harper Lake Phase 1 Assessment" and together with the Palm Coast Phase 1 Assessment, the "Phase 1 Assessments"). The purpose of the Phase I Assessments was to provide an assessment concerning environmental conditions as they exist at the Properties. The Palm Coast Phase I Assessments reported one environmental consideration due to ceiling tiles in a maintenance storage area that were stained due to water intrusion and recommended their replacement to avoid mold but found no obvious indications of the presence of mold. The Harper Lake Phase I Assessment did not reveal

any evidence of recognizable environmental conditions. Based on the conclusions of the Phase I Assessments, the Environmental Assessor recommends no further investigation of the Properties. Based on the Gold Choice Palm Coast Property and Canopy at Harper Lake Property construction dates of 2021 and 2018, respectively, the Properties are not suspected of containing Asbestos-Containing Materials. Environmental Assessor conducted a limited visual and olfactory assessment for the presence of moisture conditions, which conditions may be conducive to mold, and evidence of moisture in readily accessible interior areas at the Properties. Environmental Assessor's observations did not indicate the presence of obvious visual indications of the presence of moisture conditions, or evidence of moisture in readily accessible interior areas of the buildings of the Properties. Additionally, because the Properties were constructed after 1977, the Phase I Assessments indicate that lead-based paint is not likely present.

Summary of Property Condition Assessment

AEI Consultants (the "Property Assessor") has also provided Property Condition Assessments for both the Gold Choice Palm Coast Property, dated June 7, 2023 (the "Palm Coast PCA") and the Canopy at Harper Lake Property, dated June 7, 2023 (the "Harper Lake PCA" and together with the Palm Coast PCA, the "PCAs"). The Property Assessor recommended no immediate capital expenditures at the Gold Choice Palm Coast Property, one short-term repair needed in the amount of $7,500, and estimated an additional $327,846 of capital expenditures (including adjustments for inflation) to be necessary over the expected hold period. The Property Assessor recommended immediate capital expenditures of $5,625 for the Canopy at Harper Lake Property, two short-term repairs for $16,380, and estimated an additional $569,045 (including adjustments for inflation) to be necessary over the expected hold period. While the Trust-Held Reserve, including the additional contributions thereto beginning in year four of the hold period are sufficient to cover such estimated expected capital expenditures, there can be no assurance that sufficient funds will be available for all repairs that are or become necessary.

The Property Assessor found each of the Properties to be in good to fair condition overall.

Property Management Agreements

The Master Tenants have engaged third parties to manage many of their responsibilities under the Master Leases and to manage the operations of the Facilities. The Master Tenants have each entered into separate PMAs with the Property Manager pursuant to which the Property Manager will perform services related to the management of the Properties. The PMAs provide that the Property Manager will be the sole and exclusive rental and management agent for the Property. The term of the Palm Coast PMA is five (5) years with automatic one (1)-year extensions after the expiration of the initial term, until terminated, and the term of the Harper Lake PMA is five (5) years with automatic one (1)-year extensions after the expiration of the initial term, until terminated. At any time during the initial or renewal terms, either party may terminate the respective PMAs in the event of an event of default by the other party upon giving proper notice and the Master Tenants may terminate the applicable PMA upon a sale of either Property or without cause upon giving proper notice and subject to the Master Tenants' payment of termination consideration. In addition, the Master Tenants may terminate the either PMA without cause upon 90 days notice to the Property Manager. If a PMA is terminated (i) by the Property Manager because of a default of the Master Tenants; (ii) by the Master Tenants without cause; or (iii) as a result of a sale or other disposition of the subject property, then the Property Manager shall receive a termination fee of $50,000 if the termination occurred during the first three years of the term and $35,000 if the termination occurred after three years. The Property Manager shall receive the Property Management Fee of (i) five percent (5.5%) of the total operating revenues of the Facilities due and payable in advance of the first day of each month, calculated monthly with a true-up the following month, payable by the Master Tenants. The Property Manager will also receive an Incentive Management Fee in calendar year 2023 of 25% of the amount actual EBITDA is in excess of $70,833 each month, for each of the Gold Choice Palm Coast Facility and Canopy at Harper Lake Facility. For calendar years after 2023, the Property Manager will earn an Incentive Management Fee of 25% of the amount of actual EBITDA is in excess of certain annual EBITDA thresholds for each Facility. The Property Manager is responsible for and shall pay all operating expenses incurred in the operation of the Properties out of the revenues of the Properties. The Master Tenants may replace the Property Manager from time to time at the Master Tenants' sole discretion, subject to the rights and obligations of the parties set forth in the PMAs and the Master Leases. Such replacement property manager may or may not be affiliated with Sponsor. See "RISK FACTORS – Risks Relating to Management of the Properties."

Occupancy and Leases

As of the closing date, the physical occupancy rate of the Facilities was approximately 93.0% at the Gold Choice Palm Coast Facility and 79.2% at the Canopy at Harper Lake Facility based on the functional maximum number of beds. Leasing

and re-leasing of units is handled by the Property Manager utilizing a standard resident residency agreement. Rental Agreements are generally on month-to-month terms. The services provided to the residents include basic services, including prepared meals, housekeeping, utilities, medication management, etc., and additional care levels based on any additional services required by a Resident. While the base assisted living rental rates include the above services, additional services such as walking, bathing, grooming, etc. are available at an additional charge. Additional assistance in the activities of daily living are offered via a tiered system. Prior to move-in, a comprehensive evaluation of each resident is conducted to determine the level of service needed. The memory care rates are all inclusive and there is no additional charge for additional care. Upon admission to the Facilities, Residents are required to sign an admission agreement whereby Residents agree to, among other things, the processes and procedures of the Facilities, acceptable admission standards and lease termination rights.

No Warranty Regarding Appraisals, PCAs, Phase 1 Assessments, and Other Property Information.

While the Sponsor believes that the Appraisals, PCAs, and Phase I Assessments are generally accurate, the Sponsor has not engaged in any independent review to verify the same, and the Sponsor notes that the scope of such materials is limited as described therein. Therefore, the Sponsor does not warrant the accuracy or completeness of information in such materials. In addition, the Sponsor has 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 Sellers, and the Sponsor does not warrant the accuracy or completeness of such information.

In addition, the Appraisals, PCAs and Phase I Assessments are not addressed to the Trust or Investors and may not be relied upon by the Investors and are being provided to Investors for reference purposes only. Individual investors will have no contractual rights against the preparers of the third-party reports. It is currently anticipated that the preparers of the Appraisals, PCAs and Phase I Assessments will not issue reliance letters entitling the Trust, among others, to rely on them. Whether or not the Trust does obtain reliance letters, such reliance letters are not expected to entitle an Investor to rely on the third-party reports.

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MARKET OVERVIEW

Sources of Information

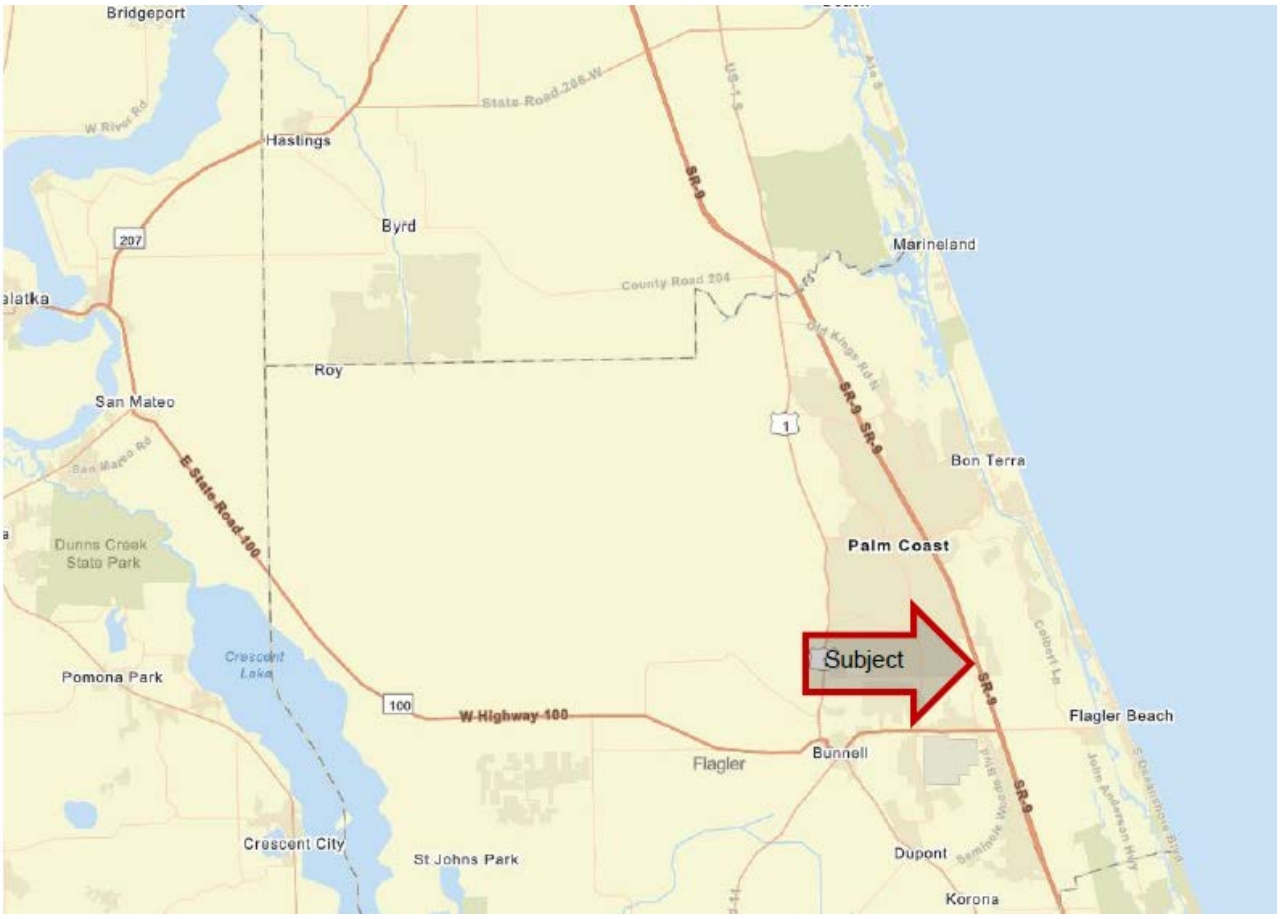
The market and demographic data contained in this Memorandum, unless otherwise noted, are based on information contained in the Appraisals. Although we believe that the Appraisals are generally reliable as of its date, the information contained therein has not been independently verified, and we cannot ensure the accuracy or completeness of this information. As a result, you should be aware that the market and demographic data contained in this Memorandum, and beliefs and estimates based on such data, may not be reliable. In addition, the Trust does not anticipate that the preparer of the Appraisals will issue a reliance letter entitling the Trust, among others, to rely on the Appraisals. Whether or not the Trust does obtain a reliance letter, such letter is not expected to entitle an Investor to rely on the Appraisals.

The Gold Choice Palm Coast Property

The Gold Choice Palm Coast Property is an assisted living and memory care facility located at 3830 Old Kings Road, Palm Coast, Florida 32137, and is known as Gold Choice Palm Coast Assisted Living and Memory Care. The subject is comprised of 50 units and 100 beds (64 assisted living units and 36 memory care units licensed for 100 beds, although, in the opinion of the Sponsor and the existing Property Manager, the functional maximum number of beds is 87). The community totals 33,552 square feet in a 1-story structure. Occupancy at the time of closing was 93.0% based on the functional maximum number of beds.

Gold Choice Palm Coast Property – Area and Neighborhood Review

The Gold Choice Palm Coast Property is located in Plam Coast, Florida, Flagler County, in the northeast portion of the state, 62 miles south of Jacksonville, 80 miles northeast of Orlando, and 78 miles east of Gainesville. Palm Coast is a coastal community along the I-95 corridor which runs north/south along the east coast of Florida and is the region’s cultural, financial, and commercial center. Other coastal communities in the area include St. Augustine and Daytona Beach. Access to the Gold Choice Palm Coast Property is considered good relative competitive properties, referral hospitals, labor supply and visitors and the Gold Choice Palm Coast Property is situated in a suburban area that is in a developing phase of its life cycle.



Gold Choice Palm Coast Property – Population and Employment

The total population of Flagler County is 126,554 with 17,283 people in the 75-plus age group. The 75-plus population is expected to increase by 4.78% by 2028. Within Flagler County, employment sectors with a ratio of employment exceeding 125% of the national average are: agriculture/mining, retail trade, and unclassified establishments. The greatest concentration of employment in Flagler County is within service.

Population, income, and employment statistics for the area are provided in the graphics below.

Table R-2 Region: Population Trends By Age Group

	United States	Florida	Daytona CBSA	Flagler County
Total Population Ages 25 to 34				
2023	46,375,684	2,931,540	78,900	12,608
2028	44,777,151	2,849,655	74,900	13,982
Annual Change	-0.70%	-0.56%	-1.04%	2.09%
Total Population Ages 35 to 44				
2023	44,092,673	2,706,251	74,835	12,964
2028	46,576,540	2,960,268	83,079	14,362
Annual Change	1.10%	1.81%	2.11%	2.07%
Total Population Ages 45 to 54				
2023	40,169,926	2,627,621	79,412	14,076
2028	40,362,335	2,604,499	79,755	14,782
Annual Change	0.10%	-0.18%	0.09%	0.98%
Total Population Ages 55 to 64				
2023	42,891,582	2,971,020	104,381	18,366
2028	39,831,395	2,804,936	96,992	17,971
Annual Change	-1.47%	-1.14%	-1.46%	-0.43%
Total Population Ages 65 to 74				
2023	35,627,163	2,816,404	107,568	22,021
2028	37,632,361	2,960,481	113,250	22,658
Annual Change	1.10%	1.00%	1.03%	0.57%
Total Population Ages 75 to 84				
2023	17,905,342	1,624,481	63,544	13,387
2028	22,514,950	2,006,623	78,359	16,675
Annual Change	4.69%	4.32%	4.28%	4.49%
Total Population 85 and Over				
2023	6,533,756	596,538	23,101	3,896
2028	7,644,421	710,702	27,287	5,156
Annual Change	3.19%	3.56%	3.39%	5.76%
Total Population 75 and Over				
2010	18,554,555	1,531,662	60,334	9,812
2023	**24,439,098**	**2,221,019**	**86,645**	**17,283**
2028	**30,159,371**	**2,717,325**	**105,646**	**21,831**
Annual Change -- 2010 to 2023	2.14%	2.90%	2.82%	4.45%
Annual Change -- 2023 to 2028	**4.30%**	**4.12%**	**4.05%**	**4.78%**

Source: ESRI, 2023 (2010 Census)

Table R-3 Region: Socioeconomic Indicators

	United States	Florida	Daytona CBSA	Flagler County
Average Household Income, 2023	$107,008	$97,191	$83,854	$96,497
Per Capita Income, 2023	$41,310	$38,778	$35,559	$40,388
Number of Households, 2023				
<$15,000	12,298,792	867,359	29,289	3,676
$15,000 - $24,999	9,182,566	698,513	27,337	4,676
$25,000 - $34,999	9,577,830	746,762	23,260	3,684
$35,000 - $49,999	14,019,287	1,051,805	36,824	7,909
$50,000 - $74,999	21,371,036	1,585,374	61,047	9,137
$75,000 - $99,999	16,639,881	1,165,124	41,611	8,118
$100,000 - $149,999	21,948,226	1,420,543	46,127	8,068
$150,000 - $199,999	11,109,323	624,339	15,818	3,649
$200,000+	13,766,961	749,634	14,241	3,987
Household Income Distribution, 2023				
<$15,000	9.5%	9.7%	9.9%	6.9%
$15,000 - $24,999	7.1%	7.8%	9.2%	8.8%
$25,000 - $34,999	7.4%	8.4%	7.9%	7.0%
$35,000 - $49,999	10.8%	11.8%	12.5%	14.9%
$50,000 - $74,999	16.5%	17.8%	20.7%	17.3%
$75,000 - $99,999	12.8%	13.1%	14.1%	15.3%
$100,000 - $149,999	16.9%	15.9%	15.6%	15.3%
$150,000 - $199,999	8.6%	7.0%	5.4%	6.9%
$200,000+	10.6%	8.4%	4.8%	7.5%
Median Home Value, 2023	$308,943	$330,683	$285,425	$314,656
Bachelor Degree or Higher (2023 Estimate)	22.3%	21.6%	18.7%	19.6%

Source: ESRI, 2023 (2010 Census)

Table R-4 Region: Employment By Industry

Employment Sector	United States	Florida	Daytona CBSA	Flagler County
Total (Civilian Employment, Age 16+)	153,323,159	9,507,215	242,002	29,509
Agriculture/Mining	1.5%	1.4%	1.3%	2.3%
Construction	4.2%	4.9%	5.1%	5.1%
Manufacturing	7.8%	4.1%	4.2%	4.2%
Transportation	3.0%	3.1%	3.9%	1.7%
Communication	0.8%	0.9%	0.5%	0.6%
Utility	0.6%	0.5%	0.4%	0.4%
Wholesale Trade	4.0%	3.5%	2.8%	1.6%
Retail Trade	19.9%	22.4%	25.1%	26.6%
Finance/Insur/Real Estate	6.9%	8.4%	6.6%	8.0%
Service	44.2%	44.2%	42.1%	40.6%
Government	6.5%	6.0%	7.6%	8.0%
Unclassified Establishments	0.7%	0.6%	0.5%	1.0%

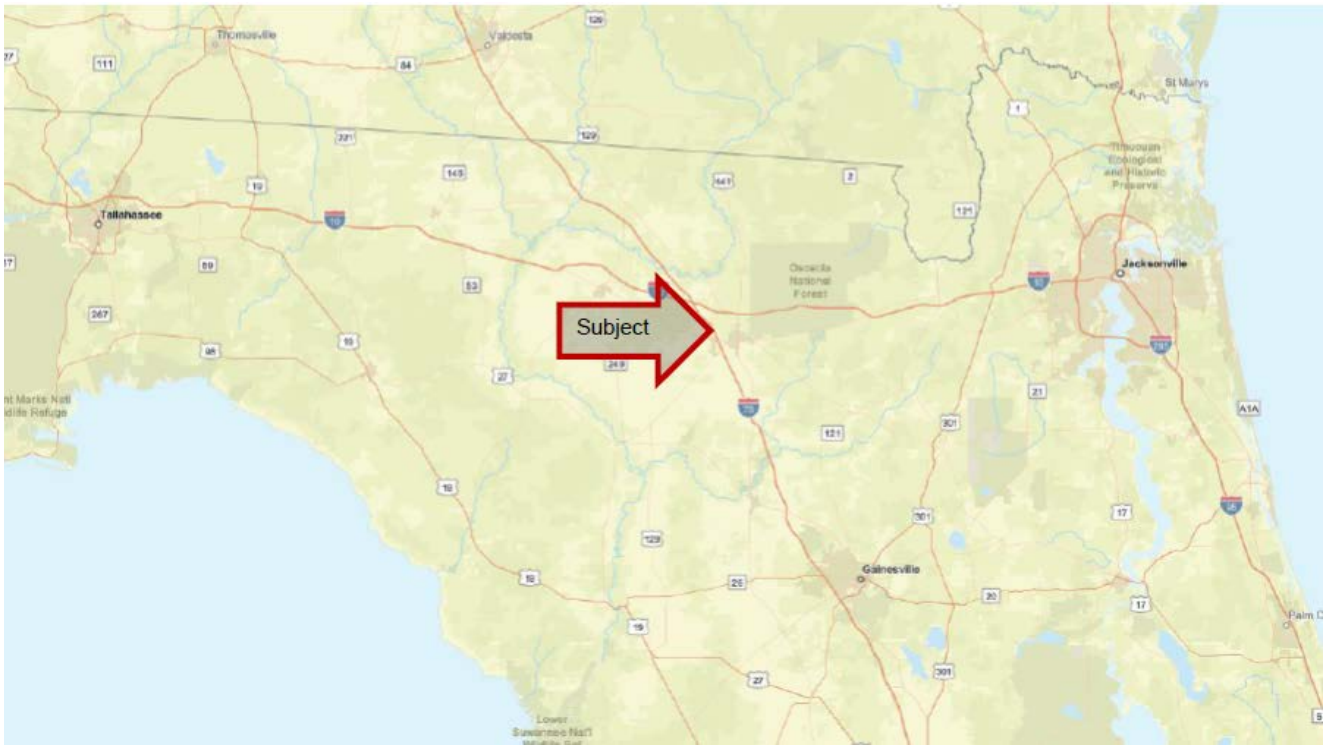
Source: ESRI, 2023 (2010 Census)

The Canopy at Harper Lake Property

The subject is an assisted living and memory care facility located at 213 NW Gleason Dr., Lake City, Florida 32055, and it is known as The Canopy at Harper Lake. The subject is comprised of 64 units, some of which can accommodate double occupancy (44 assisted living units and 20 memory care units licensed for 72 beds). The community has a gross floor area of 46,332 square feet in a 1-story structure. Occupancy at the time of closing was 79.2%.

Canopy at Harper Lake Property – Area and Neighborhood Review

The Canopy at Harper Lake Property is located in the western portion of Lake City, Florida in Columbia County and is situated two miles west of the Central Business District. The Canopy at Harper Lake Property is in the northern portion of the state, 40 miles north of Gainesville and 60 miles west of Jacksonville. A large portion of western side of Lake City is comprised or retail uses and access to the Canopy at Harper Lake Property is considered average relative competitive properties, referral hospitals, labor supply and visitors.



Canopy at Harper Lake Property – Population and Employment

The Canopy at Harper Lake Property's neighborhood within a one-mile radius has a population of 2,768 and the total population of Columbia County, the county the Canopy at Harper Lake Property is located in, is 71,056. The population within the neighborhood is expected to increase 0.05% annually from 2023 to 2028. The population of people 75 and over in the neighborhood is 252 and totals 6,044 in Columbia County. The 75-plus-age group within the neighborhood is forecasted to increase 2.28% annually, lower than the county rate of 4.41%. The largest employment sectors within the neighborhood are retail trades and service.

Population, income, and employment statistics for the Canopy at Harper Lake Property area are provided in the graphics below.

Table N-2 Neighborhood: Population Trends By Age Group

	Columbia County	Neighborhood 1 mile
Total Population Ages 25 to 34		
2023	9,446	402
2028	8,517	388
Annual Change	-2.05%	-0.71%
Total Population Ages 35 to 44		
2023	8,465	320
2028	9,090	329
Annual Change	1.43%	0.56%
Total Population Ages 45 to 54		
2023	8,229	264
2028	8,328	273
Annual Change	0.24%	0.67%
Total Population Ages 55 to 64		
2023	9,893	294
2028	8,899	251
Annual Change	-2.10%	-3.11%
Total Population Ages 65 to 74		
2023	9,021	270
2028	9,415	269
Annual Change	0.86%	-0.07%
Total Population Ages 75 to 84		
2023	4,601	186
2028	5,761	203
Annual Change	4.60%	1.76%
Total Population 85 and Over		
2023	1,443	66
2028	1,737	79
Annual Change	3.78%	3.66%
Total Population 75 and Over		
2000	4,347	165
2023	**6,044**	**252**
2028	**7,498**	**282**
Annual Change -- 2010 to 2023	2.57%	3.31%
Annual Change -- 2023 to 2028	**4.41%**	**2.28%**

Source: ESRI, 2023 (2010 Census)

Table N-3 Neighborhood: Socioeconomic Indicators

	Columbia County	Neighborhood 1 mile
Average Household Income, 2023	$78,529	$74,395
Per Capita Income, 2023	$30,025	$28,834
Number of Households, 2023		
<$15,000	3,450	127
$15,000 - $24,999	1,772	90
$25,000 - $34,999	2,848	136
$35,000 - $49,999	3,725	178
$50,000 - $74,999	4,679	214
$75,000 - $99,999	3,593	144
$100,000 - $149,999	4,677	184
$150,000 - $199,999	1,458	31
$200,000+	939	40
Household Income Distribution, 2023		
<$15,000	12.7%	11.1%
$15,000 - $24,999	6.5%	7.9%
$25,000 - $34,999	10.5%	11.9%
$35,000 - $49,999	13.7%	15.6%
$50,000 - $74,999	17.2%	18.7%
$75,000 - $99,999	13.2%	12.6%
$100,000 - $149,999	17.2%	16.1%
$150,000 - $199,999	5.4%	2.7%
$200,000+	3.5%	3.5%
Median Home Value, 2023	$196,750	$242,551
Bachelor Degree or Higher (2023 Estimate)	11.9%	16.0%
Employment Sector		
Total (Civilian Employment, Age 16+)	26,162	5,066
Agriculture/Mining	1.4%	0.4%
Construction	3.7%	4.1%
Manufacturing	4.7%	0.2%
Transportation	5.4%	2.0%
Communication	0.5%	0.7%
Utility	0.4%	0.2%
Wholesale Trade	4.0%	4.1%
Retail Trade	23.1%	43.5%
Finance/Insur/Real Estate	5.6%	7.2%
Service	39.3%	33.7%
Government	11.8%	3.8%
Unclassified Establishments	0.3%	0.1%

Source: ESRI, 2023 (2010 Census)

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SUMMARY OF THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

General

Each Investor will be required to execute a Purchase Agreement and Escrow Instructions in the form attached to this Memorandum as Exhibit E (the "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. See Exhibit E – Form of Purchase Agreement and Escrow Instructions.

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) an executed signature page for the Trust Agreement, (iv) the purchase price for the Interest, and (v) 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 F, 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 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 of the Code, if one is contemplated. Information about the allocation of the Purchase Price among classes of assets acquired by the Trust is available upon request from the Signatory Trustee, which information may be relevant to any Investor intended to make a tax-deferred exchange under Section 1031 of the Code. 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 Properties 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 shall be determined and settled by binding arbitration in Orange County, California and voluntarily waives any right such Investor may have to a jury trial in such proceeding.

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SUMMARY OF THE TRUST AGREEMENT

The Interests are subject to the Amended and Restated Trust Agreement attached as Exhibit A to this Memorandum, effective as of August 29, 2023. The Signatory Trustee of the Trust is 1031CF Portfolio 5 ST, LLC, a Delaware limited liability company and an Affiliate of the Sponsor, and the Delaware Trustee of the Trust is Sorensen Entity Services LLC, a Delaware corporation (the Signatory Trustee and the Delaware Trustee, collectively, the "Trustees"). 1031CF Portfolio 5 Holdings, LLC, a Delaware limited liability company and an Affiliate of the Sponsor (the "Depositor"), is the initial beneficiary of the Trust. Terms not otherwise defined in this section will have the definitions prescribed to them in the Trust Agreement.

The Depositor owns 100% of the beneficial interests in the Trust. The Signatory Trustee shall serve as signatory trustee for the Trust, and the Delaware Trustee shall serve as Delaware trustee for the Trust.

The rights and obligations of the Investors and Trustees with respect to the Properties are governed by the Trust Agreement. The following is a summary of some of the significant provisions of the Trust Agreement and is qualified in its entirety by reference to the full Trust Agreement. Each prospective Investor should review the entire Trust Agreement before investing. See "RISK FACTORS – Risks Relating to the Trust Structure."

Purposes of the Trust

The purposes of the Trust are (i) to acquire, own, conserve, protect, manage, hold and operate the Properties; (ii) to comply with the terms of the Trust Agreement, the Master Leases, and the underlying Rental Agreements on the Properties; (iii) to dispose of the Properties; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing and manage the Trust Properties in accordance with the Trust Agreement. The term "Trust Property" is defined in Trust Agreement as all right, title and interest of the Trust in and to any property contributed to the Trust by the Depositor or otherwise owned by the Trust, including the Properties, any reserves and any other assets incidental to the ownership of the Properties.

The trust agreement will terminate on the earlier of (a) termination of the master leases, or (b) after the sale or other disposition of the Trust Property.

Terms of the Trust Agreement

Following is a summary of some of the significant provisions of the Trust Agreement, and is qualified in its entirety by reference to the full Trust Agreement.

Authority and Duties of the Trustees

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

The duties of the Delaware Trustee under the Trust Agreement are limited to acting as Trustee in the State of Delaware to satisfy the requirement of the Delaware Statutory Trust Act that each the Trust have at least one Trustee with a principal place of business in Delaware. All other duties under the Trust Agreement reside with the Signatory Trustee, including, but not limited to: (a) acquiring, owning, conserving, protecting, operating and disposing of the Trust Property; (b) entering into and/or assuming and complying with the terms of the Master Leases and any other transaction document; (c) receiving and making distributions in accordance with the provisions of the Trust Agreement; (d) collecting rent payments from the Master

Tenants; (e) entering into agreements to enable Investors to complete Section 1031 Exchanges; (f) notifying relevant parties of any default by them under the Trust Agreement, Master Leases or other transaction documents; (g) solely in the event of bankruptcy or insolvency by the Master Tenants, entering into any new Master Leases of the Properties or renegotiating or refinancing any debt secured by the Properties; (h) taking all actions with respect to a Transfer Distribution and the conversion of the Trust as required under the Trust Agreement; and (i) taking any action which, in the reasoned opinion of tax counsel to the Trust, should not have any adverse impact on the treatment of the Trust as a "fixed investment trust" or as a "grantor trust" for federal income tax purposes. See "RISK FACTORS – Risks Relating to Trust Structure - Limited Duties of Trustees."

Compensation and Reimbursement of the Trustees and the Sponsor

The Trust pays the Delaware Trustee an initial fee, monthly fees, and document execution fees for its services. Pursuant to an Asset Management Agreement between the Trust and the Sponsor, the Sponsor receives an Annual Asset Management Fee, equal to $37,013 in year one of the hold period (beginning payment in month seven), $76,986 in year two, and increasing by 4% per annum for each year thereafter. The Trustees are entitled to be reimbursed by the Trust for their reasonable expenses related to the performance of their duties. The Sponsor also receives an investor relations fee in an amount equal to equal to $49,700 in the first year following the acquisition (beginning payment in month seven), $103,376 in year two, and increasing by 4% per annum for each year thereafter. The Trust will pay the Sponsor an entity expenses fee equal to $6,500 in the first year following the acquisition (beginning in month seven), $13,520 in the second year, and increasing by 4% thereafter, and will pay a Signatory Trustee fee equal to $1,250 in year one (beginning in month seven), $2,600 in year two, and increasing by 4% per annum for each year thereafter.

Limitation on Authority of the Trustees

To enhance the likelihood that the Interests will be treated as "like kind" to real estate for purposes of Section 1031 of the Code, the Trust Agreement prohibits the Trustees from taking any action if such action would "vary the investment" of the Investors as defined by Treasury Regulation Section 301.7701-4(c)(1) (any such action, a "Prohibited Action"), unless such action is expressly permitted by the IRS. Specifically, the Trustees may not (a) dispose of the Properties, or reinvest money held by the Trust, except as provided in the Trust Agreement, (b) enter into new financing, renegotiate the Master Leases, or enter into new leases except in the event of the bankruptcy or insolvency of the Master Tenants, (c) make repairs other than minor non-structural modifications of the Properties, except as required by law, (d) after the formation and capitalization of the Trust as described in this Memorandum, accept any additional capital contributions from any Investor, or any contributions from any prospective new investor, (e) acquire any parcel of real estate other than the Properties, (f) acquire any parcel of Real Estate more than ninety (90) days after the first issuance of Interests to Investors pursuant to the Memorandum, (g) except as provided in (f) above, take any willful action to fail to close the acquisition of any of the parcels of Real Estate, or (h) take any other action that, in the opinion of the then current tax counsel to the Trust (as provided in the Trust Agreement), would cause the Trust to be treated as a "business entity" for federal income tax purposes. These restrictions become applicable following the date the first Investor acquires a beneficial interest in the Trust. See "RISK FACTORS – Risks Relating to Trust Structure - Limited Powers of Trustees; Risk of Termination of the Trust."

Authority of Investors

Because the Trust Agreement was designed to meet the parameters of Revenue Ruling 2004-86 issued by the IRS and other relevant regulatory and judicial requirements that pertain to Delaware statutory trusts, Investors are not permitted to have any control over or voting rights with respect to the operation, ownership or disposition of the Properties. Investors holding a majority of the Interests in the Trust may remove a Trustee of the Trust only if the Trustee has engaged in willful misconduct, fraud or gross negligence with respect to the Trust. Upon the resignation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor Trustee. See "RISK FACTORS – Risks Relating to Trust Structure - Investors Have Limited Control over the Trust."

Cash Flow

Except as provided otherwise in the Trust Agreement and Master Leases and as summarized in this Memorandum, Investors will be entitled, based on their respective Interests in the Trust, to cash distributions of the net operating cash flow of the Trust and the net proceeds from any sale, exchange, or financing of the Properties held by the Trust, after reimbursement of the Trustees for expenses, amounts necessary to pay anticipated ordinary current and future expenses of the Trust, including contributions to the Trust-Held Reserve or other reserves, and other commissions and fees. Such cash

flow is expected to be distributed on a monthly basis. Amounts retained may be invested only in certain short-term government obligations or certificates of deposit in banks or trust companies having a minimum stated capital of $50,000,000.

Restrictions on Transfer of Interests

There are restrictions on the transferability of the Interests imposed by state and federal securities laws and by the Trust Agreement. The Interests 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. See "RESTRICTIONS ON TRANSFERABILITY."

No Interest in the Trust, or any portion thereof, may be assigned, pledged, encumbered or transferred without the prior consent of the Signatory Trustee. The Signatory Trustee's consent to a proposed transfer of any Interest in the Trust is subject to the satisfaction of the following, as determined by the Signatory Trustee in its sole discretion: (1) the proposed transfer's compliance with all applicable securities laws; (2) a determination that the proposed transfer would not result in the Trust having to register as an investment company under the Investment Company Act of 1940, as amended, or require the Trust or the Trustee to register as an investment adviser under the Investment Advisers Act of 1940, as amended; (3) a determination that the proposed transfer would not cause the Trust Properties to become "plan assets" (as defined in the Trust Agreement); (4) the execution by the proposed transferor and transferee(s) of documents to effectuate the transfer that are satisfactory to the Signatory Trustee; and (6) the payment of all expenses related to the proposed transfer by the transferor. See "RISK FACTORS – Risks Relating to the Offering and Lack of Liquidity" for additional discussion related to the restrictions on transfer.

Property Rights

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

Investor Liability and Bankruptcy

Investors will not have liability for the debts or obligations of the Trust or any other Investor, whether with respect to the Properties or otherwise, and the Trust Agreement cannot be terminated by reason of the bankruptcy or insolvency of any Investor.

Disposition Authority

Under the Trust Agreement, the Trust may sell or otherwise dispose of the Properties, including through an exchange pursuant to Internal Revenue Code Section 721.

Transfer Distribution and Springing LLC

Under the Trust Agreement, if the Signatory Trustee determines that the Master Tenants have defaulted in paying the Rent or in other circumstances, the Signatory Trustee may terminate the Trust by converting it into a Springing LLC. If the Trust is converted to a Springing LLC: (i) the Investors would become members of the Springing LLC that had formerly been the Trust, owning an interest in the Springing LLC in proportion to their Interests in the Trust; (ii) the Springing LLC that had formerly been the Trust would in turn continue to own the Properties; and (iii) the Signatory Trustee would become the manager of the Springing LLC.

The foregoing transactions will permit actions to be taken to conserve and protect the at-risk Properties that could otherwise not have been taken.

See "RISK FACTORS – Risks Relating to Trust Structure - Limited Powers of Trustees; Risk of Termination of the Trust," and "RISK FACTORS – Tax Risks – If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Tax-Deferred Exchange Treatment under Code Section 1031."

Tax Status of the Trust

The Trust Agreement provides that the Trust is intended to qualify as a fixed investment trust and grantor trust for federal income tax purposes, and not as a partnership or association. Thus, although the Trust is respected as a separate entity for state law purposes, subject to the conditions, qualifications, and assumptions set forth in the Tax Opinion attached to this Memorandum as Exhibit F, the Trust's Tax Counsel (as hereinafter defined) is of the opinion that each Investor should be treated as owning a direct interest in the Properties for purposes of Section 1031. See the Tax Opinion of Tax Counsel attached to this Memorandum as Exhibit F, and see also "FEDERAL INCOME TAX CONSEQUENCES." Each Investor is required to report its Interest in a manner that is consistent with the foregoing.

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SUMMARY OF THE MASTER LEASES

General

The Trust, as landlord, and the Master Tenants, as tenant, have entered into the Palm Coast Master Lease and Harper Lake Master Lease for the Properties, attached as Exhibit B and Exhibit C, respectively to this Memorandum, effective as of September 1, 2023, and has assigned the Rental Agreements and all other service contracts and related agreements to the Master Tenants.

The Master Leases are net leases incorporating all expenses associated with the operation of the Properties. The Master Tenants operate the Properties for their own benefit and retain certain positive differences between the operating cash flow of the Properties and payments due from the Master Tenants to the Trust, as described in greater detail below. Likewise, the Master Tenants are liable for the cash shortfalls between the operating cash flow and payments due from the Master Tenants to the Trust.

EACH PROSPECTIVE INVESTOR SHOULD REVIEW THE MASTER LEASES BEFORE INVESTING. THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT PROVISIONS OF THE MASTER LEASES. THE FUNDAMENTAL INFORMATION LISTED BELOW IS NOT EXHAUSTIVE OF ALL IMPORTANT TERMS, SUCH AS THE MASTER TENANTS' AND THE TRUST'S ASSOCIATED WITH INDEMNIFICATION PROVISIONS AND TERMINATION, AND RENT REDUCTION RIGHTS UNDER THE MASTER LEASES. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE MASTER LEASES.

Term of the Master Leases

The original term of each of the Master Leases is ten (10) years (the "Original Term"), commencing as of the date the Trust acquired the Properties. In addition, either of the Master Tenants have the right, in their sole discretion, to exercise three (3) successive renewal terms of five (5) years each (each, a "Renewal Term," and each, together with the Original Term, the "Term"). Each of the Master Tenants is required to give the Trust sixty (60) days' prior written notice of its intention to exercise a Renewal Term. However, the Master Tenants cannot exercise a Renewal Term if either are then in default of the applicable Master Lease. During the Term, the Master Tenants are obligated to pay the Rent (as described below), and generally bear all costs of operating, maintaining, repairing, and leasing the Properties, other than Capital Expenses as defined in the Master Leases or expenses relating to restoration after a casualty or condemnation. Each of the Master Leases may be terminated prior to the end of the Term in the following circumstances: (a) by the Trust in the event of a default by the applicable Master Tenant; (b) by the applicable Master Tenant, in the event of a default by the Trust, but only if a person not affiliated with the applicable Master Tenant is the Signatory Trustee; or (c) in the event of a material casualty and neither the Trust nor the applicable Master Tenant elects to cause such repair, or in the event of a permanent taking of all of the applicable Property (or a permanent taking of less than all of the applicable Property, but it is impractical to rebuild the applicable Property), in which case the applicable Master Lease terminates automatically. Each of the Master Leases will terminate automatically upon the sale of the applicable Property. Termination of either of the Master Leases may cause the Trust to be converted into a Springing LLC, which would likely cause adverse tax consequences to the Investors. See "RISK FACTORS –Risks Relating to the Management of the Properties – Sale of the Properties," "RISK FACTORS – Tax Risks – If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Future Tax-Deferred Exchange Treatment under Code Section 1031," and "Summary of the Trust Agreement – Terms of the Trust Agreement – Transfer Distribution and Springing LLC."

Rent

During the term of the Palm Coast Master Lease, the Palm Coast Master Tenant pays Stated Rent and Base Rent in arrears on the 7th day of each calendar month as follows:

Palm Coast Lease Year	Base Rent*	Stated Rent	Total Rent
Palm Coast Lease Year 1 (Months 1-6)	$6,734	$366,749	$373,483
Palm Coast Lease Year 1 (Months 7-12)	$49,164	$366,749	$415,913
Palm Coast Lease Year 2	$102,260	$746,255	$848,515
Palm Coast Lease Year 3	$106,531	$759,012	$865,362
Palm Coast Lease Year 4	$110,605	$771,768	$882,373
Palm Coast Lease Year 5	$115,029	$784,525	$899,554
Palm Coast Lease Year 6	$119,630	$797,281	$916,911
Palm Coast Lease Year 7	$124,415	$810,038	$934,453
Pam Coast Lease Year 8	$129,392	$822,794	$952,186
Palm Coast Lease Year 9	$134,567	$835,551	$970,118
Palm Coast Lease Year 10	$139,950	$848,307	$988,257

During the term of the Harper Lake Master Lease, the Harper Lake Master Tenant pays Stated Rent and Base Rent in arrears on the 7th day of each calendar month as follows:

Harper Lake Lease Year	Base Rent*	Stated Rent	Total Rent
Harper Lake Lease Year 1 (Months 1-6)	$8,257	$449,751	$458,008
Harper Lake Lease Year 1 (Months 7-12)	$60,290	$449,751	$510,041
Harper Lake Lease Year 2	$125,403	$915,145	$1,040,548
Harper Lake Lease Year 3	$130,419	$930,788	$1,061,207
Harper Lake Lease Year 4	$135,636	$946,432	$1,082,068
Harper Lake Lease Year 5	$141,062	$962,075	$1,103,137
Harper Lake Lease Year 6	$146,704	$977,719	$1,124,423
Harper Lake Lease Year 7	$152,572	$993,362	$1,145,934
Harper Lake Lease Year 8	$158,675	$1,009,006	$1,167,681
Harper Lake Lease Year 9	$165,022	$1,024,649	$1,189,671
Harper Lake Lease Year 10	$171,623	$1,040,293	$1,211,916

* The Master Tenants will not begin payment of the Base Rent, except payments related to the funding of the Trust-Held Reserve, until month seven of each Master Lease term.

Total Aggregate Rents Anticipated:

Lease Year 1	Lease Year 2	Lease Year 3	Lease Year 4	Lease Year 5	Lease Year 6	Lease Year 7	Lease Year 8	Lease Year 9	Lease Year 10
$1,757,444	$1,889,063	$1,926,570	$1,964,441	$2,002,690	$2,041,334	$2,080,387	$2,119,867	$2,159,789	$2,200,173

The Base Rent includes certain expenses of the Trust, the Asset Management Fee payable to the Sponsor pursuant to the Asset Management Agreement, certain investor relations and administrative costs of the Trust, and the fees payable to the Delaware Trustee and Signatory Trustee under the Trust Agreement. The Base Rent may be deferred and accrued to the extent the Properties' available cash (including reserves) is not sufficient to pay operating costs, impositions, Stated Rent and the then-due Base Rent in full, but only with respect to any such shortfall amount; provided, however, that such deferred amounts shall be payable in full upon a disposition of the Properties and termination of the Master Leases.. The Master Tenants may defer payment of up to one-half of the Stated Rent payable each month as long as all operating costs, impositions and all other property expenses are timely paid and all other Master Tenants' cash flow received during such period is applied to the Stated Rent. Any deferred Stated Rent would bear interest at Prime plus one percent (1%) annually until paid.

Property Expenses

The Master Leases require the Trust to be financially responsible for (i) casualty and condemnation restoration of the Properties, and (ii) all costs and expenses incurred in connection with the Properties that are normally capitalized under generally accepted accounting principles, including but not limited to repairs and replacements to roofs, chimneys, parking lots, paving, balconies, porches, patios, foundations, exterior walls and all load bearing walls, exterior doors and doorways, windows, elevators, and exterior painting (collectively, "Capital Expenses").

The Master Leases require the Master Tenants to be financially responsible for all costs and expenses incurred in connection with the Properties that are not Capital Expenses (including, without limitation, real estate taxes, insurance, utilities, HVAC equipment, water heaters, plumbing fixtures, electrical fixtures and repairs, and replacements of personal property that are normally not capitalized under generally accepted accounting principles), or related to restoration after casualty or condemnation; provided, that the Trust-Held Reserve will be available to the Master Tenants for the payment of such expenses.

The Master Tenants are fully responsible for performing all maintenance and repairs to the Properties and are reimbursed for any Capital Expenses paid by the Master Tenants on behalf of the Trust to the extent funds are available in the Trust-Held Reserve and the Trust is not required to actually perform any maintenance of the Properties. If funds are not available in the Trust-Held Reserve to reimburse the Master Tenants for any Capital Expenses that are the obligations of the Trust, the Master Tenants may, but are not obligated to, pay for such Capital Expenses and may recover the difference by a setoff against the Rent. See "SUMMARY OF THE MASTER LEASES – Disposition Fees and Other Reimbursements Upon Sale of the Properties."

Taxes, Utilities, and Insurance

The Master Tenants are required to pay real property taxes, utilities, and insurance costs that will be payable in respect of the Property during each year that the Trust is projected to own the Properties.

Casualty and Condemnation

In the event of a casualty or condemnation, the Master Tenants will, to the extent permitted by law, restore the Properties using the insurance proceeds or award, as applicable. If the condemnation award exceeds the cost to restore the Properties, then the Trust will retain the excess. If the insurance proceeds exceed the cost to restore the Properties, then the Trust will retain the excess. If such repair becomes necessary, the Trust may be required to convert into a Springing LLC, which may have adverse consequences to the Investors. See "RISK FACTORS – Tax Risks – If the Trust is Converted into a Springing LLC, the Investors' Ownership Interests in the Springing LLC will not Qualify for Future Tax-Deferred Exchange Treatment under Code Section 1031."

Reserve Accounts

The Trust-Held Reserve was funded with $600,000 from the Cash Contribution at the closing of the acquisition of the Properties. In addition, the Trust will make annual contributions to the Trust-Held Reserve of a portion of the Base Rent

received under the Master Leases in an amount equal to $29,982 beginning in the first lease year and increasing by 4% per annum thereafter. Such Trust-Held Reserve may be used for certain repairs and maintenance related to each Property, capital expenditures, costs and expenses of each Property (including each Property's Property Management Fee), and may be drawn upon by the applicable Master Tenant subject to the applicable Master Lease.

If the Trust-Held Reserve is not available for any reason and funds of the Master Tenants are used to pay for expenses for which the Trust is responsible, such amounts will be treated as a non-interest-bearing loan from the Master Tenants to the Trust, which the Master Tenants may recover, in the Master Tenants' sole discretion, out of the Trust-Held Reserve (if not depleted), by set off against the Rent, or from proceeds of a sale of the Property. See "RISK FACTORS – Real Estate Risks," including without limitation the section titled "Limited Reserves."

Upon the sale of the Properties, any funds remaining in the Trust-Held Reserve shall be disbursed to the Investors. In the event of a 721 contribution of the Properties, remaining reserve funds may be disbursed to the Investors, or may be contributed along with the Properties.

Master Tenant Capitalization

The Master Tenants are newly formed Delaware limited liability companies. The capitalization of each Master Tenant is provided by (i) rents received from the respective Rental Agreements; (ii) $100,000 of acquisition fee reallocated and contributed to the Master Tenants at the closing of the acquisition, which is expected to be drawn down by the Master Tenatns over the first 6 months of the Master Leases' terms; and (iii) a $600,000 demand note from the Sponsor to the Master Tenants. Funds for the Demand Note will also come from additional acquisition fees paid to the Sponsor at Closing that will be allocated by the Sponsor to funding the Demand Note. Any amounts not funded to the Master Tenants pursuant to the Demand Note will be retained by the Sponsor as compensation. See "RISK FACTORS – Real Estate Risks – Limited Capital of the Master Tenant," and "RISK FACTORS – Real Estate Risks - The Sponsor May Be Unable to Fulfill Its Obligations under the Demand Note."

Insurance

The Master Tenants have obtained, at their sole cost, comprehensive property insurance with limits to 100% of replacement cost and insurance for general and professional liability. However, actual replacement costs may exceed insurance limits. The Trust is named as an additional insured or loss payee, as the case may be, on the insurance policies obtained by the Master Tenants.

Duties of Master Tenants

The duties of the Master Tenants generally include, but are not limited to, the operation, repair, replacement, maintenance and management of the Properties, except that, generally, the Master Tenants are not financially responsible for "Capital Expenses" as defined in the Master Leases, or costs relating to restoration after casualty or condemnation. See "SUMMARY OF MASTER LEASES – Property Expenses." See also "RISK FACTORS – Risks Relating to Management of the Properties."

Disposition Fee and Other Reimbursements Upon Sale of the Property

Upon the sale or other disposition of the Properties, the Master Tenants will be entitled to a disposition fee (the "Disposition Fee") in an amount equal to four percent (4%) of the gross proceeds from the sale, exchange or other disposition of the Properties, including an exchange pursuant to Code Section 721; provided, however, that the Disposition Fee will not be paid unless the aggregate gross sales price for the Properties equals at least $28,400,000. If the Properties are sold individually then the thresholds for payment of the Disposition Fee shall be $12,780,000 and $15,620,000 for the Gold Choice Palm Coast and Canopy at Harper Lake Properties, respectively. No Disposition Fee shall be paid until any accrued but unpaid Stated Rent has been paid. The Disposition Fee shall be reduced by the amount of any sales commissions payable to one or more third-party brokers in connection with the sale and assignment, which sales commissions shall be paid by the Trust. The Master Tenants may waive or reduce the Disposition Fee, in their sole discretion, in the event of an exchange transaction pursuant to Code Section 721 with respect to the Properties. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES"

Property Management Agreement

The Master Tenants have entered into individual PMAs with the Property Manager for each Property. See "DESCRIPTION OF THE PROPERTIES – Property Management Agreements."

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ACQUISITION AND CONTRIBUTION OF THE PROPERTIES

Acquisition Terms

The Trust acquired the Properties from the Seller on September 1, 2023 for an aggregate Purchase Price of $21,150,000, plus payment of closing costs and related transactional costs, all pursuant to the terms of the Contracts of Purchase and Sale by and between Sellers and the Sponsor, as assigned by the Sponsor to the Depositor and contributed by the Depositor to the Trust. In the Contracts of Purchase and Sale, Sellers made limited representations and warranties and indemnities regarding the physical condition, ownership and operations of the Properties and the Facilities.

Before the Closing Date, the Depositor made the Depositor Contribution in exchange for its receipt of the Unsold Interests. Concurrently with the acquisition of the Properties, the Trust master leased the Properties to the Master Tenants pursuant to the Master Leases, attached as Exhibit B and C hereto.

The Trust will offer the Interests for a total offering price of $28,400,000 and such amount is greater than the aggregate Purchase Price for the Properties plus closing costs, reserves and carrying costs; therefore, the Sponsor and its Affiliates anticipate earning a profit on the purchase of the Properties and the Trust's sale of the Interests to the Investors in the form of fee revenues. See "ESTIMATED USE OF PROCEEDS", "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "RISK FACTORS – Real Estate Risks –Determination of Purchase Price/Valuation."

Depositor Contribution

The acquisition and closing costs including the Acquisition Fee for the acquisition of the Properties, as well as the initial contribution to the Trust-Held Reserve was funded by a contribution by the Depositor to the Trust of the Cash Contribution. The Depositor funded the Cash Contribution with preferred equity issued by the Depositor until sufficient funds are raised through the sale of Interests in this Offering. See "ESTIMATED USE OF PROCEEDS", "ACQUISITION OF THE PROPERTIES", "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES" and "CONFLICTS OF INTEREST."

Canopy at Harper Lake Holdback Agreement

As an inducement to the Trust to acquire the Canopy at Harper Lake Property, the Harper Lake Seller has funded an escrow of $500,000 in favor of the Harper Lake Master Tenant of the to support Seller's guaranty of the Canopy at Harper Lake Property's annual net operating income of $885,000 during the first eighteen (18) months of operations following closing, pursuant to a Closing Holdback Escrow Agreement dated as of the Closing Date (the "Closing Escrow Agreement") between the Harper Lake Seller, Harper Lake Master Tenant, and Zimmerman, Kiser, P.A. ("Holdback Escrow Agent"). If during any quarterly period of the Closing Escrow Agreement the quarterly net operating income is less than $221,250, the Harper Lake Master Tenant will have the right to draw down on the escrow an amount equal to the shortfall in net operating income for the applicable quarter. If the Harper Lake Master Tenant draws down on the escrow and quarterly net operating income for a succeeding quarter during the period of the Closing Escrow Agreement exceeds $221,250, such excess must be contributed to the escrow to replenish the escrow for amounts previously drawn down. The escrow will be released to the Harper Lake Seller one-sixth per quarter over the term of the Closing Escrow Agreement in any quarter for which there is no net operating income deficiency.

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PLAN OF DISTRIBUTION

Capitalization

The Offering is for a Maximum Offering Amount of $28,400,000 of Interests. Each purchaser must purchase a minimum 0.0880% Interest ($25,000) in the Trust, except that the Trust may permit certain Investors, in its sole discretion, to make a smaller investment. The Offering will continue until the Offering Termination Date, which is the earlier of (i) the first date on which 100% of the Interests have been sold, (ii) eighteen (18) months from the commencement of the Offering, or (iii) the termination of the Offering by the Signatory Trustee in its sole discretion. The Signatory Trustee has the right, in its sole discretion, to waive the minimum purchase requirement.

Qualifications of Investors

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

Sale of Interests

Prospective Investors must adhere to the 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 form of Purchase Agreement attached to this Memorandum as Exhibit E. All proceeds from the purchase of Interests by an Investor will be directly deposited into an account established by the Sponsor for and in the name of the Trust, which account will hold such proceeds 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.

Inquiries regarding purchases of Interests should be directed to 1031CF Portfolio 5 DST, c/o 1031 Crowdfunding, LLC, 2603 Main St. Suite 1050, Irvine, CA 92614. The telephone number for 1031 Crowdfunding is (844) 533-1031. E-mails should be directed to Investors@1031crowdfunding.com.

Marketing of Interests

Offers and sales will be made on a "best efforts" basis by Capulent, LLC (the "*Dealer-Manager*"), an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("*FINRA*") and broker-dealers who are members of FINRA, including the Dealer-Manager. Certain of the Sponsor's personnel, including Mr. Fernandez, are registered representatives of the Dealer-Manager. Mr. Fernandez and other Sponsor personnel are expected to receive sales compensation in connection with the Offering. In addition, Mr. Fernandez is a non-controlling equity owner of the Dealer-Manager. The Dealer-Manager will act as the managing broker-dealer for the Offering. The following Selling Expenses will be paid from the Offering Proceeds to the Dealer-Manager: (i) Selling Commissions equal to five percent (5%) of the Offering Proceeds, (ii) a Placement Fee equal to one percent (1%) of the Offering Proceeds, (iii) a Wholesaling Fee equal to one percent (1%) of the Offering Proceeds, (iv) a Due Diligence Allowance of up to one percent (1%) of the Offering Proceeds; and (v) the Dealer-Manager Fee in an amount of up to one percent (1%) of the Offering Proceeds. The Dealer Manager may reallow the Selling Commissions, Placement Fee, Wholesaling Fee and Due Diligence Allowance to Selling Group Members. Under no circumstances will the total Selling Expenses exceed nine percent (9%) of the proceeds of the Offering. Notwithstanding the foregoing, no Selling Expenses shall be paid on any Interests purchased by Investors who invest through a RIA.

In addition, the Sponsor is entitled to reimbursement for Organization and Offering Expenses equal to approximately 1.12% of the gross proceeds of the Offering as reimbursement for expenses incurred in connection with the Offering, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, accounting and other fees and expenses incurred in connection with the Offering. If the actual Organization and Offering Expenses are greater than this amount, the Sponsor will fund the shortfall, and if such expenses are less than this amount, the excess funds will be retained by the Sponsor. The Selling Expenses and Organization and Offering Expenses in total will not exceed 10.12% of the gross proceeds of the Offering. The Signatory Trustee, in its sole discretion, may accept purchases of Interests net (or partially net) of 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. See "ESTIMATED USE OF PROCEEDS."

Limitation of Offering

The offer and sale of the Interests offered herein are made in reliance upon exemptions from the Securities Act and state securities laws under Rule 506(c) of Regulation D. Accordingly, this Memorandum 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 who is not an Accredited Investor as defined in Rule 501 of Regulation D.

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, on or before the earlier of (i) the date which is thirty (30) days after receipt of the completed, executed Purchase Agreement and the completed, executed Purchaser Questionnaire, and verification of the prospective Investor's investment qualifications, and (ii) the Offering Termination Date. Any proposed purchase of Interests not accepted within such period will be deemed rejected.

No Minimum Offering Amount

There is no minimum Offering amount for the Offering and once a subscription is accepted by the Signatory Trustee, the subscription proceeds associated with such subscription will be available for immediate use by the Trust at its discretion.

506(e) Disclosure

On July 10, 2013, the SEC adopted bad actor disqualification provisions for Rule 506 of Regulation D under the Act, to implement Section 926 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The disqualification and related disclosure provisions appear as paragraphs (d) and (e) of Rule 506 of Regulation D. Under Rule 506(e), for disqualifying events that occurred before September 23, 2013, issuers may still rely on a Rule 506, but will have to comply with the disclosure provisions of Rule 506(e). Disqualification will not arise as a result of disqualifying events that occurred before September 23, 2013, the effective date of the rule amendments, so long as such events are disclosed in writing to investors. Issuers must furnish this written disclosure to purchasers a reasonable time before the Rule 506 sale.

As of the date of this Memorandum, neither the Trust, the Sponsor, nor any director, executive officer or other officer of the Sponsor participating in any offering of securities of a private placement program sponsored by the Sponsor (each, a "Company Covered Person") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d) and (e) under the Act (each, a "Disqualification Event").

In order to comply with the requirements of Rule 506(e), the Trust is required to inform potential Investors of sanctions on current or potential Selling Group Members. Each Selling Group Member that signs a selling group agreement with the Managing Broker-Dealer will attest that it will notify the Managing Broker-Dealer if such Selling Group Member has anyone designated as a "bad actor" participating in its selling efforts in relation to this Offering (each, a "Selling Group Covered Person," and collectively with the Company Covered Persons, "Covered Persons," and each, a "Covered Person").

The Trust and the Sponsor have exercised and will continue to exercise reasonable care to determine whether any Covered Person is subject to a Disqualification Event, and have complied and will continue to comply, to the extent applicable, with their disclosure obligations under Rule 506(e).

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COMPENSATION OF THE SPONSOR AND ITS AFFILIATES

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

TYPE OF PAYMENT	DETERMINATION OF AMOUNT	AMOUNT
Organization and Offering Stage:		
Reimbursement of the Sponsor for Organization and Offering Expenses:	The Sponsor is entitled to reimbursement for Organization and Offering Expenses equal to approximately 1.12% of the of the gross proceeds of the Offering as reimbursement for expenses incurred in connection with the Offering, including, but not limited to, the costs of organizing the Trust, marketing, legal, finance, accounting and other fees and expenses incurred in connection with the Offering. If the actual Organization and Offering Expenses are greater than this amount, the Sponsor will fund the shortfall, and if such expenses are less than this amount, the excess funds will be retained by the Sponsor.	Estimated to be $318,000 if the Maximum Offering Amount is sold.
Reimbursement of the Sponsor for Real Estate Acquisition Expenses:	The Sponsor is entitled to reimbursement for Real Estate Acquisition Expenses equal to approximately 1.84% of the Offering Proceeds as reimbursement for expenses incurred in connection with the acquisition of the Properties (excluding the Acquisition Fee and amounts allocated to Master Tenants working capital). If the actual Real Estate Acquisition Expenses are greater than this amount, the Sponsor will fund the shortfall, and if such expenses are less than this amount, the excess funds will be retained by the Sponsor.	Estimated to be $523,000.
Selling Commissions and other Selling Expenses to Affiliates of the Sponsor:	(i) Selling Commissions of up to five percent (5%) of the Offering Proceeds, (ii) a Placement Fee of up to one percent (1%) of the Offering Proceeds, (iii) a Wholesaling Fee of up to one percent (1%) of the Offering Proceeds, and (iv) a Due Diligence Allowance of up to one percent (1%) of the Offering Proceeds may be payable to certain Affiliates of the Sponsor that are registered representatives of the Dealer-Manager and, as such, may participate in the offering and sale of Interests. Certain of the Sponsor's personnel, including Mr. Fernandez, are registered representatives of the Dealer-Manager. Mr. Fernandez will be paid sales compensation in connection with this Offering. In addition, Mr. Fernandez is a non-controlling equity owner of the Dealer-Manager. See "CONFLICTS OF INTEREST."	Estimated to be $2,556,000 if the Maximum Offering Amount is sold by Affiliates of the Sponsor.

Preferred Equity Carrying Costs:	$2,130,000 to the Depositor to cover anticipated carrying cost of preferred equity investment in the Depositor which resulted in the Cash Contribution necessary to acquire the Properties while the Sponsor endeavors to sell the Interests pursuant to this offering. If the actual carrying costs are less than the estimated amount, the Sponsor will retain such excess as the sole common member of the Depositor as additional compensation for sponsoring this Offering. In addition, one or more affiliates of the Sponsor funded approximately $989,000 of the Cash Contribution and may make additional investments in the Depositor and will receive a proportionate amount of the preferred equity compensation.	$2,130,000 if the Maximum Offering Amount is sold.
Acquisition Fee to the Sponsor:	In connection with the acquisition of the Properties, the Sponsor is entitled to an Acquisition Fee equal to approximately two percent (2%) of the total purchase price for the acquisition of the Properties, which amount was paid from the Cash Contribution.	$423,000.
Acquisition Fee Reallocation and Demand Note	The Sponsor will receive $700,000 or approximately 2.46% of the Offering Proceeds as additional acquisition fee of which approximately $100,000 will be reallocated and contributed to the Master Tenants at the closing of the acquisition of the Properties (which reallocated acquisition fee will be distributed to the Sponsor over the first 6 months of the hold period) and $600,000 will be used to fund amounts required under the Demand Note issued by the Sponsor. Any amounts not funded to the Master Tenants pursuant to the Demand Note will be retained by the Sponsor as additional acquisition fee compensation.	$700,000.
Distributions to the Depositor in relation to Interests held by the Depositor:	The Depositor, an Affiliate of the Sponsor, is entitled to receive its pro rata share of distributions from the Trust due to any Interests held by the Depositor.	Impracticable to determine at this time.
Operational Stage:		
Reimbursement of Expenses to the Signatory Trustee:	The Signatory Trustee, an Affiliate of the Sponsor, is 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 allocated office and administration overhead expenses, all of which will be paid from operating revenue of the Trust. Furthermore, the Signatory Trustee may elect to defer reimbursement of such expenses until disposition of the Properties, whether by a sale or contribution to an Affiliate.	Impracticable to determine at this time.

Distributions to the Depositor in relation to Interests held by the Depositor:	The Depositor, an Affiliate of the Sponsor, is entitled to receive its pro rata share of distributions from the Trust due to any Interests held by the Depositor. These will be distributed to the preferred equity holders, including any Affiliate of the Sponsor.	Impracticable to determine at this time.
Facilities Revenue Received by the Master Tenants:	The Master Tenants are entitled to retain any remaining revenues received by the Master Tenants from the operation of the Facilities after payment of Rent.	Impracticable to determine at this time. See the Financial Projections attached hereto as Exhibit D.
Investor Relations & Administrative Costs:	The Trust will pay to the Sponsor investor relations and administrative costs in an amount equal to $49,700 in year one, $103,376 in year two and increasing by 4% per annum for each year thereafter.	$49,700 beginning in year one and increasing as described.
Entity Expenses Fee:	The Trust will pay to the Sponsor an entity expenses fee in an amount equal to $6,500 in year one, $13,520 in year two, and increasing by 4% thereafter.	$6,500 beginning in year one and increasing as described.
Signatory Trustee Fee:	The Signatory Trustee, an Affiliate of the Sponsor, will receive an annual fee for its services as signatory trustee of the Trust equal to $1,250 in year one (beginning payment in month seven), $2,600 in year two, and increasing by 4% per annum for each year thereafter.	$1,250 beginning in year two and increasing as described.
Asset Management Fee:	The Trust will pay the Sponsor an annual asset management fee for asset management services, equal to $37,013 beginning in year one (beginning payment in month seven) and $76,986 in year two then increasing by 4% per annum for each year thereafter pursuant to the Asset Management Agreement. The Asset Management Fee is paid monthly in arrears.	$37,013 beginning in year one and increasing as described.
Liquidation Stage:		
Disposition Fee:	Upon the sale of the Properties, the Master Tenants will be entitled to the Disposition Fee in an amount equal to four percent (4%) of the gross proceeds from the sale, exchange or other disposition of the Properties, including an exchange pursuant to Code Section 721; provided, however, that the Disposition Fee will not be paid unless the aggregate gross sales price for the Properties equals at least $28,400,000. If the Properties are sold individually then the thresholds for payment of the Disposition Fee shall be $12,780,000 and $15,620,000 for the Gold Choice Palm Coast and Canopy at Harper Lake Properties, respectively. The Disposition Fee shall be reduced by the amount of any sales commissions payable to one or more third-party brokers in connection with the sale and assignment, which sales commissions shall	Impracticable to determine at this time.

	be paid by the Trust. The Master Tenants may waive or reduce the Disposition Fee, in each of their sole discretion, in the event of an exchange transaction pursuant to Code Section 721 with respect to the Properties.	
Distributions to the Depositor in relation to Interests held by the Depositor:	The Depositor, an Affiliate of the Sponsor, will be entitled to receive its pro rata share of distributions from the Trust due to any Interests still held by the Depositor as of the sale or other disposition of the Properties or either of them.	Impracticable to determine at this time.

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FIDUCIARY DUTIES OF THE TRUSTEES, THE SPONSOR AND THE MASTER TENANTS

None of the Trustees, the Sponsor, the Master Tenants or their Affiliates have fiduciary duties to the Investors. The Trustees have only those contractual duties to Investors set forth pursuant to the terms of the Trust Agreement. The Trustees are liable to the Investors for their actions only if, among other things, the Trustees engage in willful misconduct, fraud or gross negligence or any Prohibited Action, or they fail to use ordinary care in disbursing monies to Investors pursuant to the terms of the Trust Agreement.

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CONFLICTS OF INTEREST

The Sponsor and its Affiliates act as a Trustee, asset manager, master tenants, manager, advisor, and/or controlling party of other limited liability companies, partnerships, trusts and other entities or arrangements from time to time. Such parties may presently own properties similar to the Facilities and the Properties, which may compete with the Facilities, and may acquire additional properties in the future that may also compete with the Facilities. Such parties also have existing responsibilities and, in the future, may have additional responsibilities, to provide management and services to a number of other entities. The Investors will not have any interest in any such future entities or properties. The Facilities could be adversely affected by these conflicts of interests. See "RISK FACTORS – Risks Relating to the Management of the Facilities" 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, the Master Tenants and the Signatory Trustee are affiliated through common management and ownership. The interests of the Sponsor, the Depositor, the Master Tenants and the Signatory Trustee may not always be aligned with those of the Investors as the Investors of the Trust. Further, Edward Fernandez indirectly controls 1031 Crowdfunding, which in turn controls the Sponsor, which in turn is the manager of the Depositor. Mr. Fernandez is also the manager of the Signatory Trustee and the Master Tenants. In addition, in their capacity as registered representatives of the Dealer-Manager, certain principals and associates, including Mr. Fernandez, of 1031 Crowdfunding, which indirectly controls the Sponsor and the Signatory Trustee, may also receive Selling Commissions, a Placement Fee, a Wholesaling Fee and a Due Diligence Allowance from the Offering Proceeds. Mr. Fernandez is a non-controlling equity owner of the Dealer Manager.

Competition for Residents

Affiliates of the Sponsor currently own assisted living communities and memory care centers and may acquire other properties similar to the Facilities that compete with the Facilities, including in the area in which the Facilities are located. Additionally, the Property Manager currently manages assisted living communities and memory care centers that may compete with the Facilities.

Obligations to Other Entities

The Sponsor and its Affiliates, principals, members, managers, owners, directors and executive officers will (1) have conflicts of interest in allocating management time, services and functions among the various entities with which they are engaged and others that may be organized in the future, and (2) will devote only so much time as they, in their sole discretion, deem to be reasonably required for the proper management of the Trust and the Facilities. 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 Affiliates, principals, members, managers, owners, directors and executive officers 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:

Edward E. Fernandez as Manager of the Signatory Trustee and the Master Tenants

Edward E. Fernandez is the manager of the Signatory Trustee and is an indirect member of the Sponsor. The interests of Mr. Fernandez as an indirect member of the Sponsor, which will indirectly hold a portion of the Interests through the Depositor and therefore be entitled to certain distributions from the Trust, could conflict with his duties as the manager of the Signatory Trustee and the Master Tenants. As an indirect member and the manager of the Sponsor, Mr. Fernandez will also benefit from the annual asset management fee paid to the Sponsor pursuant to the terms of the Asset Management

Agreement. The terms of the Asset Management Agreement are not the result of arms'-length negotiations. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

Lease of Properties to Master Tenants

The Trust has Leased the Properties to the Master Tenants, which are wholly-owned subsidiaries of the Sponsor (or its Affiliate). The Master Tenants shall be entitled to retain all remaining rent received by the Master Tenants from the Facilities after payment of Rent to the Trust. The Sponsor will also indirectly hold a portion of the Interests through the Depositor. The foregoing will create a conflict of interest between the direct ownership interest of the Sponsor in the Master Tenants, on the one hand, and their indirect ownership interest in the Trust on the other. See "COMPENSATION OF THE SPONSOR AND ITS AFFILIATES."

Affiliated Preferred Equity Investors

Each of 1031 CF Bridge Fund, LLC, a Delaware limited liability company (the "Bridge Fund") and 1031 CF Bridge Fund II, LLC, a Delaware limited liability company (the "Bridge Fund II," and together with the Bridge Fund, the "Bridge Funds"), affiliates of the Sponsor, has made or may make a preferred equity investment in the Depositor and such investment was used, in part, to fund the Cash Contribution. As a result, distributions made to the Depositor from operating cash flow and the proceeds of the sale of Interests in this Offering may be distributed to the Bridge Funds in accordance with their interests in the Depositor.

Fees, Excess Funds and Indirect Distributions to the Sponsor

The Sponsor is entitled to receive (i) any excess funds allocated and not utilized for the Organization and Offering Expenses or Real Estate Acquisition Expenses, (ii) distributions from the Trust as a result of the retention by the Depositor of Interests, (iii) $600,000 or approximately 2.11% of the total Offering Proceeds which funds will be available to the Sponsor to fund the amounts necessary under the Demand Note, or retain as additional acquisition fee; provided, however, that the Sponsor has no obligation to escrow or otherwise reserve such funds and may use them for other purposes, (iv) indirectly, a portion of any remaining rent received by the Master Tenants, subsidiaries of the Sponsor, from the operation of the Facilities after payment by the Master Tenants of Rent, (v) the Acquisition Fee, entity expense fee, investor relations fee and Asset Management Fee; and (v) indirectly, the Disposition Fee payable to the Master Tenants.

Payment of Disposition Fee to Master Tenants

Upon the sale of the Properties, the Master Tenants will be entitled to the Disposition Fee in an amount equal to [our percent (4%) of the gross proceeds from the disposition of the Properties; provided, however, that the Disposition Fee will not be paid unless the aggregate gross sales price for the Properties equals at least $28,400,000. If the Properties are sold individually then the thresholds for payment of the Disposition Fee shall be $12,780,000 and $15,620,000 for the Gold Choice Palm Coast and Canopy at Harper Lake Properties, respectively. The Disposition Fee shall be reduced by the amount of any sales commissions payable to one or more third-party brokers in connection with the sale and assignment, which sales commissions shall be paid by the Trust. Unless waived, the Disposition Fee will be paid on a sale or other disposition (including a 721 Exchange) to an Affiliate of the Sponsor.

Payment of Fees to 1031 Crowdfunding and its Principals and Associates

1031 Crowdfunding is entitled to receive, (i) the Acquisition Fee, (ii) distributions and return of capital from the Trust as a result of its indirect ownership interest in the Interests held by the Depositor, which will receive all Interests upon the closing of the acquisition of the Properties, provided, that it is expected that most, if not all, of such distributions from the Depositor will be made to the preferred equity investors funding the Cash Contribution, subject to the Sponsor's receipt of any excess of $2,130,000 over the actual preferred equity carrying costs, (iii) Sponsor's retention of any amounts by which the estimated Organizational and Offering Expenses and/or Real Estate Acquisition Expenses exceed such expenses actually incurred, (iv) all distributions (including the Disposition Fee) from the Master Tenants, which is wholly-owned by the Sponsor, of which 1031 Crowdfunding is the sole member, (v) indirectly, a portion of the annual fee payable to the Signatory Trustee, which is a subsidiary of the Sponsor, (vi) an indirect interest in the capitalization of the Master Tenants in the amount of $700,000 which funds include $100,000 of reallocated and contributed acquisition fee as of the acquisition of the properties and $600,000 necessary to fund the Demand Note, (viii) the Asset Management Fee, (ix) the investor relations fee, (x) the entity expenses fee, and (xi) the Signatory Trustee fee. Therefore, because 1031 Crowdfunding is receiving fees and distributions through its direct or indirect ownership of the Signatory Trustee, the Master Tenants, the Sponsor and the

Depositor and its indirect ownership interest in the Trust through Interests held by the Depositor, it may have conflicts of interest between the interests of the Signatory Trustee, the Master Tenants, the Sponsor or the Depositor, on the one hand, and the Trust, on the other hand. See "ORGANIZATIONAL CHART." Most of these fees and other compensation are payable regardless of the financial performance of the Properties or the Trust.

In addition, in their capacity as registered representatives of the Dealer-Manager, certain principals and associates, including Mr. Fernandez, of 1031 Crowdfunding, which controls the Sponsor, and indirectly controls the Signatory Trustee, may also receive Selling Commissions, a Placement Fee, a Wholesaling Fee, and a Due Diligence Allowance from the Offering Proceeds. This presents a conflict of interest that may affect their judgment as a prospective Investor's registered representative or registered supervisor (or both) in making an investment recommendation to such prospective Investor. Accordingly, each prospective Investor must choose to make an investment in Interests based on such Investor's own independent review of the merits and risks of this Offering. See "COMPENSATION OF THE MANAGER AND ITS AFFILIATES" and "PLAN OF DISTRIBUTION."

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. However, the Trust believes the amounts being paid for such services are equal to or less than normal market rates for services of the same type and quality. 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 severe 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.

Acquisition of the Properties or any of them by an Affiliate of the Sponsor

Nothing prohibits the sale or other disposition of the Properties, or either of them, including pursuant to a 721 Exchange, in a transaction with an Affiliate of the Sponsor. In any transaction with an Affiliate of the Sponsor, there will be inherent conflicts of interest. The Sponsor anticipates any such sale or other disposition, including a 721 Exchange, would be based upon the fair market value of the Properties, as established in accordance with an independent third party appraisal; however, there is not requirement to do so and the Sponsor and its Affiliates have not established any formal procedures for resolving conflicts of interest in such transactions.

Receipt of Compensation by the Sponsor and its Affiliates

The payments to the Sponsor, the Master Tenants, the Depositor, the Signatory Trustee and their Affiliates set forth under "COMPENSATION OF THE SPONSOR AND AFFILIATES" have not been determined by arm's-length negotiations.

Resolution of Conflicts of Interest

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

Legal Representation

KVCF, PLC ("Tax Counsel") is counsel to the Sponsor, the Trust, the Signatory Trustee and the Master Tenants in connection with the Offering, and it is anticipated that such multiple representation may continue in the future. Tax Counsel also may represent additional entities formed by the Sponsor and its Affiliates in the future.

Ownership of Interests

The Depositor, of which the Sponsor is the manager and a member, will receive all Interests in the Trust. The Depositor will not retain the 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 Investors, (ii) it, and the Sponsor, may have an interest in disposing of Trust assets at an earlier date than the other Investors so as to recover their investment in the Interests, and (iii) retention of Interests by the Depositor may mean that a majority of the Interests may not have been subscribed for by disinterested Investors after an assessment of the merits of the Offering.

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MANAGEMENT

The Trust will rely upon the principals, officers and of 1031 Crowdfunding LLC and the Sponsor to manage the Offering and the Facilities. In addition, the Master Tenants, of which the Sponsor is the sole member, has entered into the PMAs with the Property Manager to manage the day-to-day operations of the Facilities. The officers and principals of 1031 Crowdfunding and the Sponsor have experience in the ownership, operation and management of assisted living facilities and memory care centers, as well as capital raising for the acquisition and ownership of real estate investments. The Sponsor expects to rely on the experience and expertise of such principals, officers and personnel in order to manage the Offering and the Facilities.

Key Principals and Officers of 1031 Crowdfunding and the Sponsor

Set forth below is biographical information regarding the key principals and officers of 1031 Crowdfunding and the Sponsor.

Edward E. Fernandez. **55 years old.** Mr. Fernandez is the Chief Executive Officer and founder of 1031 Crowdfunding, LLC, which is the sole member and manager of the Sponsor. Prior to founding 1031 Crowdfunding, Mr. Fernandez was a Senior Vice President of Healthcare Real Estate Group in Irvine, California. Since January 2001, Mr. Fernandez has been responsible for researching and compiling documentation crossing various industries, including assembling content for marketing materials related to the acquisition of various real estate holdings. Mr. Fernandez has over 20 years of inside and outside sales experience and has been personally involved in the raising of over $800 million of equity from individual and institutional investors through private and public real estate offerings. He also has experience hiring and training a national internal wholesaler and external wholesaler sales force. Mr. Fernandez holds FINRA Series 6, 7, 24 and 63 licenses and is a registered representative and minority owner of the Dealer Manager.

Wade Curtis. **37 years old.** Mr. Curtis currently serves as Chief Financial Officer of 1031 Crowdfunding and the Sponsor, where he leads their finance and accounting teams. Mr. Curtis has over 12 years of experience in the Financial Services, Commercial Real Estate, and Securities industries. Mr. Curtis began his career researching dark matter phenomena at the University of California, Irvine's Department of Physics and Astronomy. His research collaborations used observation data from the Keck Telescope and a Monte Carlo Markov chain technique to explore the mass distributions of distant galaxies. Mr. Curtis has previous experience in healthcare real estate and financing as Senior Capital Markets Analyst with Healthcare Real Estate Group in Irvine, California. In this role, Mr. Curtis was involved in the creation and syndication of healthcare real estate private equity funds through a registered broker-dealer. Additionally, Mr. Curtis has previous experience with EB-5 international fundraising, commercial real estate construction modeling, and real estate acquisition underwriting. Mr. Curtis earned a Master of Business Administration from Biola University's Crowell School of Business and a Bachelor of Science in Physics, with an emphasis in Astrophysics from the University of California, Irvine.

Peter Elwell. **50 years old.** Mr. Elwell currently serves as the President, Real Estate, for 1031 Crowdfunding and the Sponsor, leading the sourcing, acquisition, and asset management of real estate. For over 20 years, Mr. Elwell has held various financial executive leadership and finance positions with companies of various sizes and in various industries. Prior to joining the 1031 Crowdfunding, he served as the Chief Investment Officer of a publicly registered, non-traded healthcare REIT, where he purchased and managed senior housing real estate. Mr. Elwell has previous experience serving in several financial management-related functions at PRIMEDIA, INC., a company managed by KKR focused on media-related assets. At PRIMEDIA, he worked on the company's mergers and acquisitions team, served as the CFO of the Company's Automotive Digital business, and financially integrated the acquisition of a $100 million online business. He began his career as an auditor with The Walt Disney Company and KPMG LLP. Mr. Elwell earned his B.S. in Business Administration from Salem State University in Salem, Massachusetts. Peter is a Certified Public Accountant (Inactive) licensed in the state of California.

Key Employees

The officers, senior management and key employees of 1031 Crowdfunding, through the Sponsor, are charged with the responsibility of managing the Signatory Trustee, of which the Sponsor is the sole member.

Litigation

There are no material legal actions pending against any of the Sponsor, the Depositor, the Signatory Trustee, the Master Tenants or the Trust, and to their knowledge, there are no such proceedings threatened or contemplated.

Property Manager

The Master Tenants have engaged the Property Manager to manage many of their responsibilities under the Master Leases and to manage the operations of the applicable Facilities. The Master Tenants have entered into individual PMAs with the Property Manager.

The Property Manager manages 4 senior care facilities across the United States, including the Harper Lake Property and Palm Coast Property.

Prior Experience and Performance

The Sponsor began sponsoring real estate programs in 2018 and has previously sponsored, nine real estate programs encompassing 13 properties, with similar investment objectives to this Offering. All of the Sponsor's prior programs with similar investment objectives are assisted living and/or memory care facilities offered through Delaware statutory trusts designed to offer the potential for "like-kind" tax deferral under Code Section 1031. As of the date of this Memorandum, the Sponsor's first three prior programs have been disposed of, as discussed in more detail below.

The Sponsor's six most recent sponsored programs, Aspen Valley DST, Birchview DST, 1031CF Portfolio 1 DST, 1031CF Portfolio 2 DST, 1031CF Portfolio 3 DST, and 1031CF Portfolio 4 DST were launched subsequent to the advent of the COVID-19 pandemic, beginning with the Aspen Valley DST in February, 2021. Each of these programs has made anticipated distributions, provided that 1031CF Portfolio 1 DST and Aspen Valley DST have each used amounts out of their reserves to pay certain expenditures related to their respective facilities and operations. Subsequently, Aspen Valley DST received government grants and COVID-19 related tax credits that enabled Aspen Valley DST to fully recover its expended reserves. 1031CF Portfolio 1 DST retains approximately 90% of its initial reserves.

The Sponsor's first three sponsored programs, Rosewood DST (2018), Bandon Pacific View DST (2019) and Sunlit DST (2019) launched prior to the advent of the COVID-19 pandemic. Each of these programs did not perform as expected as further detailed below.

Rosewood DST

Rosewood DST acquired Rosewood Specialty Care located in Hillsboro, Oregon in May 2018. In July, 2021, the program reduced distributions to beneficial owners to 5.00% as a result of the negative impact on occupancy from the COVID-19 pandemic as well as increases in operating and personnel costs relating to the same. The Sponsor has supported the rent payments by the Rosewood master tenant pursuant to contributions to the master tenant. There can be no assurance that the Sponsor would be able to support rent payments by the Master Tenant, nor does it have any obligation to do so beyond the Demand Note. In early 2022, the Sponsor terminated the former property manager for Rosewood, whom the Sponsor believed was not providing adequate management services, and hired Ohana Ventures to improve operations at the Rosewood property.

Rosewood DST contributed the Rosewood property to Covenant REIT Holdings, LP ("Covenant Holdings") on August 31, 2023 for Class A Units of limited partnership interest in Covenant Holdings ("Class A Preferred Units"). Covenant Holdings' general partner is The Covenant Diversified REIT, Inc., a Maryland corporation ("CDR"), a recently formed entity which intends to raise capital for the formation of a portfolio of real properties and to elect to be taxed as a "real estate investment trust" under the Code. Each of CDR and Covenant Holdings are Affiliates of the Sponsor. The Rosewood property was contributed to Covenant Holdings at a valuation of $13,010,000, subject to closing adjustments that reduced the contribution value to $12,789,373.30. After repayment of the outstanding indebtedness secured by the Rosewood property, the net contribution equity was $5,168,111.40. The valuation was determined by CDR and the Sponsor and supported by an appraisal of the Rosewood property by CBRE. The initial offering amount for the Rosewood DST was $16,575,000 ($8,175,000 of equity and $8,400,000 of attributed debt), and the initial purchase price for the Rosewood property acquisition was $14,000,000.

While the contribution transaction described above represents a loss to the Rosewood DST relative to its offering amount and the purchase price paid for the Rosewood property, the Sponsor has structured the contribution transaction, in a manner it believes generates an opportunity for the beneficial holders of Rosewood DST, who will be distributed the Class A

Preferred Units in liquidation of Rosewood DST, to realize additional current income and the potential to recoup some or all of their lost value. CDR, Covenant Holdings and the Sponsor have structured the Class A Preferred Units in a manner intended to provide a preferred return in an amount equal to the projected cash distributions from Rosewood DST to the former Rosewood beneficial interest holders who have received such Class A Preferred Units. Further, the Sponsor believes that becoming limited partners in Covenant Holdings, which intends to form a diversified portfolio, including the Bandon Pacific View and Sunlit properties, will benefit the former beneficial owners of Rosewood DST with potential appreciation.

Bandon Pacific View DST

Bandon Pacific View DST acquired Pacific View Assisted Living and Memory Care located in Bandon, Oregon in January 2019. In April, 2022, the program reduced distributions to beneficial owners to 5.00% as a result of the negative impact on occupancy from the COVID-19 pandemic as well as increases in operating and personnel costs relating to the same. In early 2022, the Sponsor terminated the former property manager for Bandon Pacific View, whom the Sponsor did not believe was providing adequate management services, and hired Ohana Ventures to improve operations at the Bandon Pacific View property.

Bandon Pacific View DST contributed the Bandon Pacific View property to Covenant Holdings on August 29, 2023 for Class A Preferred Units of limited partnership interest in Covenant Holdings. The Bandon Pacific View property was contributed to Covenant Holdings at a valuation of $19,460,000, subject to closing adjustments that reduced the contribution amount to $18,906,907.59. The valuation was determined by CDR and the Sponsor, and supported by an appraisal of the Bandon Pacific View property by CBRE. The initial offering amount for the Bandon Pacific View DST was $24,200,000 (all equity), and the initial purchase price for the Bandon Pacific View property acquisition was $19,050,000.

While the contribution transaction described above represents a loss to the Bandon Pacific View DST relative to its offering amount and the purchase price paid for the Bandon Pacific View property, the Sponsor has structured the contribution transaction, in a manner it believes generates an opportunity for the beneficial holders of Bandon Pacific View DST, who will be distributed the Class A Preferred Units in liquidation of Bandon Pacific View DST, to realize additional current income and the potential to recoup some or all of their lost value. CDR, Covenant Holdings and the Sponsor have structured the Class A Preferred Units in a manner intended to provide a preferred return in an amount equal to the projected cash distributions from Bandon Pacific View DST to the former Bandon beneficial interest holders who have received such Class A Preferred Units. Further, the Sponsor believes that becoming limited partners in Covenant Holdings, which intends to form a diversified portfolio, including the Rosewood and Sunlit properties, will benefit the former beneficial owners of Bandon Pacific View DST with potential appreciation.

Sunlit DST

Sunlit DST acquired Sunlit Gardens Assisted Living located in Rancho Cucamonga, California in August, 2019. As a result of the negative impact on occupancy from the COVID-19 pandemic, as well as increases in operating costs, in May, 2022, the program paused bonus distributions to beneficial owners, but maintained the stated rent portion of distributions.

Sunlit DST contributed the Sunlit property to Covenant Holdings on August 31, 2023 for Class A Preferred Units of limited partnership interest in Covenant Holdings. The Sunlit property was contributed to Covenant Holdings at a valuation of $18,780,000, subject to closing adjustments that reduced the contribution value to $18,375,946.60. After repayment of the outstanding indebtedness secured by the Sunlit property, the net contribution equity was $8,577,199.47. The valuation was determined by CDR and the Sponsor, and supported by an appraisal of the Sunlit property by CBRE. The initial offering amount for the Sunlit DST was $24,100,000 ($13,600,000 of equity and $10,500,000 of attributed debt), and the initial purchase price for the Sunlit property acquisition was $20,060,000.

While the contribution transaction described above represents a loss to the Sunlit DST relative to its offering amount and the purchase price paid for the Sunlit property, the Sponsor has structured the contribution transaction, in a manner it believes generates an opportunity for the beneficial holders of Sunlit DST, who will be distributed the Class A Preferred Units in liquidation of Sunlit DST, to realize additional current income and the potential to recoup some or all of their lost value. CDR, Covenant Holdings and the Sponsor have structured the Class A Preferred Units in a manner intended to provide a preferred return in an amount equal to the projected cash distributions from Sunlit DST to the former Sunlit beneficial interest holders who have received such Class A Preferred Units. Further, the Sponsor believes that becoming limited partners in Covenant Holdings, which intends to form a diversified portfolio, including the Rosewood and Bandon Pacific View properties, will benefit the former beneficial owners of Sunlit DST with potential appreciation.

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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.

Each prospective Investor who or which purchases 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 an 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 effect such registration or qualification. Generally speaking, an exemption from the registration requirements of the Securities Act would not be available to an Investor attempting to resell its Interests except pursuant to Section 4(a)(7) of the Securities Act or Rule 144 promulgated under the Securities Act. Neither the Sponsor nor the Trust has any obligation to assist an investor in compliance with any resale exemption. The Interests will be "restricted securities" as that term is defined in Rule 144. Moreover, even if Rule 144 or Section 4(a)(7) is available, sales and transfers of Interests are restricted by the Trust Agreement.

Subject to compliance with applicable securities laws and any transfer restrictions set forth in the Trust Agreement, and provided that such transfer does not result in the Trust being required to register as an investment company or require the Trust or any Trustee to register as an investment advisor under the Investment Company Act of 1940, as amended, all or any portion of an Interest may be assigned or transferred without the prior consent of the Signatory Trustee or the Investors, provided, that the holder of such Interest, at such holder's expense, submits an opinion of counsel (or other evidence), satisfactory to the Signatory Trustee, that the registration of the Interest is not required under the Securities Act of 1933 or any other applicable federal or state securities laws, and provided that such opinion will not be required for the assignment or transfer by the Depositor; provided, however, that no portion of an Interest will be assigned or transferred, without the prior written consent of the Signatory Trustee, to a "benefit plan investor" (as defined in the Plan Asset Rules, and which includes, but is not limited to, tax-exempt "401k" and "IRA" plans, as well as entities substantially owned by such tax-exempt plans). Notwithstanding the foregoing, the consent of the Signatory Trustee will not be required for the assignment or transfer by the Depositor. All expenses of any such transfer will be paid by the transferor.

The Trust Agreement specifically provides that the Depositor may transfer all of its right, title and interest in the beneficial interests in the Trust.

The foregoing descriptions of the Purchase Agreement and the Trust Agreement are qualified by reference to the complete terms and conditions thereof, copies of which are set forth elsewhere in this Memorandum.

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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 the Trust's 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, regulations enacted under the Code (the "Regulations"), court decisions and published IRS rulings that are in effect on the date of this Memorandum. Future legislative or administrative changes or court decisions may significantly change the conclusions expressed below, and these changes or decisions may have a retroactive effect.

Classification for Purposes of Section 1031

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

An Interest must constitute an interest in real estate to qualify for exchange treatment under Section 1031. The determination of whether an Interest will be treated for federal income tax purposes as ownership in real estate and not as a security or an interest in a business entity is dependent upon all of the surrounding facts and circumstances. On July 20, 2004, the IRS issued Revenue Ruling 2004-86, 2004-33 I.R.B. 191, which held that, assuming the other requirements of Section 1031 are satisfied, a taxpayer's exchange of real property for an interest in the DST 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 interest in the DST treated as the grantors of the DST, and (d) the holders of interests in the DST are treated as directly owning interests in real property held by the DST. Revenue Ruling 2004-86 listed certain specific matters and trust provisions which would, in the IRS's view, cause an interest in the DST to not qualify for a Section 1031 Exchange. It also contains numerous facts regarding the DST and the transactions and did not indicate which facts were key factors in the Ruling. In addition, the Ruling did not describe many other features of the trust agreement or 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 a 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 and with the existing body of law applicable to fixed investment trusts under Treasury Regulation Section 301.7701-4(c).

Tax Counsel to the Trust has rendered a Tax Opinion that the acquisition of an Interest by an Investor should be treated as a direct acquisition of the Properties 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 his or her own tax advisor regarding his or her 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 a direct acquisition of the Properties 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 Properties 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 Properties 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, carrying costs and funding of the any reserve accounts, including the Trust-Held Reserve, will be deemed to constitute other consideration received in the exchange.

Therefore, a prospective Investor must consult his or her own tax advisor regarding an acquisition of an Interest and the qualification of his or her transaction under Section 1031. A prospective Investor may not rely on the Trust's Tax Counsel or on the Trust, its Affiliates or its agents, including its accountants, for any tax advice regarding the treatment of his or her 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 his or her purchase of an Interest under Section 1031. No representation or warranty of any kind is made with respect to the IRS's acceptance of the qualification of a proposed Section 1031 Exchange.

Property Identification for Section 1031 Exchanges

Section 1031 generally permits taxpayers to identify up to three (3) replacement properties (the "three-property rule"), without regard to the fair market value of those properties. In addition, taxpayers may identify any number of properties so long as their aggregate fair market value at the end of the identification period does not exceed 200% of the value of the relinquished property on the date it was transferred (the "200% rule"). If the three-property rule and 200% rule are violated, an Investor will still be treated as properly identifying any Replacement Property identified before the end of the identification period and received before the end of the exchange period if the fair market value of the Replacement Property received is at least 95% of the aggregate fair market value of all identified Replacement Property. The property identification rules of Section 1031 are complex, and Investors must consult with their own qualified intermediaries and tax advisors concerning their satisfaction of the property identification requirements of Section 1031.

Possible Adverse Tax Treatment for Closing Costs and Reserves

A portion of the proceeds of the Offering will be used to pay each Purchaser's pro rata share of closing costs, expenses and other costs of the Offering, including the Acquisition Fee and the reallocated acquisition fee. In addition, a portion of the proceeds of the Offering may be treated as having been used to purchase an interest in the Trust-Held Reserve established out of the Cash Contribution rather than for real estate. Under certain conditions, these costs and reserves relating to the Properties, including the Trust-Held Reserve, may not constitute property that is like-kind to real estate for purposes of Code Section 1031. You may elect to pay these costs with personal funds separate from your Section 1031 Exchange funds. Because the tax treatment of certain expenses of the Offering, closing costs or reserves is unclear and may vary depending on the circumstances, no advice or opinion of Tax Counsel will be given regarding the tax treatment of such costs and the treatment of proceeds attributable to the reserves, which may be taxable to those Purchasers who purchase their interests as part of a Section 1031 Exchange. Therefore, each prospective Purchaser should seek the advice of a qualified tax advisor as to the property treatment of such items.

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 are 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. If the prospective Investor has mortgage debt on their Relinquished Property, such Investor will likely incur relief of debt, or mortgage boot, as a result of having no mortgage debt attributable to the Properties and allocated to such Investor. 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. See "ESTIMATED USE OF PROCEEDS."

Excess Business Losses May Not Be Currently Deductible

Under the TCJA, as modified by the recently enacted CARES Act, for tax years beginning after December 31, 2020, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. Such losses are carried forward and treated as part of the taxpayer's net operating loss carryforward in subsequent taxable years. An excess business loss for the taxable year is the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount. The threshold amount for 2018 was $250,000 (or twice the applicable threshold amount in the case of a joint return). The threshold amount is indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level. The provision applies after the application of the passive loss rules.

Limit on Business Interest Deductions

Under the TCJA, the Business Interest Limitation in Code Section 163(j) limits certain taxpayers' annual deductions for "business interest" paid or accrued during the taxable year to the sum of the ATI Limit plus certain types of business interest income of the applicable taxpayer. The rules regarding the proposed regulations under Code Section 163(j) and the Treasury Regulations promulgated thereunder are highly complex and their application varies with the facts and circumstances particular to each Investor. Thus, each prospective Investor should consult with their tax advisor concerning as to the application of Code Section 163(j) to an investment in an Interest.

Deduction for Qualified Business Income

The TCJA added Code Section 199A that generally provides that a noncorporate taxpayer can deduct twenty percent (20%) of the "qualified business income" that he, she, or it receives during the taxable year. "**Qualified business income**" is the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. For taxpayers whose taxable income exceeds the threshold amount of $157,500 ($315,000 in the case of a joint return) the deductible amount for a qualified trade or business is the lesser of: (1) twenty percent (20%) of the taxpayer's qualified business income, or (2) the greater of (a) fifty percent (50%) of the W-2 wages relating to the qualified trade or business or (b) the sum of (i) twenty-five percent (25%) of the W-2 wages relating to the qualified trade or business and (ii) two and a half percent (2.50%) of the "unadjusted basis immediately after acquisition of qualified property."

There is substantial uncertainty as to whether a taxpayer's ownership of real estate that is subject to a triple-net lease can qualify as a "trade or business" for purposes of Code Section 199A. The Department of Treasury recently issued Final Regulations that provide some guidance with respect to Code Section 199A. The "Summary of Comments and Explanation of Revisions" that the Department of Treasury included with the Final Regulations (the "**Explanation**") discusses rental real estate activities as a trade or business for purposes of Code Section 199A. The Final Regulations state that "trade or business" has the same meaning as in Code Section 162. The Explanation notes that the Department of Treasury and the IRS will not provide a bright-line rule as to whether rental real estate activities will be considered a Code Section 162 trade or business for purposes of Code Section 199A. The IRS issued IRS Revenue Procedure 2019-38 that created a safe harbor that taxpayers with rental real estate activities can, if they meet the requirements, rely upon to treat their rental real estate activities as a "rental real estate enterprise" that will be considered a "trade or business" for purposes of Code Section 199A. However, IRS Revenue Procedure 2019-38 specifically excludes from the safe harbor triple net leases, which are defined as agreements that require the tenant or lessee to pay taxes, fees, and insurance, and to pay for maintenance activities for a property in addition to rent and utilities. IRS Revenue Procedure 2019-38 notes that failure to satisfy the requirements of the safe harbor does not preclude a taxpayer from otherwise establishing that a rental real estate activity is a trade or business for purposes of Code Section 199A. Thus, a taxpayer with a triple net lease will need to establish that his, her or its rental real estate activity qualifies as a Code Section 162 trade or business.

Under Code Section 162, the determination as to whether an activity rises to the level of a "trade or business" is based on the facts and circumstances. The current rules with respect to Code Section 162 require a taxpayer to be an active participant in his, her, or its real estate rental activities for the activities to constitute a "trade or business." As the Final Regulations note, a taxpayer seeking to determine whether a rental real estate activity is a Code Section 162 trade or business will need to consider factors including, but are not limited to, the following: (i) the type of rented property, (ii) the number of properties rented, (iii) the owner's or the owner's agents' day-to-day involvement, (iv) the types and significance of any ancillary services provided under the lease, and (v) the terms of the lease. The Property is subject to the Tenant Lease, which may be a triple-net lease, and Investors are expected to be passive investors in the Property. Thus, there is substantial

uncertainty as to whether the income that Investors receive from the Trust can qualify as "qualified business income" from a qualified trade or business.

Moreover, the Final Regulations also state that a taxpayer's "unadjusted basis" in Replacement Property that he, she, or it receives in a like-kind exchange under Code Section 1031 is his, her, or its basis in its Relinquished Property. Thus, an Investor who purchases his, her, or its Interest through a like-kind exchange under Code Section 1031 may have an "unadjusted basis" in his, her, or its Interest equal to the basis he, she, or it had in his, her, or its Relinquished Property. If so, an Investor who has a low basis in his, her, or its Relinquished Property will have a low "unadjusted basis" in his, her, or its Interest, and his, her, or its Code Section 199A deduction amount may be less than the deduction amount of an Investor who purchased his, her, or its Interest through means other than a Section 1031 Exchange.

There continues to be substantial uncertainty with respect to the application of Code Section 199A. Additionally, the application of Code Section 199A will differ based on each Investor's facts and circumstances. Therefore, each prospective Investor should consult with his, her, or its personal tax advisor to determine whether Code Section 199A applies to the income that the Investor receives from the Trust.

Tax Deficiency, Penalties and Interest

If an IRS audit disqualifies an Investor's proposed Section 1031 Exchange, the Investor will be taxed on his or her gain on the sale of the Relinquished Property, and the IRS will assess interest and could assess penalties and interest on the tax deficiencies associated with any failed Section 1031 Exchange. The Code provides for penalties relating to the accuracy of a tax return equal to 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 a direct acquisition of the Properties 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 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 a direct acquisition of 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 the Properties 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 his or her Interest, and his or her 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 Loss of Each Investor

Each Investor will be required to determine his or her own net income or loss from the Properties for income tax purposes. Certain expenses of the Properties, such as depreciation, will be different for different Investors. The Signatory Trustee will keep records and provide information about expenses and income for each Investor. An Investor, however, will be required to keep separate records and to separately report his or her income.

In addition to other income tax imposed by the Code, the Code imposes a 3.80% Medicare Contribution Tax on the "net investment income" of certain U.S. individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes rent and net gain from the disposition of investment property, less certain deductions.

Income in Excess of Cash Distributions

It is possible that an Investor's income from the Properties may exceed the Investor's cash flow from the Properties and such Investor's tax liability may even exceed the cash flow.

Taxation of Tax-Exempt Investors

Certain tax-exempt entities, including qualified employee pension and profit-sharing trusts, individual retirement accounts and annuities, and charitable remainder trusts, are subject to taxation on their UBTI. Generally, a tax-exempt entity that incurs UBTI is taxed on such income at the regular trust, or in the case of some entities corporate Federal income tax rates. Because Interests in the Trust are treated for tax purposes as direct interests in the Properties, tax-exempt investors will be deemed to be carrying on the activities of the Trust for purposes of determining whether the tax-exempt investors' income is UBTI.

UBTI is income that is derived by a tax-exempt entity from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business.

If a tax-exempt Investor incurs additional debt in connection with its investment in the Trust, it may give rise to UBTI. Therefore, each prospective Investor should consult its own advisors regarding the use of debt to invest in the Trust.

TAX-EXEMPT ENTITIES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE TRUST. TAX-EXEMPT INVESTORS MAY INCUR SIGNIFICANT AMOUNTS OF UBTI AS A RESULT OF INVESTING IN THE TRUST.

Tax Impact of Sale of Properties

If the Properties are 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 Properties, if any. An Investor will have taxable income to the extent that the amount realized by such Investor exceeds his or her tax basis in his or her Interest.

If the Sponsor decides to sell or otherwise transfer the Properties, it will be paid the Disposition Fee in connection with such sale or transfer of the Properties. The right to receive the Disposition Fee may provide the Sponsor with an incentive to encourage a sale or transfer of the Properties at a time that is not optimal for, or on terms that are not advantageous to, the Trust or the Beneficial Owners. The Sponsor may waive or reduce the Disposition Fee, in Sponsor's sole discretion, in the event of an exchange transaction pursuant to Code Section 721 with respect to the Properties.

United States Income Tax Considerations for Non-U.S. Holders

The federal income tax treatment applicable to a nonresident alien or foreign entity investing in the Interests is highly complex, will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties and can have a significant effect on such an investor. Accordingly, each foreign investor should consult his own tax advisor as to the advisability of investing in the Interests.

Treatment of Gain or Loss on Disposition of Interests

No public market is expected to develop for the Interests. Furthermore, Investors may not be able to liquidate their Interests promptly at reasonable prices, if at all, since any transferee of the Interests will be required to comply with the state and federal 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 Properties. In the event the Investor is deemed a "dealer" and the Properties are not considered to be a capital asset or a Section 1231 asset, any gain or loss on the sale or other disposition of the Properties 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 Properties) 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.

In determining the amount realized upon the sale or exchange of the Interests, an Investor must include, among other things, his/her share of indebtedness on the Properties assumed by the buyer. Therefore, 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 his gain or loss attributable to the Properties 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.

Foreclosure

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

State and Local Laws

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

Tax Opinion

KVCF, PLC, 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 of Tax Counsel is attached as Exhibit F 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.

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ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in us 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 his 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 diversifications 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, even though it is expected that the Interests will produce unrelated business taxable income for the Benefit Plan Investor, the purchase and holding of an Interest is still consistent with the fiduciary obligations of the Benefit Plan Investor. See "FEDERAL INCOME TAX CONSEQUENCES" for a discussion of the unrelated business taxable income issues applicable to tax exempt investors such as Benefit Plan Investors. Each Benefit Plan Investor should also satisfy himself that he 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 Properties would be considered a plan asset. In such event, the Properties, transactions involving the Properties and the persons with authority or control over and otherwise providing services with respect to the Properties 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, 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.

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REPORTS

The Trust keeps proper and complete records and books of account for the Properties. These books and records will be available to the Investors upon written request to the Signatory Trustee.

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LITIGATION

There are no material legal actions pending against any of the Sponsor, Depositor, Master Tenants, Signatory Trustee, the Trust, and to their knowledge, there are no such proceedings threatened or contemplated.

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ADDITIONAL INFORMATION

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

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

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EXHIBIT A

Amended and Restated Trust Agreement

[See Attached]

AMENDED AND RESTATED TRUST AGREEMENT
OF
1031CF PORTFOLIO 5 DST,
A DELAWARE STATUTORY TRUST

This AMENDED AND RESTATED TRUST AGREEMENT of 1031CF Portfolio 5 DST, a Delaware statutory trust (the "Trust"), dated as of August 29, 2023, is made between Sorensen Entity Services LLC, as co-trustee (the "Delaware Trustee") and 1031CF Portfolio 5 ST LLC, a Delaware limited liability company, as co-trustee (the "Signatory Trustee," and together with the Delaware Trustee, the "Trustees"), and 1031CF Portfolio 5 Holdings LLC, a Delaware limited liability company (the "Depositor") of the Trust, and any other person who subsequently signs this agreement (the "Trust Agreement") and becomes a party to it.

WHEREAS, the Trust was formed pursuant to that certain Declaration and Agreement of Trust by and between the Depositor and the Delaware Trustee, dated as of April 12, 2023 (the "Formation Trust Agreement") whereupon the Delaware Trustee executed and filed a certificate of trust (the "Certificate of Trust") with the Secretary of State of the State of Delaware (the "Secretary of State") pursuant to Section 3810 of Title 12 of the Delaware Statutory Trust Act, Chapter 38 of Title 12 of the Delaware Code (the "Act"); and

WHEREAS, the Trust will acquire certain real properties and associated assets consisting of two (2) separate assisted living and/or memory care facilities located at 3830 Old Kings Road, Palm Coast, Florida 32137 (the "Gold Choice Palm Coast Property") and 213 NW Gleason Drive, Lake City, Florida 32055 (the "Canopy at Harper Lake Property" and together with the Gold Choice Palm Coast Property, the "Real Estate"), as more particularly described in Exhibit B; and

WHEREAS, the Real Estate will be subject to the Master Leases (as hereinafter defined); and

WHEREAS, the Depositor and the Trustees have agreed to create this Trust as a "statutory trust" in accordance with Chapter 38 of Title 12 of the Act, and intend that this Trust Agreement constitute the "governing instrument" of the Trust (as such term is defined in Section 3801(c) of the Act); and

WHEREAS, the Depositor will contribute all its rights under those certain Purchase and Sale Agreements, each dated as of April 6, 2023 as amended, by and among (i) the Sponsor (as defined herein) and 3830 Old Kings Road, LLC, and (ii) the Sponsor and Harper Lake Holdings, LLC and Harper Lake Operations, LLC (the "Purchase and Sale Agreements"), following the assignment of such rights to the Depositor by the Sponsor, and will make a capital contribution to the Trust in exchange for all of the Unsold Beneficial Interests (as herein defined) in the Trust; and

WHEREAS, concurrently with closing on the Real Estate, the Trust will enter into (i) a master lease agreement for the Gold Choice Palm Coast Property (the "Gold Choice Palm Coast Master Lease") with the Palm Coast MT (as defined below) pursuant to which the Palm Coast MT will lease the Gold Choice Palm Coast Property from the Trust and pay the Rent (as defined in the Gold Choice Palm Coast Master Lease), and (ii) a master lease agreement for the Canopy at Harper Lake Property (the "Canopy at Harper Lake Master Lease," and together with the Gold Choice Palm Coast Master Lease, the "Master Leases") with the Lake City MT (as defined below), pursuant to which the Lake City MT will lease the Canopy at Harper Lake Property from the Trust and pay the Rent (as defined in the Canopy at Harper Lake Master Lease) to the Trust; and

WHEREAS, each of the Master Tenants shall enter into a separate contract with a licensed operator in connection with the operation, leasing and/or management of the applicable portion of the Real Estate (collectively, the "Property Agreements"); and

WHEREAS, from and after closing on the Real Estate, the Trust will hold fee title to the Real Estate, which will be subject to the Master Leases, and the Property Agreements; and

WHEREAS, it is anticipated that certain Persons will acquire Interests in the Trust in exchange for payment of money to the Trust and will become Investors (as hereinafter defined) pursuant to the Private Placement

Memorandum (as hereinafter defined) (the transactions in which such Interests are initially acquired by Investors other than the Depositor, the "Investor Closing" and the period during which the Trust sells all of the Interests pursuant to the Private Placement Memorandum, the "Initial Capitalization"), and such proceeds shall be used to pay certain costs of the Initial Capitalization, reduce the Beneficial Interest held by the Depositor in the Trust and for other payments and expenses as set forth in the Private Placement Memorandum.

NOW, THEREFORE, in consideration of the promises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

For all purposes of this Trust Agreement, the capitalized terms set forth below shall have the following meanings:

"Affiliate" shall mean, with respect to any specified Person, any other Person owning beneficially, directly or indirectly, any ownership interest in such specified Person or directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

"Canopy at Harper Lake Master Lease" has the meaning given to such term in the recitals to this Trust Agreement.

"Canopy at Harper Lake Property" has the meaning given to such term in the recitals to this Trust Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Control" shall mean (whether capitalized or not), with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, fifty percent (50%) or more of the ownership interests.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Gold Choice Palm Coast Master Lease" has the meaning given to such term in the recitals to this Trust Agreement.

"Gold Choice Palm Coast Property" has the meaning given to such term in the recitals to this Trust Agreement.

"Initial Capitalization" has the meaning given to such term in the recitals of this Trust Agreement.

"Interest" shall mean, with respect to any Investor, the Investor's beneficial ownership interest in the Trust Property, which is reflected on Exhibit A. All Interests shall be of a single class.

"Investors" and "Investor" shall mean those owners of beneficial interests in 1031CF Portfolio 5 DST, and each of them, respectively.

"Lake City MT" shall mean 1031CF Lake City MT, LLC, a Delaware limited liability company.

"Master Leases" shall mean the Gold Choice Palm Coast Master Lease and Canopy at Harper Lake Master Lease, collectively, together with all amendments, supplements and modifications thereto.

"Master Tenants" shall mean the Palm Coast MT and Lake City MT, collectively.

"Palm Coast MT" means 1031CF Palm Coast MT, LLC, a Delaware limited liability company.

"Percentage" shall mean, with respect to a particular Investor, the percentage indirect beneficial ownership interest in the Trust Property as reflected on Exhibit A, as it may from time to time be updated in accordance with this Trust Agreement, and the rights, obligations, benefits and burdens associated with such indirect beneficial ownership interest.

"Person" shall mean a natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, statutory trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

"Plan Asset Rules" shall mean 29 Code of Federal Regulations § 2510.3-101, as amended from time to time.

"Private Placement Memorandum" shall mean the confidential offering memorandum and incorporated documents distributed to qualified prospective investors that provide such persons with information relating to an investment in the beneficial interests of the Trust, including all supplements and amendments thereto.

"Property Agreements" has the meaning given to such terms in the recitals of this Trust Agreement.

"Real Estate" shall have the meaning set forth in the recitals of this Trust Agreement.

"Regulations" shall mean U.S. Treasury Regulations promulgated under the Code.

"Rent" shall have the meaning ascribed to such defined term in the respective Master Leases.

"Section" shall mean a section in this Trust Agreement, unless otherwise modified.

"Sponsor" shall mean 1031 CF Properties, LLC, a California limited liability company.

"Transaction Documents" shall mean the Trust Agreement, the Master Leases, together with any other documents to be executed in furtherance of the investment activities of the Trust.

"Trust Property" shall mean all the right, title and interest of the Trust in and to any property contributed to the Trust by the Depositor, or otherwise owned by the Trust, including the Real Estate, any reserves, and certain incidental additional assets associated with the Real Estate.

ARTICLE II
FORMATION OF TRUST

Section 2.01 Name. The Delaware statutory trust created hereby shall be known as 1031CF Portfolio 5 DST.

Section 2.02 Delaware Trustee; Principal Place of Business. The name and address of the trustee of the Trust in the State of Delaware for purposes of Section 3807 of the Act is Sorensen Entity Services LLC, 1201 N. Orange Street, suite 7044, Delaware 19801. The Signatory Trustee may from time to time in accordance with the Act change the person or entity serving as Delaware Trustee, provided that any substitute Delaware Trustee shall satisfy the requirements of the Act, including the requirement in Section 3807 of the Act that the Trust shall at all times have at least 1 trustee which, in the case of a natural person, shall be a person who is a resident of the State of Delaware or which, in all other cases, has its principal place of business in the State of Delaware. The principal place of business of the Trust shall be at such place as the Signatory Trustee shall designate from time to time by notice to the Investors, which need not be in the State of Delaware. The initial principal place of business of the Trust shall be 2603 Main Street, Suite 1050, Irvine, CA 92614.

Section 2.03 Purposes. The purposes of the Trust are to engage in the following activities: (i) to acquire, own, conserve, protect, manage, hold and operate the Trust Property; (ii) to enter into and comply with the terms of the Master Leases, and to comply with the terms of the underlying leases on the Real Estate and any other Transaction Documents; (iii) to dispose of the Trust Property; and (iv) to take such other actions as the Trustees deem necessary or advisable to carry out the foregoing. The Trust shall hold the Trust Property for investment purposes (and not for the active conduct of a trade or business) and only engage in activities which are customary services in connection with the Trust's maintenance and repair of the Real Estate. Neither the Trustees nor their agents shall provide non-customary services in such manner or by such method as might create unrelated business taxable income under Code Section 512, impermissible tenant service income under Code Section 856 or would render a co-ownership to be a partnership for tax purposes as discussed in Rev. Rul. 75-374. The Trust shall conduct no business other than as specifically set forth in this Section 2.03.

Section 2.04 Declaration of Trust by Trustees. The Trustees hereby declare that they will hold the Trust Property upon the terms and conditions herein for the benefit of the Investors, subject to the obligations of the Trust under the Transaction Documents. It is the intention of the parties hereto that the Trust constitute a "statutory trust" under Chapter 38 of Title 12 of the Act. The parties hereby ratify, confirm, adopt and approve the filing of the Certificate of Trust with the Secretary of State pursuant to Section 3810 of Title 12 of the Act. It is the intention of the parties hereto that the Trust shall not constitute an agency, partnership, association or a trust for federal income tax purposes. Instead, each Investor shall be treated for federal income tax purposes as if it holds a direct ownership interest in the Trust Property. Each Investor agrees to report its interest in the Trust in a manner consistent with the foregoing and otherwise not to take any action that would be inconsistent with the foregoing.

Section 2.05 [Reserved].

Section 2.06 Ownership of Interests by the Depositor. As of the date hereof, the Depositor has been issued 100% of the Interests in exchange for the contribution of its rights under the Purchase and Sale Agreements and any contribution of money necessary for the Trust to acquire the Real Estate, including the payment of costs and fees related to such acquisition, and to establish certain reserves.

Section 2.07 Interests Not Certificated. Notwithstanding anything in this Trust Agreement to the contrary, no Interest shall be certificated, and no Trustee shall take such action to permit the Interests to become certificated or to opt into Article 8 of the Uniform Commercial Code (as amended).

Section 2.08 Limit on Number of Beneficial Owners. Notwithstanding anything to the contrary in this Trust Agreement, at no time shall the number of beneficial owners of Interests in the Trust exceed the number of Persons constituting the threshold for registration under Section 12(g) of the Securities Exchange Act of 1934 or any successor provision. Any transfer that results in a violation of the preceding sentence shall, to the fullest extent permitted by law, be null, void and of no effect whatsoever.

ARTICLE III
TRANSFER OF INTERESTS

Section 3.01 Restrictions on Transfer. Subject to compliance with applicable securities laws and any transfer restrictions set forth in this Trust Agreement, and provided that such transfer does not result in the Trust being required to register as an investment company or require the Trust or any Trustee to register as an investment advisor under the Investment Company Act of 1940, as amended, all or any portion of an Interest may be assigned or transferred to a single beneficiary without the prior consent of the Signatory Trustee or the Investors, provided, that the holder of such Interest, at such holder's expense, submits an opinion of counsel (or other evidence), satisfactory to the Signatory Trustee, that the registration of the Interest is not required under the Securities Act of 1933 or any other applicable federal or state securities laws, and provided that such opinion shall not be required for the assignment or transfer by the Depositor; *provided, however,* that no portion of an Interest shall be assigned or transferred, without the prior written consent of the Signatory Trustee, to a "benefit plan investor" (as defined in the Plan Asset Rules, and which includes, but is not limited to, tax-exempt "401k" and "IRA" plans, as well as entities substantially owned by such tax-exempt plans). Notwithstanding the foregoing, the consent of the Signatory Trustee shall not be required for the assignment or transfer by the Depositor. All expenses of any such transfer hereunder shall be paid by the transferor.

Any transfer or assignment of an Interest not in accordance with the terms of this Trust Agreement shall be void *ab initio*.

Section 3.02 Conditions to Admission of Investors. Investors and any assignee or transferee of a beneficial owner of an Interest shall only become an Investor upon written acceptance and adoption of this Trust Agreement, and in the sole discretion of the Signatory Trustee.

ARTICLE IV
DISTRIBUTIONS

Section 4.01 Payments From Trust Property Only. All payments to be made by the Trustees under this Trust Agreement shall be from the Trust Property.

Section 4.02 Distributions in General. Except as otherwise provided herein and in the Master Leases, the Signatory Trustee shall distribute to the Investors, in accordance with each Investor's Percentage, on a monthly basis, (i) the net operating cash flow of the Trust and (ii) the net proceeds from any sale, exchange or financing of the Real Estate, in each case after (x) payment or reimbursement to the Trustees for any fees or expenses paid by the Trustees on behalf of the Trust, and (y) retention of amounts necessary to pay anticipated ordinary current and future expenses of the Trust and required reserves ("Reserves"). Amounts of cash retained for Reserves, including amounts established out of the contribution from the Depositor, shall only be invested in short-term obligations of (or guaranteed by) the United States, or any agency or instrumentality thereof and in certificates of deposit or interest-bearing bank accounts of any bank or trust company having a minimum stated capital and surplus of $50,000,000. All such obligations must mature prior to the next distribution date, and be held to maturity. All amounts distributable to the Investors pursuant to this Trust Agreement shall be paid by check or in immediately available funds by transfer to a banking institution with bank wire transfer facilities for the account of the Investor, as instructed from time to time by the Investor. Notwithstanding any provision to the contrary contained herein, the Signatory Trustee shall not make a distribution if such distribution would violate applicable law.

Section 4.03 Distributions to Depositor and Other Payments at Investor Closing. Notwithstanding anything in the Trust Agreement to the contrary, any funds received by the Trust in connection with the Investor Closing and during the period of the Initial Capitalization shall be paid by the Trust first to the Depositor as such funds are received to reduce its Interest in the Trust, and then may be used for other payments and expenses and reserves as set forth in the Private Placement Memorandum.

Section 4.04 Distribution Upon Dissolution. In the event of the Trust's dissolution in accordance with Article IX hereof, all of the Trust Property as may then exist after the winding up of its affairs in accordance with the Statutory Trust Act (including without limitation subsections (d) and (e) of Section 3808 of the Statutory Trust Act and providing for all costs and expenses, including any income or transfer taxes which may be assessed against the Trust, whether or not by reason of the dissolution of the Trust), shall, subject to Section 9.03, be distributed to those Persons who are then Investors in their respective Percentage Shares.

Section 4.05 Certain Sponsor Fees. Upon the acquisition by the Trust of the Real Estate, the Trust shall pay, and the Signatory Trustee is hereby authorized to pay, to the Sponsor, or its Affiliate, an acquisition fee equal to $1,123,000 in connection with its assistance in the Trust's acquisition of the Real Estate. The Trust shall also pay to the Sponsor an investor relations fee in an amount equal to $49,700 in the first year following the acquisition of the Real Estate, $103,376 in the second year, and then increasing by 4% per annum for each year thereafter; and (ii) an entity expenses fee in an amount equal to $6,500 in the first year following the acquisition of the Real Estate, $13,520 in the second year, and then increasing by 4% per annum thereafter. The Trust has also entered into an Asset Management Agreement with the Sponsor pursuant to which the Sponsor will be paid certain fees for asset management services.

Section 4.06 Reimbursement of Expenses to the Sponsor or its Affiliates. The Trust shall pay directly, or reimburse the Sponsor or its Affiliates, as the case may be for all of the Trust's operating costs and expenses, an allocated amount that may exceed total actual expenses, including, but not limited to the costs of services that could be performed directly for the Trust by independent parties such as legal, accounting, secretarial or clerical, reporting,

loan origination, transfer agent, data processing and duplicating services but which are in fact performed by the Sponsor or its Affiliates. Such amounts shall be paid from operating revenue or reserves.

ARTICLE V
RIGHTS AND OBLIGATIONS OF OWNERS

Section 5.01 Status of Relationship.

(a) This Trust Agreement shall not be interpreted to impose a partnership or joint venture relationship on the Investors either in law or in equity. Accordingly, no Investor shall have any liability for the debts or obligations incurred by any other Investor, with respect to the Trust Property or otherwise, and no Investor shall have any authority, other than as specifically provided herein, to act on behalf of any other Investor or to impose any obligation with respect to the Trust Property.

(b) Prior to the closing of a subscription for Interests by a third-party investor, the sole owner of Interests in the Trust shall be the Depositor. As such, until another Person becomes an Investor, the Trust will be characterized as a disregarded entity and any Trust Property held will be treated for federal income tax purposes as the property of the Depositor.

(c) The Trust shall not constitute a "business trust" within the meaning of Regulations Section 301.7701-4(b) or any other business entity for federal income tax purposes, but shall instead constitute an "investment trust" within the meaning of Regulations Section 301.7701-4(c) and a grantor trust under Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 and following).

Section 5.02 No Legal Title to Trust Property in the Investors, Etc. Legal title to the Trust Property shall be held by the Trust, and the Investors shall have no legal title to the Trust Property. Neither the bankruptcy, death or other incapacity of any Investor, nor the transfer, by operation of law or otherwise, of any right, title or interest of the Investors in and to the Trust Property or hereunder shall terminate this Trust Agreement. Except as expressly set forth herein, the Investors shall not be liable for any liabilities or obligations of the Trust, the Trustees or for the performance of this Trust Agreement.

Section 5.03 Sale of Trust Property by Trustees Is Binding. Any sale or other conveyance of the Trust Property or any part thereof by the Signatory Trustee made pursuant to the terms of this Trust Agreement shall bind the Trust and the Investors, and be effective to transfer or convey all rights, title and interest of the Trustees, the Investors in and to the Trust Property. The Signatory Trustee shall not be bound by the opinions of the Investors with respect to any sale or other conveyance of the Trust Property or any part thereof, and the decision to undertake any transaction or not rests solely with the Signatory Trustee.

Section 5.04 Form of Disposition of Trust Property. The Signatory Trustee is not subject to any limitation regarding the form that a sale or other conveyance may take. By way of illustration and not limitation, the Trust Property may be sold or transferred to a partnership, limited liability company or other entity (including such entities that are Affiliates of the Signatory Trustee) in exchange for cash and/or interests in the transferee entity in a transaction structured as a tax-deferred contribution of all, or a part of, the Trust Property to such transferee entity under Section 721 of the Code, and the distribution of such ownership interests to the Investors in liquidation of the Trust pursuant to Article 9.

Section 5.05 In-Kind Distributions. No Investor shall have any right to demand and receive from the Trust an in-kind distribution of, or otherwise divide or partition, the Trust Property.

ARTICLE VI
TRUSTEES IN GENERAL

Section 6.01 Acceptance of Trust and Duties. The Trustees accept the Trust hereby created and agree to perform their duties as provided in this Trust Agreement, including receiving and disbursing all money received by them constituting part of the Trust Property, subject to the Master Leases and other relevant agreements.

Section 6.02 Limitation on Fiduciary Duties of Trustees. Consistent with Section 3806(c) of the Act, the Trustees shall have no fiduciary duties to the Trustees or the Investors.

Section 6.03 Limitation of Trustee's Liability. The Trustees shall not be individually answerable or accountable for their omissions or actions on behalf of the Trust, except: (i) for their own willful misconduct or gross negligence, (ii) for the inaccuracy of any of their representations or warranties contained in Section 6.07 hereof, (iii) for their failure to comply with Section 7.03, (iv) for their own income taxes based on fees, commissions or compensation received as a trustee, or (v) for the failure to use ordinary care to disburse money received by them in accordance with the terms hereof.

Section 6.04 Conflicts of Interest. The Investors hereby acknowledge and agree that the Trustees engage in business activities other than acting as Trustees hereunder, and hereby waive any claim or cause of action against any Trustee as result of any potential or actual conflict of interest arising as a result of any such business activity. Such business activities include, but are not limited to: (i) receiving fees related to the acquisition of the Real Estate, (ii) owning an interest in and receiving distributions of income from the Master Tenant and/or any property manager for the Real Estate, (iii) engaging directly or indirectly in business activities that may relate to the Real Estate, (iv) acquiring, or sponsoring the acquisition of interests by investors in, parcels of real property that may compete with the Real Estate, and (v) undertaking obligations (including obligations as trustees) to entities other than the Trust.

Section 6.05 Not Acting in Individual Capacity. Except as otherwise provided in this Article VI, the Trustees act solely as Trustees hereunder and not in their individual capacities, and all Persons other than the Investors having any claim against the Trustees by reason of the transactions contemplated hereby shall look only to the Trust Property for payment or satisfaction thereof.

Section 6.06 Authority of Trustees. The Trustees shall manage, control, dispose of or otherwise deal with the Trust Property consistent with their duties to conserve and protect the Trust Property, or otherwise provided in this Trust Agreement.

Section 6.07 Representations or Warranties as to Real Estate or Documents. The Trustees make no representation or warranty as to (i) the title, value, condition or operation of the Real Estate held by the Trust, and (ii) the validity or enforceability of any Transaction Document or as to the correctness of any statement contained in any thereof, except as expressly made by the Trustees in their individual capacities. The Trustees represent and warrant to the Investors that this Trust Agreement has been authorized, executed and delivered by each Trustee respectively.

Section 6.08 Reliance. The Trustees shall not be liable to anyone for relying on any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by them to be genuine and signed by the proper parties. The Trustees may accept a copy of a resolution of the board of directors or other governing body of any corporate party, certified by the secretary or a senior officer thereof, as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter, the manner of ascertainment of which is not specifically prescribed herein, the Trustees may for all purposes hereof rely on an officer's certificate of the relevant Person (if not an individual) as to such fact or matter, and such certificate shall constitute full protection to the Trustees for any action taken, suffered or omitted by it in good faith in reliance thereon.

Section 6.09 Advice of Counsel. In the administration and interpretation of the Trust, the Trustees may perform any of their powers and duties, directly or through agents or attorneys and may consult with counsel, accountants and other skilled Persons selected and employed by them. The Trustees shall not be liable for anything done or omitted in good faith in accordance with the advice or opinion within the scope of competence of any such counsel, accountant or other skilled Persons selected with due care.

Section 6.10 Compensation and Expenses. The Delaware Trustee shall receive as compensation for its services an initial fee, annual fees and document execution fees as agreed to by the Sponsor and the Delaware Trustee in one or more separate agreement(s). The Signatory Trustee shall receive an annual amount of $1,250 in year one following acquisition of the Real Estate, $2,600 in year two, then increasing by 4% per annum for each year thereafter, 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 interest of the Trust in the Property. 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 interest of the Trust in the Property. The Trustees shall be entitled to be reimbursed by the Trust for their reasonable expenses hereunder.

ARTICLE VII
DUTIES OF TRUSTEES

Section 7.01 Duties of the Trustees in General.

(a) The Trustees shall only have the duties and obligations expressly provided in this Trust Agreement. Except to the extent specifically provided in Sections 7.01(b) to the effect that specific duties and obligations are those of the Delaware Trustee, and notwithstanding any other provision of this Trust Agreement, all the duties and obligations of the Trustees or of any of them under this Agreement shall be solely the duties and obligations of the Signatory Trustee.

(b) The Delaware Trustee is appointed to serve as the Delaware trustee of the Trust in the State of Delaware for the purpose of satisfying the requirement of Section 3807(a) of the Delaware Statutory Trust Act that the Trust have at least one trustee with a principal place of business in Delaware. It is understood and agreed by the parties hereto that the Delaware Trustee shall have none of the duties or liabilities of the Signatory Trustee. The duties of the Delaware Trustee in its capacity as Delaware trustee of the Trust in the State of Delaware shall be limited to (i) accepting legal process served on the Trust in the State of Delaware, (ii) the execution of any certificates required to be filed with the Secretary of State which the Delaware Trustee is required to execute under Section 3811 of the Delaware Statutory Trust Act, and (iii) any other duties specifically allocated to the Delaware Trustee in the Trust Agreement. To the extent that, at law or in equity, the Delaware Trustee has duties (including fiduciary duties) and liabilities relating thereto to the Trust or the Investors, it is hereby understood and agreed by the other parties hereto that such duties and liabilities are replaced by the duties and liabilities of the Delaware Trustee expressly set forth in this Trust Agreement. Notwithstanding anything herein to the contrary:

(i) the Delaware Trustee shall not be liable for the acts or omissions of the Signatory Trustee, nor shall the Delaware Trustee be liable for supervising or monitoring the performance and the duties and obligations of the Signatory Trustee under this Trust Agreement. The Delaware Trustee shall not be personally liable under any circumstances, except for its own willful misconduct, fraud or gross negligence. In particular, but not by way of limitation: the Delaware Trustee shall not be personally liable for any error of judgment made in good faith, except to the extent such error of judgment constitutes gross negligence on its part;

(ii) no provision of this Trust Agreement shall require the Delaware Trustee to expend or risk its personal funds or otherwise incur any financial liability in the performance of its rights or powers hereunder, if the Delaware Trustee shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to it;

(iii) under no circumstances shall the Delaware Trustee be personally liable for any representation, warranty, covenant, agreement, or indebtedness of the Trust;

(iv) the Delaware Trustee shall not be personally responsible for or in respect of the validity or sufficiency of this Trust Agreement or for the due execution hereof by any other party; and

(v) the Delaware Trustee shall not be liable for punitive, exemplary, consequential, special or other similar damages for a breach of this Trust Agreement under any circumstances.

(c) Except as provided in Sections 7.01(b) above, the Signatory Trustee is hereby authorized and directed to enter into any agreement permitted or directed by this Trust Agreement without the consent or signature of the Delaware Trustee including, without limitation, the Transaction Documents. The Delaware Trustee is authorized and directed to enter into such other documents and take such other actions as any Signatory Trustee shall specifically direct in written instructions delivered to the Delaware Trustee; *provided*, *however*, that the Delaware Trustee in its role as Delaware trustee, will take such action merely in a ministerial nondiscretionary capacity, as

directed by the Signatory Trustee, and any such action shall not subject the Delaware Trustee in its role as Delaware trustee, to any liability, and *provided further, however*, that the Delaware Trustee in its role as Delaware trustee, shall not be required to take any action if such Trustee shall determine, or shall be advised by counsel, that such action is likely to result in personal liability or is contrary to applicable law or any agreement to which such Trustee is a party. For the avoidance of doubt, this Section 7.01(c) does not limit or condition the duties of the Delaware Trustee set forth in Section 7.01(b).

(d) The Signatory Trustee has also been appointed hereunder to satisfy such legal or administrative requirements as may be necessary or prudent to carry out the duties of the Trust with respect to the Transaction Documents or any Trust Property to the extent that the Delaware Trustee is not required to do so under applicable law.

Section 7.02 Actions of Signatory Trustee. The Signatory Trustee is hereby authorized and directed to take any and all necessary actions to conserve and protect the Trust Property, including, but not limited to:

(a) acquiring, owning, conserving, protecting, operating and disposing of the Trust Property in accordance with the Trust Agreement;

(b) entering into and/or assuming and complying with the terms of the Master Leases, the leases on the underlying Real Estate (in the event of the bankruptcy or insolvency of either of the Master Tenant) and any other Transaction Documents to which the Trust is a party;

(c) collecting rents and making distributions in accordance with Article IV;

(d) entering into any agreement for purposes of completing tax-free exchanges of real property with a Qualified Intermediary as defined in Section 1031 of the Code;

(e) notifying the relevant parties of any default by them under the Transaction Documents;

(f) solely in the event of a bankruptcy, insolvency or like default by either of the Master Tenant (or any subsequent tenant) of an underlying parcel of Real Estate, renegotiating existing lease(s) and entering into new lease(s) with respect to the Real Estate, or renegotiating or refinancing any debt secured by the Real Estate; and

(g) taking all actions with respect to a transfer of Trust Property as permitted under this Trust Agreement; and

(h) taking any action which, in the reasoned opinion of tax counsel to the Trust, should not have any adverse impact on the treatment of the Trust as a "fixed investment trust" or as a "grantor trust" for federal income tax purposes.

Section 7.03 Prohibited Actions.

(a) For so long as the Depositor is the sole Beneficial Owner of the Trust, the rights of the Depositor with respect to the assets and property held by the Trust are such that the Trust will be characterized at such time as a "business entity" within the meaning of Regulation Section 301.7701-3. Because the Depositor will be the sole Beneficial Owner, the Trust will be characterized as a disregarded entity, and all assets and property of the Trust shall be treated for and only for federal income tax purposes as assets and property of the Depositor.

(b) Notwithstanding any other provision in this Trust Agreement, at such time when the Depositor is no longer the sole Beneficial Owner of the Trust, the Trustees shall not, in any capacity, take any of the following actions, if the effect would be that such action or actions would constitute a power under the Trust Agreement to "vary the investment of the certificate holders" as defined by Regulation Section 301.7701-4(c)(1), unless otherwise expressly permitted by the Service: (a) dispose of the Real Estate, or reinvest any monies of the Trust, except in accordance with Section 4.02; (b) enter into new financing, renegotiate the Master Leases, or enter into new leases except in the case of the Master Tenant's bankruptcy or insolvency; (c) make other than minor non-structural

modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or new investors except as provided for in the Private Placement Memorandum, (e) acquire any parcel of real estate other than the Real Estate, (f) acquire any parcel of Real Estate more than ninety (90) days after the first issuance of Interests to Investors pursuant to the Private Placement Memorandum; (g) except as provided in (f) above, take any willful action to fail to close the acquisition of the Real Estate, or (h) take any other action that would in the opinion of tax counsel to the Trust cause the Trust to be treated as a "business entity" for federal income tax purposes.

Section 7.04 Books and Records. The Signatory Trustee shall keep customary and appropriate books and records relating to the Trust and the Trust Property. The Signatory Trustee shall maintain separate books and records for each Investor's Interest and shall provide reports of income and expenses to each Investor as necessary for such Investor to prepare his/her income tax returns regarding the Trust Property. These books and records will be kept at the Trust's principal place of business and will be available to the Investors during reasonable business hours.

Section 7.05 Furnishing of Documents. The Signatory Trustee will promptly furnish to the Investors copies of all reports, notices, requests, demands, certificates, financial statements and any other writings pursuant to the Transaction Documents that the Investors have not otherwise received.

Section 7.06 Duty to Act.

(a) The Trustees shall not be required to act or refrain from acting under this Trust Agreement (other than the actions prohibited in Section 7.03) if the Trustees reasonably determine, or have been advised by legal counsel, that such actions may result in personal liability, unless the Trustees are indemnified by the Trust against any liability and costs (including reasonable legal fees and expenses) which may result in a manner and form reasonably satisfactory to the Trustees. However, the Trust shall not be required to indemnify the Trustees with respect to any of the matters described in Section 6.03(i) through 6.03(v).

(b) The Delaware Trustee shall not have any duty (i) except as provided in Section 7.01(b) with respect to the Delaware Trustee, to file, record or deposit any document or to maintain any such filing, recording or deposit or to refile, rerecord or redeposit any such document, (ii) to obtain or maintain any insurance on the Real Estate, (iii) to maintain the Real Estate, (iv) to pay or discharge any tax levied against any part of the Trust Property, (v) to confirm, verify, investigate or inquire into the failure to receive any reports or financial statements from any party obligated to provide such reports or financial statements, or (vi) to inspect the Real Estate at any time or to ascertain or inquire as to the performance or observance of any requirements associated therewith.

Section 7.07 ERISA Matters. The Signatory Trustee shall use reasonable best efforts to conduct the affairs of the Trust so that the Trust Property does not become "plan assets" (as defined in the Plan Asset Rules) subject to the fiduciary standards of Part 4 of Subtitle B of Title I of ERISA and Code Section 4975.

ARTICLE VIII
INDEMNIFICATION AND PAYMENT OF THE TRUSTEES

The Trust agrees to indemnify the Trustees, in their individual capacities, from and against, any and all liabilities, obligations, losses, damages, taxes, claims, actions, suits, costs, expenses and disbursements including reasonable legal fees and expenses which may be imposed on, incurred by or asserted at any time against the Trustees, in their individual capacities (and not indemnified against by other Persons) which relate to or arise out of the Trust Property, or the Transaction Documents. Notwithstanding the above, the Trust shall not be required to indemnify any Trustee with respect to any of the matters described in Sections 6.03(i) through 6.03(v) to the extent any such section is adjudged to apply to such Trustee. The indemnities contained in this Article VIII shall apply to any permitted successors or assigns of the Trust. Any indemnification set forth in this Agreement shall not constitute a claim against the Trust in the event its cash flow is insufficient to pay its obligations.

ARTICLE IX
TERMINATION OF TRUST AGREEMENT

Section 9.01 Termination in General. The Trust shall dissolve and wind up in accordance with Section 3808 of the Act and each Investor's share of the Trust Property shall, subject to Article IV hereof, be distributed to the Investors at the earlier of (a) termination of the Master Leases, or (b) after the sale or other disposition of the Real Estate. Notwithstanding any other provision of this Trust Agreement, the bankruptcy of a trustee or a beneficiary shall not cause the trustee or the beneficiary, respectively, to cease to be a trustee or beneficiary of the Trust and upon the occurrence of such an event, the Company shall continue without dissolution.

Section 9.02 [Reserved]

Section 9.03 Termination to Preserve and Protect the Trust Property.

(a) If the Signatory Trustee determines that (a) either of the Master Tenants has failed to timely pay rent due under the applicable Master Lease after the expiration of any applicable notice and cure provisions in the applicable Master Lease, if any, (b) a Master Tenant files for bankruptcy, seeks appointment of a receiver, makes an assignment for the benefit of its creditors or there occurs any similar event, (c) the Trust is otherwise in violation of Section 7.03, or (d) the Trust Property or any portion thereof is subject to a casualty, condemnation or similar event that is not adequately compensated for through insurance or otherwise sufficient to permit restoration of the Trust Property to the same condition as previously existed; and if the Signatory Trustee determines in writing that dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Property for the benefit of the Investors, then, in either case, the Signatory Trustee shall terminate the Trust and distribute the Trust Property in the manner provided in this Section 9.03. It is the express intent of this Trust Agreement that no distribution be made under this Section 9.03 except in the rare and unexpected situations in which (x) either of the Master Leases is in imminent danger of being in material default or (y) the Signatory Trustee anticipates undertaking some other action in order to preserve the Trust Property that would, in the Signatory Trustee's reasonable discretion, result in the Trust no longer being treated as an investment trust in accordance with Section 5.01(c) of this Trust Agreement. To the fullest extent permitted by applicable law, the Signatory Trustee shall be fully protected in any determinations made under this Section 9.03 made in good faith, and shall have no liability to any Person, including without limitation the Investors, with respect thereto.

(b) Except as provided in Section 9.03(c), the Signatory Trustee shall terminate the Trust pursuant to this Section 9.03 by dissolving and winding up the Trust in accordance with Section 3808 of the Act and distributing to the Investors, subject to Article IV hereof, the Trust Property.

(c) Notwithstanding Section 9.03(a), if any obligation remains outstanding and has not been satisfied in full at the time the Trust is to be terminated, and if a direct distribution of Trust Property to Investors is otherwise prohibited, the Signatory Trustee may:

(i) terminate the Trust pursuant to this Article IX by converting it pursuant to Section 3821 of the Act into a Delaware limited liability company (an "LLC") (such conversion, a "Transfer Distribution"), the operating agreement for which will be substantially similar in form to the LLC operating agreement set forth as Exhibit C hereto (the "LLC Agreement") (or in lieu of such conversion, as determined in the sole discretion of the Signatory Trustee, by transferring or contributing the Trust Property to, or by merging the Trust into, such LLC), which LLC shall acquire, by operation of law, contract, or otherwise, the Trust Property subject to the then-outstanding obligations of the Trust under the Master Leases, and which LLC shall assume by operation of law, contract, or otherwise, the obligations of the Trust under the Master Leases, which assumption shall be evidenced by documents in writing;

(ii) effect the conversion or exchange of the Investor's Interests in the Trust into equivalent membership interests in the LLC;

(iii) cause the Signatory Trustee to be designated as the Manager (as such term is defined in the LLC Agreement) of the LLC and to execute all necessary documents, including the LLC Agreement on behalf of the members of the LLC; and

(iv) take all other actions necessary to complete the termination and winding up of the Trust and the formation of the LLC in accordance with the Act and the Delaware Limited Liability Company Act.

For federal income tax purposes, a conversion of the Trust to an LLC effectuated pursuant to this Section 9.03(c) shall be characterized as: (1) a distribution of the Trust Property by the Trust to the Investors in termination of the Trust, followed by (2) a contribution by the Investors of the Trust Property to the LLC in exchange for membership interests in the LLC.

Section 9.04 Sale or other Disposition of the Trust Property. The Trust shall sell or otherwise dispose of the Trust Property at any time upon receipt of a notice from the Signatory Trustee. Any sale or other disposition shall be in the Signatory Trustee's sole and absolute discretion, including (i) determining sales price or terms of other disposition of the Trust Property, (ii) providing notice to the Trust of the sale or other disposition, and (iii) conducting the sale or otherwise effecting the disposition of the Trust Property. The Trust shall distribute the proceeds of the sale or other conveyance (net of any fees due to the Signatory Trustee and the Delaware Trustee and payment in full of any outstanding indebtedness on the Trust Property and any closing fees and other costs associated therewith) to the Beneficial Owners. If the Trust sells the Trust Property for cash (instead of conveying the Trust Estate in exchange for interests in the transferee entity such as in an exchange transaction pursuant to Code Section 721), the Signatory Trustee and the Delaware Trustee are expressly instructed to permit each Investor to undertake its portion of the cash sale as a like-kind exchange within the meaning of Section 1031 of the Code. Any sale or other disposition of the Trust Property shall be on an "as is, where is" basis and without any representations or warranties by the Delaware Trustee or the Signatory Trustee (other than as to ownership of the Trust Property and authority to enter into the sale or other matters as determined by Signatory Trustee in its sole and absolute discretion). Costs of sale shall be allocated between the Trust and the purchaser of the Trust Property as may be determined by the Signatory Trustee in its sole discretion. "Sole and absolute discretion" means that notwithstanding any other provision of this Trust Agreement or otherwise applicable provision of law or equity (including any law relating to fiduciary duties), the Signatory Trustee (i) shall be entitled to consider only such interests and factors as it desires, including its own interests or its Affiliates' interests, (ii) shall be entitled to act or not act in a manner that is adverse, including materially adverse, to the Trust, the Trustees, the Investors and any other Person bound by this Trust Agreement, and (iii) shall, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting the Trust, the Trustees, the Investors or any other Person bound by this Trust Agreement. Notwithstanding any other provision of this Agreement or any other provision of law or equity (including any law relating to fiduciary duties), to the fullest extent permitted by the Act and other applicable law, in connection with actions taken or not taken pursuant to this Trust Agreement, a Signatory Trustee Indemnified Person shall owe no duties hereunder or at law or in equity (including fiduciary duties) to the Trust, the Trustees, the Investors or any other Person bound by this Trust Agreement. The Trust, the Trustees, the Investors and any other Person bound by this Trust Agreement each therefore waives, to the fullest extent permitted by law, any claim or cause of action against a Signatory Trustee Indemnified Person asserting, in connection with the determination of any and all matters presented to such Signatory Trustee Indemnified Person for action, breach of fiduciary duty, duty of care or any other duty, breach of the Act or breach of any duty created by special circumstances arising out of this Trust Agreement or the Trust. Without limitation, any Signatory Trustee Indemnified Person may engage in or possess an interest in other profit-seeking or business ventures of any kind, nature or description, independently or with others, similar or dissimilar to the business of the Trust, whether now existing or hereafter acquired or initiated, whether or not such ventures are competitive with the Trust, and the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to any Signatory Trustee Indemnified Person. No Signatory Trustee Indemnified Person who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Trust shall have any duty to communicate or offer such opportunity to the Trust, and such Signatory Trustee Indemnified Person shall not be liable to the Trust or to any other Person bound by this Trust Agreement for breach of any fiduciary or other duty existing at law, in equity or otherwise by reason of the fact that such Person pursues or acquires for, or directs such opportunity to, another Person or does not communicate such opportunity or information to the Trust. Neither the Trust nor any Investor nor any Trustee shall have any rights or obligations by virtue of this Trust Agreement or the relationship created hereby in or to such independent ventures or the income or profits or losses derived therefrom, and the pursuit

of such ventures, even if competitive with the activities of the Trust, shall not be deemed wrongful, improper or the breach of any duty to the Trust, any Trustee or any Investor existing at law, in equity or otherwise.

Section 9.05 Certificate of Cancellation. Upon the completion of the dissolution and winding up of the Trust, the Trustees shall cause a Certificate of Cancellation to be filed with the Secretary of State and thereupon the Trust, and this Trust Agreement shall terminate.

ARTICLE X
SUCCESSOR TRUSTEES

Section 10.1 Resignation and Removal; Appointment of Successor Trustee. A Trustee or any successor may resign at any time by giving at least sixty (60) days' prior written notice to the Investors. The Investors holding a majority of the Interests may at any time remove a Trustee for cause by written notice to such Trustee. Cause shall only mean the fraud, willful misconduct or gross negligence of the Trustee with respect to the Trust, and only as determined upon final order by a court of competent jurisdiction. Notwithstanding anything herein to the contrary, no resignation or removal of a Trustee shall be effective until a successor trustee has been appointed and such successor trustee has accepted its responsibilities, all as hereinafter provided. In case of the resignation, death, liquidation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor by written instrument. The Trust shall not be terminated solely due to the liquidation, resignation or removal of any Trustee. If a successor trustee shall not have been appointed within sixty (60) days after the giving of such notice, a Trustee or the Investors may apply to any court of competent jurisdiction in the United States to appoint a successor trustee to act until such time, if any, as a successor shall have been appointed as provided above. Any successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as provided above within one year from the date of the appointment by such court. Any successor, however appointed, shall execute and deliver to its predecessor trustee (the Delaware Trustee, Signatory Trustee or a successor trustee, as the case may be) an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts hereunder with like effect as if originally named a Delaware Trustee or Signatory Trustee herein; but upon the written request of such successor, such predecessor shall execute and deliver an instrument transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor, and such predecessor shall duly assign, transfer, deliver and pay over to such successor all monies or other property then held by such predecessor upon the trusts herein expressed. Any right of the Investors against the predecessor trustee, in its, his or her individual capacity, shall not be prejudiced by the appointment of any successor trustee and shall survive the termination of the trusts created hereby.

Section 10.2 Successor Delaware Trustee. Any successor Delaware Trustee, however appointed, shall be a bank or trust company with its principal place of business in the State of Delaware and either (a) having a combined capital and surplus of at least $50,000,000, or (b) having the performance of its obligations hereunder guaranteed by such a bank or trust company having a combined capital and surplus of at least $50,000,000, if there is such an institution willing, able and legally qualified to perform the duties of trustee hereunder upon reasonable or customary terms. Any corporation into which the Delaware Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Delaware Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Delaware Trustee may be transferred, shall, subject to the preceding sentence, be the Delaware Trustee under this Trust Agreement without further act. Any successor Delaware Trustee, however appointed, shall be competent and qualified to (i) serve as a trustee of a statutory trust formed pursuant to Chapter 38 of Title 12 of the Act, (ii) own, buy, sell, lease and mortgage land in the state where the Real Estate is located, and (iii) take all actions required by the Delaware Trustee pursuant to the Trust Agreement under the Act.

ARTICLE XI
MISCELLANEOUS

Section 11.01 Limitations on Rights of Others. Nothing in this Trust Agreement, whether express or implied, shall give to any Person other than the Depositor, the Trustees, the Investors and the Trust any legal or equitable right, remedy or claim hereunder.

Section 11.02 Notices, Etc. All notices, requests, demands, consents and other communications ("Notices") required or contemplated by the provisions hereof shall refer on their face to this Trust Agreement (although failure to do so shall not make such Notice ineffective), shall, unless otherwise stated herein, be in writing and shall be (i) personally delivered, (ii) sent by reputable overnight courier service, (iii) sent by certified or registered mail, postage prepaid and return receipt requested, or (iv) transmitted by telephone facsimile with electronic confirmation of receipt, in each case, as follows:

if to the Delaware Trustee:

Sorensen Entity Services LLC
1201 N. Orange St., Suite 7044
Wilmington, Delaware 19801
Attn: Chris Sorensen
Facsimile: 302-401-4949

if to the Signatory Trustee or the Trust or the Depositor:

1031CF Portfolio 5 ST LLC/
1031CF Portfolio 5 DST/
1031CF Portfolio 5 Holdings LLC
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, CA 92614
Attn: Edward E. Fernandez
E-mail: Investors@1031crowdfunding.com

or at such other address and telephone facsimile number as shall be designated, respectively, by the Trustees or the Trust in a written notice to the other Persons receiving Notices pursuant to this Section. Notices given pursuant to this Section shall be deemed received upon the earliest of the following to occur: (i) upon personal delivery, (ii) on the fifth day following the day sent, if sent by registered or certified mail, (iii) on the next business day following the day sent, if sent by reputable overnight courier, and (iv) if transmitted by telephone facsimile, on the day sent if such day is a business day of the addressee and the telephone facsimile is received by the addressee by 5:00 p.m. local time of the addressee on such day and otherwise on the first business day of the addressee after the day that the telephone facsimile is sent.

Section 11.03 Severability. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.04 Separate Counterparts. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.05 Successors and Assigns. All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Trustees and their successors and assigns and the Investors and their successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other writing or action by the Investors shall bind each of their successors and assigns.

Section 11.06 Usage of Terms. With respect to all terms in this Trust Agreement, the singular includes the plural and the plural includes the singular; words importing any gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a visible form; references to agreements and other contractual instruments include all subsequent amendments thereto or changes therein entered into in accordance with their respective terms and not prohibited by this Trust Agreement; references to Persons include their successors and permitted assigns; and the term "including" means including without limitation.

Section 11.07 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 11.08 Governing Law. This Trust Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts to be performed entirely within such state, including all matters of construction, validity and performance. Each party to this Trust Agreement agrees to only bring suit in a court of competent jurisdiction located in Orange County, State of California and consents to personal jurisdiction therein. **IN ANY SUCH PROCEEDING, EACH PARTY TO THIS TRUST AGREEMENT WILL BE DEEMED TO HAVE WAIVED ITS RIGHT TO A TRIAL BY JURY.**

Section 11.09 Amendments.

(a) Subject to Section 2.05, this Trust Agreement may be supplemented or amended by agreement of the Signatory Trustee and the Delaware Trustee to correct scrivener's errors, to clarify any ambiguities in the Trust Agreement or to reflect any changes to or otherwise comply with securities and tax law.

(b) Notwithstanding Section 11.09(a), no amendment or supplement shall be made if its effect would be that it would constitute a power under the Trust Agreement to "vary the investment" of the Investors within the meaning of Treasury Regulation Section 301.7701-4(c)(1).

Section 11.10 Benefits of Agreement – No Third-Party Rights. None of the provisions of this Trust Agreement shall be for the benefit of or enforceable by any creditor of the Trust or by any creditor of any Investor; and nothing in this Trust Agreement shall be deemed to create any right in any Person not a party hereto.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers as of the day and year first above written.

DELAWARE TRUSTEE:

SORENSEN ENTITY SERVICES LLC

By: _____
Name: Chris Sorensen
Its: Manager

SIGNATORY TRUSTEE:

1031CF PORTFOLIO 5 ST LLC,
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

TRUST:

1031CF PORTFOLIO 5 DST,
a Delaware statutory trust

By: 1031CF Portfolio 5 ST LLC,
a Delaware limited liability company
Its: Signatory Trustee

By: _____
Name: Edward E. Fernandez
Its: President

DEPOSITOR:

1031CF PORTFOLIO 5 HOLDINGS LLC,
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

[*Signature Page to Amended and Restated Trust Agreement of 1031CF Portfolio 5 DST*]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers as of the day and year first above written.

DELAWARE TRUSTEE:

SORENSEN ENTITY SERVICES LLC

By: _____
Name: Chris Sorensen
Its: Manager

SIGNATORY TRUSTEE:

1031CF PORTFOLIO 5 ST LLC,
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

TRUST:

1031CF PORTFOLIO 5 DST,
a Delaware statutory trust

By: 1031CF Portfolio 5 ST LLC,
a Delaware limited liability company
Its: Signatory Trustee

By: _____
Name: Edward E. Fernandez
Its: President

DEPOSITOR:

1031CF PORTFOLIO 5 HOLDINGS LLC,
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

EXHIBIT A

THE INVESTORS AND THEIR INTERESTS

Investor	**Interest**
1031CF Portfolio 5 Holdings LLC	100.00%
Total:	**100.00%**

EXHIBIT B

DESCRIPTION OF REAL ESTATE

Gold Choice Palm Coast Property:

All that certain land situated in County of Flagler, State of Florida, viz:

LOT 5A:

BEING A PORTION OF LOT 5, OLD KINGS ROAD PROFESSIONAL CENTRE SUBDIVISION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN MAP BOOK 37, PAGES 70, 71 and 72, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FROM A POINT OF BEGINNING, SAID POINT BEING A FOUND 5/8 INCH IRON ROD, NO IDENTIFICATION, MARKING THE NORTHEASTERLY CORNER OF SAID LOT 5 ALSO BEING A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF OLD KINGS ROAD (A 100 FOOT RIGHT-OF-WAY PER OFFICIAL RECORDS BOOK 596, PAGE 712 AND OFFICIAL RECORDS BOOK 1369, PAGE 870, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE; SOUTH 00 DEGREES 48 MINUTES 05 SECONDS EAST, A DISTANCE OF 492.56; THENCE DEPARTING SAID RIGHT-OF-WAY LINE SOUTH 77 DEGREES 32 MINUTES 18 SECONDS WEST ALONG THE SOUTHERLY LINE OF SAID LOT 5, A DISTANCE OF 367.19 FEET; THENCE DEPARTING SAID SOUTHERLY LINE NORTH 40 DEGREES 09 MINUTES 52 SECONDS WEST, A DISTANCE OF 308.51 FEET; THENCE NORTH 00 DEGREES 52 MINUTES 01 SECONDS WEST, A DISTANCE OF 395.05 FEET TO A POINT ON THE NORTHERLY LINE OF SAID LOT 5; THENCE ALONG SAID NORTHERLY LINE SOUTH 87 DEGREES 37 MINUTES 44 SECONDS EAST, A DISTANCE OF 556.54 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE
OF SAID OLD KINGS ROAD ALSO BEING THE POINT OF BEGINNING.

and

Together with that portion of the 50' wide and 86' wide access easement adjacent to said Lot 5, over and across that portion of Lot 6 of said Old Kings Road Professional Centre Subdivision, according to that portion of Lot 6 of said Old Kings Road Professional Centre Subdivision, according to the plat thereof as recorded in Map Book 37, Page 70, Public Records of Flagler County, Florida

and

Together with those appurtenant easement(s) for access and utilities, as contained in that certain Declaration of Easements recorded in Official Records Book 2388. Page 9, of the Public Records of Flagler County, Florida.

Canopy At Harper Lake Property:

A portion of Section 36, Township 3 South, Range 16 East, Columbia County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeast corner of Lot 3, Gleason Place, Unit One, according to the plat thereof recorded in Plat Book 7, Page 17, of the Public Records of Columbia County, Florida; thence run South 21°56'49" East, along the Easterly boundary of said Gleason Place Unit 1 for 118.68 feet to the Point of Beginning; thence North 48°32'35" East for 219.84 feet to a point on a circular curve being concave Southwesterly; thence run Northwesterly along the arc of said curve, having a radius of 450.00 feet, through a central angle of 29°50'22" for an arc distance of 234.36 feet, said arc being subtended by a chord bearing and distance of North 57°06'12" West, 231.72 feet; thence North 17°58'37" East for 26.93 feet to a point of curvature of circular curve being concave Easterly; thence run Northerly along the arc of said curve, having a radius of 100.00 feet, through a central angle of 19°30'27" for an arc distance of 34.05 feet, said arc being subtended by a chord bearing and distance of North 27°43'51" East 33.88 feet; thence North 37°29'04" East for 132.40 feet; thence South 84°42'59" East for 160.00 feet; thence South 41°21'04" East for 293.92 feet; thence South 21°50'09" East for 468.65 feet to a point lying on the South line of those lands described and recorded in Official Records Book 1053, Page 822, of the Public Records of Columbia County, Florida; thence South 84°55'45" West, along said South line of Official Records Book 1053, Page 822, for 491.07 feet; thence North 56°47'53" East for 246.01 feet to a point on a circular curve being concave Northeasterly; thence run Northwesterly along the arc of said curve, having a radius of 255.00 feet, through a central angle of 18°02'59" for an arc distance of 80.33 feet, said arc being subtended by a chord bearing and distance of North 41°36'04" West 80.00 feet; thence South 71°17'04" West for 214.72 feet to the Southeast corner of Lot 1 of said Gleason Place Unit 1; thence North 21°56'49" West, along said Easterly boundary of Gleason Place Unit 1, for 168.28 feet to the Point of Beginning.

Together with and subject to easement for ingress and egress and utilities recorded in Official Records Book 1053, Page 822, of the Public Records of Columbia County, Florida.

EXHIBIT C

THE LLC AGREEMENT
FORM OF OPERATING AGREEMENT FOR LLC CREATED PURSUANT TO SECTION 9.03(c) OF THE TRUST AGREEMENT

OPERATING AGREEMENT OF 1031CF PORTFOLIO 5 LLC

THIS OPERATING AGREEMENT (this "**Operating Agreement**") of 1031CF Portfolio 5 LLC, a Delaware limited liability company (the "**Operating Company**"), is made and entered into as of _____, 20___ (the "**Effective Date**"), by and among 1031CF Portfolio 5 DST, a Delaware statutory trust (the "**Trust**"), 1031CF Portfolio 5 ST LLC, a Delaware limited liability company, and the persons whose names are set forth on Exhibit A of this Agreement (the "**Members**").

RECITALS:

WHEREAS, pursuant to the Trust Agreement of the Trust (the "**Trust Agreement**"), 1031CF Portfolio 5 ST LLC is the signatory trustee of the Trust (the "**Signatory Trustee**") and the Members collectively own all of the beneficial interests in the Trust (the Members, in such capacity, the "**Owners**").

WHEREAS, Trust owns that certain real property and associated assets consisting of two (2) separate assisted living and/or memory care facilities located at 3830 Old Kings Road, Palm Coast, Florida 32137 (the "**Gold Choice Palm Coast Property**") and 213 NW Gleason Drive, Lake City, Florida 32055 (the "**Canopy at Harper Lake Property**" and together with the Gold Choice Palm Coast Property, the "**Real Estate**"), and certain incidental additional assets associated with the Real Estate (the Real Estate and all such additional assets, collectively, the "**Trust Properties**"), which properties are subject to the Master Leases.

WHEREAS, pursuant to Section 9.03 of the Trust Agreement, the Signatory Trustee, having due authority, may terminate the Trust as provided in Section 9.03 of the Trust Agreement.

WHEREAS, pursuant to Section 9.03(c) of the Trust Agreement, (a) the Signatory Trustee shall transfer or contribute the Trust Property to the Operating Company, (b) the Signatory Trustee shall become the manager of the Operating Company; (c) the Owners shall become Members of the Operating Company; (d) the Operating Company shall become the owner of the Trust Property (such property in the hands of the Operating Company, the "**Company Property**"), which shall remain subject to the Master Leases, and (e) the Trust shall be terminated.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE I

Formation of Operating Company

1.1 Authority. The Operating Company has been formed in accordance with the requirements of the Delaware Limited Liability Company Act (the "**Act**"), and the Signatory Trustee has been designated the manager of the Operating Company (the "**Manager**"). The Manager shall have the authority to perform such other filings, recordings and actions and will comply with all formation requirements under the Act and the laws of such other states in which the Operating Company elects to do business.

1.2 Membership; Rights and Obligations. Upon the consummation of the transactions described in the Recitals, the Members will be members of the Operating Company. The rights and obligations of the Operating Company and the Members will, except as otherwise provided herein, be governed by the Act.

1.3 Name. The name of the Operating Company is "**1031CF PORTFOLIO 5 LLC**" and its affairs will be conducted under the Operating Company name or such other name(s) as the Manager may select. The Manager will execute and file with the proper offices any and all certificates required by the fictitious name or assumed name statutes of the states in which the Operating Company elects to do business. The Operating Company will have the exclusive ownership of and right to use the Operating Company name.

1.4 Purposes of the Operating Company. The purposes of the Operating Company are: (i) to own, manage, hold and ultimately dispose of the Real Estate; and (ii) to engage in such other activities, enterprises, ventures and undertakings permitted under this Agreement and/or the Act that are necessary or appropriate to the foregoing purposes (including without limitation enter into or modify any lease of the Real Estate and finance (and refinance) the Real Estate). The Operating Company shall conduct no business other than as specifically set forth in this Section 1.4.

1.5 Characterization. It is the intention of the Manager and the Members that the Operating Company constitute a partnership for federal, state and local income tax purposes. Each Member will report its Membership Interest in a manner consistent with the foregoing, and neither the Manager nor any Member will take any action inconsistent with the foregoing.

1.6 Principal Office of the Operating Company. The principal office of the Operating Company is 269 Kipling Court, Lake Mary, Florida 32746, or at such other place as the Manager may designate. The Operating Company may have other offices in such place or places as selected by the Manager.

1.7 Registered Office and Registered Agent. The registered agent of the Operating Company in the State of Delaware is Sorensen Entity Services LLC, and the registered office of the registered agent is 1201 N. Orange Street, Suite 7044 Wilmington, Delaware, 19801. The Manager may from time to time in accordance with the Act change any of the Operating Company's registered agents and/or registered offices and designate a registered agent and registered office in each state the Operating Company is required to maintain or appoint one.

1.8 Term of Existence of the Operating Company. The term of the Operating Company commenced upon the filing of its Articles of Organization with the Secretary of State of Delaware and will be perpetual unless sooner terminated as provided in Article VIII.

ARTICLE I

Membership Interests; Capital Contributions

2.1 Membership Interest. Each Member's percentage ownership interest in the Operating Company shall be equal to such Member's beneficial ownership interest in Trust immediately prior to the transactions described in the Recitals, subject to any adjustments in Membership Interest pursuant to Section 2.2(b). The amount of each Member's percentage ownership interest in the Operating Company ("**Membership Interest**") is set forth opposite such Member's name on Exhibit A hereto.

2.2 Capital Contributions.

(a) Each Member will be credited with an initial capital contribution ("**Capital Contribution**") in the amount set forth opposite such Member's name on Exhibit A hereto.

(b) The Manager may request at any time that the Members make additional Capital Contributions to the Operating Company on a pro rata basis in proportion to each Member's Membership Interest. The Members are not required to comply with any such request. The Manager shall adjust the Members' Capital Contributions and Membership Interests set forth on Exhibit A hereto to equitably reflect any additional capital contributions made by Members.

ARTICLE III

Accounting, Allocations and Distributions

3.1 Books of Account.

(a) The Manager shall maintain the books of account of the Operating Company.

(b) The books of account will be closed promptly after the end of each calendar year, which will be the Operating Company's fiscal year ("**Fiscal Year**"). Promptly after the close of the Fiscal Year, the Operating Company will cause to be prepared such partnership income tax and other returns required under applicable law and regulation, including any and all statements necessary to advise all Members promptly about their investment in the Operating Company for federal income tax reporting purposes. The Manager will be responsible for the prompt filing and delivery of all such returns and statements. All elections and options available to the Operating Company for tax purposes will be taken or rejected by the Operating Company in the sole discretion of the Manager.

3.2 Capital Accounts. A separate capital account ("**Capital Account**") will be maintained for each Member. Each Member's initial Capital Account shall be equal to the amount set forth opposite such Member's name on Exhibit A hereto. Thereafter, each Member's Capital Account will, *inter alia*, be increased by (i) the amount of money contributed by such Member to the Operating Company, (ii) the fair market value of property contributed by such Member to the Operating Company (net of liabilities secured by such contributed property that the Operating Company is considered to assume or take subject to under Code Section 752) and (iii) allocations to such Member of Operating Company income and gain (or items thereof), including income and gain exempt from tax; and decreased by (iv) the amount of money distributed to such Member (as a Member) by the Operating Company, (v) the fair market value of property distributed to such Member (as a Member) by the Operating Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code Section 752), (vi) allocations to such Member of expenditures of the Operating Company described in Code Section 705(a)(2)(B) and (vii) allocations to such Member of Operating Company loss and deduction (or items thereof).

3.3 Profit and Loss Allocations. Except as otherwise required by Code Section 704 and the Treasury Regulations thereunder, net profit or net loss of the Operating Company, determined for income tax purposes, will be allocated to the Members pro rata with their Membership Interests.

3.4 Special Tax Allocations. In accordance with Code Sections 704(b) and 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any asset contributed to the capital of the Operating Company will, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Operating Company for federal income tax purposes and its fair market value at the time of contribution to the Operating Company.

3.5 Distributions.

(a) Operating Company "**Cash Flow**" for any Fiscal Year will consist of all cash received by the Operating Company (other than as a capital contribution) less cash expenditures for Operating Company debts, expenses, capital expenditures and reasonable reserves as determined by the Manager in its sole discretion.

(b) Operating Company Cash Flow for any Fiscal Year will be distributed to the Members in proportion to their Membership Interests.

(c) No Member has the right to partition, or otherwise demand an in-kind distribution of, the Company Property. If the Operating Company distributes Company Property to the Members, the fair market value of such property at the time of such distribution will be determined by the Manager in its sole discretion, and any such distribution will be made to the Members in proportion to their Membership Interests.

(d) No distribution shall be made to any Members, if such distribution would violate applicable law.

ARTICLE IV

Rights, Duties, Liabilities and Restrictions of the Manager

4.1 The Manager.

(a) Except solely as provided in Section 4.1(b) with respect to Major Decisions (as defined therein), the Manager will have the sole and exclusive right to manage, control and conduct the affairs of the Operating Company and to manage the Company Property.

(b) Notwithstanding the foregoing, the following actions (the "**Major Decisions**") will require the consent of Members holding a majority of the Membership Interests: (i) election of a successor Partnership Representative; (ii) dissolving and winding up the Operating Company; or (iii) amending this Agreement (except as otherwise provided herein). The consent of the Members to any Major Decision shall be determined as provided in Section 5.1(b).

4.2 Duties and Responsibilities of the Manager. The Manager will diligently, faithfully and competently perform its duties and responsibilities, and will devote such time to the Operating Company's business as, in the judgment of the Manager, is reasonably required. The Manager shall use reasonable best efforts to conduct the affairs of the Operating Company so that the Company Property does not become "plan assets" (as defined in the Plan Asset Rules) subject to the fiduciary standards of Part 4 of Subtitle B of Title I of ERISA and Code Section 4975. No fee shall be payable to the Manager for management of the affairs of the Operating Company.

4.3 Officers of the Operating Company. The Manager may appoint one or more persons to serve as officers of the Operating Company, in such capacities and with such delegated rights and powers as the Manager may approve; provided, however, that no such officer will have any different or greater rights and powers than the Manager. The Manager may provide that compensation be paid to persons who provide services to the Operating Company as officers.

4.4 Expenditures by Manager. The Operating Company will reimburse the Manager and its Affiliates for any costs and expenses reasonably incurred by them on behalf of the Operating Company.

4.7 Potential Conflicts. The Operating Company may purchase goods or services from the Manager or its Affiliates, provided that any such transaction will be conducted on commercially reasonable terms. The Manager may engage in business ventures of any nature and description independently or with others, including, but not limited to, the business or businesses engaged in by the Operating Company, and neither the Operating Company nor any of the other Members will have any rights in or to such independent ventures or the profits derived therefrom.

4.8 Liability of Manager. The Manager will not be liable to any Member or the Operating Company for honest mistakes of judgment, or for action or inaction, taken reasonably and in good faith for a purpose that was reasonably believed to be in the best interests of the Operating Company, or for losses due to such mistakes, action or inaction, or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Operating Company. The Manager may consult with counsel and accountants in respect of Operating Company affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel or accountants, provided that they will have been selected with reasonable care. The Members will look solely to the Company Property for the return of their capital and, if the assets of the Operating Company remaining after payment or discharge of the debts and liabilities of the Operating Company are insufficient to return such capital, they will have no recourse against the Manager for such return of capital. Notwithstanding any of the foregoing to the contrary, the provisions of this Section will not relieve the Manager of any liability by reason of gross negligence, willful misconduct or fraud or to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

4.9 Indemnification. The Operating Company shall indemnify the Manager in its individual capacity, from and against, any and all liabilities, obligations, losses, damages, taxes, claims, actions, suits, costs, expenses and

disbursements including reasonable legal fees and expenses which may be imposed on, incurred by or asserted at any time against them, in their individual capacities (and not indemnified against by any other Persons) which relate to or arise out of the Company Property. The indemnities contained in this Section 4.9 shall survive the termination of this Agreement. Any indemnification set forth in this Agreement shall not constitute a claim against the Operating Company in the event its cash flow is insufficient to pay its obligations, nor shall it constitute a claim against any owner of an interest in the Operating Company.

4.10 Successor to Manager. If the Manager resigns, a successor manager will be selected by Members holding a majority of the Membership Interests.

4.11 Partnership Representative. The Manager shall act as the partnership representative within the meaning of Section 6223(a) of the Code (the "**Partnership Representative**"). Each Member agrees that upon the request of the Partnership Representative, the Member shall execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices any documents as may be necessary or appropriate to evidence the Investor Member's consent to the Partnership Representative's selection. Promptly following the written request of the Partnership Representative and to the fullest extent permitted by applicable law, the Company shall reimburse and indemnify the Partnership Representative for all reasonable expenses, including reasonable legal and accounting fees, claims, liabilities, losses and damages incurred by the Partnership Representative in connection with any administrative or judicial proceeding with respect to the tax liability of the Company or the Members, except to the extent arising from the gross negligence, willful misconduct or material breach of this Agreement by the Partnership Representative.

ARTICLE V

Members

5.1 Powers of the Members.

(a) Except as provided in Section 5.1(c), the Members have the right to propose that the Operating Company and/or the Manager take certain actions with respect to the Operating Company's business or the Operating Company Assets, including, but not limited to, Major Decisions in accordance with the procedure described in Section 5.1(b).

(b) Whenever an action is proposed by any Member pursuant to Section 5.1(a), or by the Manager with respect to any Major Decision, the Manager shall first send to all Members written notice (the "**Proposed Action Notice**") setting forth the particulars of the proposed action (the "**Proposed Action**"). The Proposed Action Notice shall include a ballot on which the Member may mark its vote for or against the Proposed Action. Consistent with the provisions of Section 9.2, the Members shall respond to the Proposed Action Notice by returning the marked ballot to the Manager within fourteen (14) days of the receipt of the Proposed Action Notice. A Member not returning the ballot within the prescribed period shall be deemed to have voted for the Proposed Action. The Manager shall promptly notify all Members of the results of the vote. Subject to Section 4.3, the Manager shall be authorized to take action with respect to such Proposed Action if such Proposed Action has been approved by Members holding a majority of the Membership Interests.

5.2 Liability. No Member will be personally liable for any of the debts of the Operating Company or any of the losses thereof beyond the amount of such Member's Capital Contribution to the Operating Company.

5.3 Meetings of the Members. A meeting of the Members may be called at any time by the Manager or by Members holding more than 25 percent (25%) of the Membership Interests. The meetings will be held at the Operating Company's principal place of business or any other place designated by the Manager. The Manager will give the Members at least ten days prior written notice stating the time, place and purpose of the meeting. At a meeting of the Members, the presence of Members holding more than 50 percent (50%) of the Membership Interests, in person or by proxy, will constitute a quorum. A Member may vote either in person or by written proxy signed by the Member or by his, her or its duly authorized attorney in fact. Persons present by telephone will be deemed to be present "in person" for purposes hereof.

5.4 Removal of Manager. Notwithstanding any other provision of this Agreement, a Manager can be removed and its successor chosen by Members holding at least 75 percent (75%) of the Membership Interests, and only if the Manager engaged in willful misconduct, fraud or gross negligence with respect to the Operating Company.

ARTICLE VI

Assignment Provisions

6.1 Transfers by Members.

(a) Subject to Section 6.2, a Member may Transfer some or all of its Membership Interests in the Operating Company. For purposes hereof, "**Transfer**" means, when used as a noun, any sale, hypothecation, pledge, assignment, gift, or other transfer, be it voluntary or involuntary, to any person, inter vivo, testamentary, by operation of laws of devise and descent or other laws, and, when used as a verb, to sell, hypothecate, pledge, assign, gift, or otherwise transfer to any person, be it voluntarily or involuntarily, inter vivo, testamentary, by operation of the laws of devise or descent or any other laws.

(b) Notwithstanding anything contained herein to the contrary, no Transfer of any Membership Interest will be permitted if such Transfer would: (i) result in a termination of the Operating Company for federal income tax purposes that would have a material adverse effect on the Operating Company or any of the Members; (ii) result in the Operating Company not qualifying for an exemption from the registration requirements of any applicable federal or state securities laws; (iii) result in any violation of any applicable federal or state securities laws; (iv) result in the Operating Company having to register as an investment company under the Investment Company Act of 1940, as amended; (v) require the Operating Company, the Manager or any Affiliate to register as an investment advisor under the Investment Advisers Act of 1940, as amended; or (vi) result in such Membership Interest being transferred to a "benefit plan investor". "Benefit plan investor" is defined in the Plan Asset Rules, and includes, but is not limited to, tax-exempt "401k" and "IRA" plans, as well as entities substantially owned by such tax-exempt plans.

6.2 General Provisions. The following rules will apply to the Transfer of interests in the Operating Company:

(a) no person will be admitted as an assignee or transferee hereunder unless and until: (i) 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; (ii) the prospective assignee executes and delivers to the Operating Company a written agreement, in form and substance satisfactory to the Manager, pursuant to which said person agrees to be bound by this Agreement; and (iii) an appropriate amendment hereto is executed and, if required, filed of record;

(b) the effective date of such assignment or admission will be no earlier than the date that the documents specified in subsection (a) above are delivered to and accepted by the Manager;

(c) the Operating Company and the Manager will treat the assignor of the assigned interest as the absolute owner thereof and will incur no liability for distributions made in good faith to such assignor prior to such time as the documents specified in subsection (a) above have been delivered to and accepted by the Manager;

(d) unless admitted as a Member to the Operating Company by the Manager pursuant to the provisions of Article VII, the assignee or transferee of an interest in the Operating Company hereunder will not be entitled to become or exercise any rights of a Member, but will, to the extent of the interest acquired, be entitled only to the predecessor Member's Membership Interest in the Operating Company. No person, including the legal representatives, heirs or legatees of a deceased Member, will have any rights or obligations greater than those set forth herein and no person will acquire an interest in the Operating Company or become a Member except as permitted hereby;

(e) the costs incurred by the Operating Company in processing an assignment (including attorney's fees) will be borne by the assignee, and will be payable prior to and as a condition of admission to the Operating Company;

(f) Intentionally deleted; and

(g) upon the Transfer of a Membership Interest which satisfies Section 6.2, Exhibit A to this Agreement will be revised to reflect such Transfer.

ARTICLE VII

Admission of Additional Members; Resignations and Withdrawals

7.1 Admission of Additional Members.

(a) Subject to compliance with applicable securities laws and this Agreement, the Manager, in its sole discretion, may admit new Members in exchange for Capital Contributions by such persons to the Operating Company. The Members hereby grant the Manager the power of attorney to amend the Operating Company's Articles of Organization and this Agreement to affect any issuance of Membership Interests pursuant this subsection. Upon the admission of any new Members to the Operating Company, the Manager shall adjust the Members' Membership Interests set forth on Exhibit A hereto to equitably reflect the Capital Contributions made by new Members.

(b) Additional Members admitted pursuant to Section 7.1(a) will be entitled to all of the rights and privileges of the original Members hereunder and will be subject to all of the obligations and restrictions hereunder, and in all other respects their admission will be subject to all of the terms and provisions hereof.

(c) No Member shall have any preemptive or similar rights to increase or maintain such Member's Membership Interest in the Operating Company.

7.2 Resignations and Withdrawals. A Member who withdraws from the Operating Company will forfeit all Membership Interests and rights as a Member, including his right to receive any distributions from the Operating Company and the right to vote. Upon the withdrawal of a Member, the Operating Company will not have any obligation to purchase such Member's Membership Interests or any part thereof. The Manager shall adjust the Members' Membership Interests set forth on Exhibit A hereto to equitably reflect the withdrawal of a Member.

ARTICLE VIII

Termination and Winding Up

8.1 Termination.

(a) The Operating Company will terminate upon the earliest to occur of the following:

(i) The Manager and Members holding a majority of the Membership Interests vote to terminate the Operating Company or convert it into a different legal entity pursuant to Delaware Law; or

(ii) The Operating Company's sale, exchange or other disposition of the Real Estate.

(b) This Agreement generally and Article VIII in particular will govern the conduct of the parties during the winding up of the Operating Company.

8.2 Liquidation Procedures. Upon termination of the Operating Company, the Operating Company's affairs will be wound up and the Operating Company will be dissolved. A proper accounting will be made of the profit or loss of the Operating Company from the date of the last previous accounting to the date of termination.

8.3 Liquidating Trustee. Upon the winding up of the Operating Company, the Manager will act as the liquidating trustee or will appoint a liquidating trustee. The liquidating trustee will have full power to sell, assign and encumber the Company Property. All certificates or notices thereof required by law will be filed on behalf of the Operating Company by the liquidating trustee.

8.4 Distribution on Winding Up. The proceeds of liquidation will be applied by the end of the taxable year in which the liquidation occurs or, if later, within 90 days after the date of such liquidation, in the following order:

(a) first, to the creditors of the Operating Company, in the priority and to the extent provided by law; and

(b) thereafter, to the Members in proportion to their Membership Interests.

8.5 No Dissolutions. The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member shall not cause the termination or dissolution of the Operating Company and the business of the Operating Company shall continue. Upon any such occurrence, the trustee, receiver, executor, administrator, committee, guardian or conservator of such Member (an "**assignee**") shall have all the rights of such Member for the purpose of settling or managing its estate or property, subject to satisfying conditions precedent to the admission of such assignee as a substitute Member. The transfer by such trustee, receiver, executor, administrator, committee, guardian or conservator of any Membership Interest shall be subject to all of the restrictions, hereunder to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated or incompetent Member.

ARTICLE IX

General Provisions

9.1 Definitions. The following terms not otherwise defined herein will have the meanings ascribed to them below:

(a) "**Affiliate**" (whether or not such term is capitalized) shall mean, with respect to any specified Person any other Person owning beneficially, directly or indirectly, any ownership interest in such specified Person or directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

(b) "**Canopy at Harper Lake Master Lease**" means that certain master least agreement entered into between Trust and 1031CF Lake City MT, LLC, a Delaware limited liability company, as "master tenant," with respect to the Canopy at Harper Lake Property.

(c) "**Canopy at Harper Lake Property**" means that certain real property and associated assets consisting of an assisted living and/or memory care facility located at 213 NW Gleason Drive, Lake City, Florida 32055.

(d) "**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "**Control**" (whether or not such term is capitalized) when used with respect to any specified Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing. Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, 50 percent or more of the ownership interests.

(f) "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

(g) "**Gold Choice Palm Coast Property**" means that certain real property and associated assets consisting of an assisted living and/or memory care facility located at 3830 Kings Road, Palm Coast, Florida 32137.

(h) "**Gold Choice Palm Coast Master Lease**" means that certain master lease agreement entered into between the Trust and 1031CF Palm Coast MT, LLC, a Delaware limited liability company, as "master tenant," with respect to the Gold Choice Palm Coast Property.

(i) "**Master Leases**" shall mean the Gold Choice Palm Coast Master Lease and the Canopy at Harper Lake Master Lease, collectively.

(j) "**Person**" (whether or not such term is capitalized) shall mean a natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, statutory trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

(k) "**Plan Asset Rules**" shall mean 29 Code of Federal Regulations § 2510.3-101, as amended from time to time.

(l) "**Section**" shall mean a section in this Agreement unless the context clearly indicates otherwise.

(m) "**Sponsor**" shall mean 1031 CF Properties, LLC, a California limited liability company.

(n) "**Treasury Regulations**" shall mean U.S. Treasury Regulations promulgated under the Code.

9.2 Notices. All notices, offers or other communications required or permitted to be given pursuant to this Agreement will be in writing and will be considered as properly given or made upon personal delivery or on the third business day following mailing from within the United States by first class United States mail, postage prepaid, certified mail return receipt requested, and addressed to the address of the Operating Company set forth in Section 1.6, if to the Operating Company, and to the address beneath a Member's name on the signature pages hereto, if to a Member. Any Member may change its address by giving fifteen (15) days advance written notice stating its new address to the Manager. Commencing with the giving of such notice, such newly designated address will be such Member's address for purposes of all notices or other communications required or permitted to be given pursuant to this Agreement.

9.3 Third Party Reliance. Third parties dealing with the Operating Company shall be entitled to conclusively rely on the signature of the Manager and/or any officer of the Operating Company to bind the Operating Company.

9.4 Successors. This Agreement and all the terms and provisions hereof will be binding upon and will inure to the benefit of all Members and their legal representatives, heirs, successors and permitted assigns, except as expressly herein otherwise provided.

9.5 Governing Law. This Agreement will be construed in conformity with the laws of the State of Delaware, without regard to conflicts of law provisions. The Operating Company and each Member agree that any dispute among or between them concerning the Operating Company or this Agreement will be litigated in a court of competent jurisdiction located in Orange County, State of California. In any such proceeding, the Operating Company and each Member will be deemed to have waived its right to a trial by jury.

9.6 Counterparts. This Agreement may be executed in counterparts, each of which will be an original, but all of which will constitute one and the same instrument.

9.7 Pronouns and Headings. As used herein, all pronouns will include the masculine, feminine, neuter, singular and plural thereof wherever the context and facts require such construction. The headings, titles and subtitles herein are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

9.8 Members Not Agents. Nothing contained herein will be construed to constitute any Member the agent of another Member, except as specifically provided herein, or in any manner to limit the Members in the carrying on of their own respective businesses or activities.

9.9 Entire Understanding. This Agreement constitutes the entire understanding among the Members and supersedes any prior understanding and/or written or oral agreements among them with respect to the Operating Company.

9.10 Severability. If any provision of this Agreement, or the application of such provision to any person or circumstance, will be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid by such court, will not be affected thereby.

9.11 Further Assurances. Each of the Members will hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof. Recognizing that each Member may find it necessary from time to time to establish to third parties, such as accountants, banks, mortgagees or the like, the then current status of performance hereunder, each Member agrees, upon the written request of another Member (including the Manager, for and on behalf of the Operating Company), from time to time, to furnish promptly a written statement of the status of any matter pertaining to this Agreement or the Operating Company to the best of the knowledge and belief of the Member making such statements.

9.12 Benefits of Agreement – No Third Party Rights. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Operating Company or by any creditor of any Member or a Special Member, and nothing in this Agreement shall be deemed to create any right in any Person (other than the Manager with respect to indemnity under Section 4.9) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person, except as provided in this Section 9.12.

9.13 Waiver of Partition; Nature of Interest. To the fullest extent permitted by law, each of the Member, the Special Member, the Springing Members, and any additional member admitted to the Operating Company hereby irrevocably waives any right or power that such Person might have to cause the Operating Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Operating Company, to compel any sale of all or any portion of the assets of the Operating Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Operating Company. No Member shall have any interest in any specific assets of the Operating Company, and no Member shall have the status of a creditor with respect to any distribution pursuant to Section 3.5 hereof. The interest of each Member in the Operating Company is personal property.

[EXECUTION PAGE FOLLOWS]

COUNTERPART SIGNATURE PAGE
OPERATING AGREEMENT
OF
1031CF PORTFOLIO 5 LLC

IN WITNESS WHEREOF, the undersigned has executed this Operating Agreement this ____ day of _____, 20___.

MANAGER:

1031CF PORTFOLIO 5 ST LLC,
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

MEMBER:

_____
Signature

_____
Print Name

_____
Address

_____
City, State & Zip Code

EXHIBIT A

NAME OF MEMBER	CAPITAL CONTRIBUTION	CAPITAL ACCOUNT	MEMBERSHIP INTEREST

EXHIBIT B

Form of Gold Choice Palm Coast Master Lease

[See Attached]

MASTER LEASE
FOR
1031CF PORTFOLIO 5 DST
GOLD CHOICE PALM COAST PROPERTY

THIS MASTER LEASE (this "***Lease***") is entered into to be effective as of September 1, 2023, between 1031CF PORTFOLIO 5 DST, a Delaware statutory trust ("***Landlord***"), and 1031CF Palm Coast MT LLC, a Delaware limited liability company, ("***Tenant***").

WITNESSETH:

ARTICLE 1
DEMISE OF PREMISES

Section 1.01. Landlord, for and in consideration of the rents to be paid and the covenants and agreements hereinafter contained to be kept and performed by Tenant, hereby demises and leases to Tenant and Tenant hereby lets and takes from Landlord, for the term hereinafter set forth, the parcels set forth on Exhibit A attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining, together with (i) the improvements, buildings, equipment and personal property located thereon and associated therewith (the "***FF&E***"), (ii) the leases and other agreements to occupy such improved real property, and (iii) all other rights and property (real, personal and intangible) associated with such improved real property (hereinafter sometimes called the "***Demised Premises***" or the "***Property***").

Section 1.02

(a) The parties hereto acknowledge that the Demised Premises or portions thereof are presently or may be the subject of (i) leases, subleases, tenancies, licenses, Resident Agreement (as defined below), occupancies and rights of others, other than those established hereby, which relate to the use of the Demised Premises or any portion thereof (collectively the "***Existing Space Leases***" and, together with any such arrangements entered into during the Term of this Lease, the "***Space Leases***") and (ii) service contracts, which relate to the Demised Premises (collectively, the "***Service Contracts***"). Landlord hereby assigns and transfers to Tenant, to the extent transferable, as of the Commencement Date (as hereinafter defined) and for the Term of this Lease, all of Landlord's rights, duties and obligations under the Existing Space Leases and the Service Contracts, including, without limitations, the right to collect rents and other charges under the Existing Space Leases and to enforce the terms of the Existing Space Leases and the Service Contracts, and all of Landlord's rights and interest in and to any intangible property relating to the Demised Premises, including, without limitation, all trade names and trademarks and the Guaranties described in Section 15.02(d) herein (collectively, the "***Intangible Property***"). Tenant does hereby undertake, covenant and agree for and during the Term of this Lease to do, perform and discharge any and all rights, duties and obligations in connection with matters affecting the Existing Space Leases, the Service Contracts, the Intangible Property, the possession of the Demised Premises or the title thereto which the Landlord might otherwise have incurred during the Term of this Lease by reason of the Existing Space Leases, the Service Contracts, the Intangible Property or the ownership of the Demised Premises by Landlord. Subject to the express terms, provisions and limitations set forth in this Lease, Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all liability, damage, loss, cost or expense (including reasonable attorneys' fees and expenses) actually suffered or incurred by Landlord in direct connection with any or all of the Existing Space Leases, the Service Contracts, the Intangible Property or the ownership of the Demised Premises arising or first accruing during the Term of this Lease; provided, however, that such indemnity shall not be applicable with respect to any liability, damage, loss, cost or expense suffered or incurred by Landlord as a result of, or due to, any negligent or willful act or omission of Landlord or its owners, agents, employees, officers, directors, managers, members and partners. Tenant's obligations under this Section shall, as to matters arising, or accruing from facts arising, prior to the termination or expiration of this Lease, survive the termination of this Lease. To the extent Landlord is required by the purchase agreement applicable to the Landlord's acquisition of the Demised Premises to remit any rent or other amount to the seller thereunder, then Tenant shall remit such rents to the seller upon receipt of same.

(c) Upon the termination or expiration of this Lease and subject to Sections 20.01 and 20.02 of this Lease, all FF&E and Space Leases shall be deemed to have been automatically transferred or assigned or reassigned (as applicable) to Landlord or Landlord's designee, and Landlord or Landlord's designee shall be deemed to have automatically acquired such FF&E and assumed all duties and obligations of Tenant under all Space Leases without any further action on the part of Tenant. In the event of such transfer or reassignment, Tenant agrees to execute such documentation as may be required to confirm the automatic transfer and assignment/reassignment contained herein.

(d) Landlord and Tenant hereby agree that, to the extent Tenant has not received all approvals from the applicable governmental authority required to operate the Facility (the "***Regulatory Approvals***") as of the date of this Agreement, then Tenant may enter into a sublease agreement (the "***Interim Sublease***") with the existing operator of the Facility (the "***Existing Operator***"), and the Existing Operator will continue to occupy the Property as the licensed operator of the Facility pursuant to such Interim Sublease until such time as the Tenant receives the Regulatory Approvals. The Interim Sublease shall terminate upon receipt of the Regulatory Approvals by the Tenant.

ARTICLE 2
TERM OF LEASE

Section 2.01. The initial term ("***Initial Term***") of this Lease shall commence on the date that the Landlord acquires the Property (the "***Commencement Date***") and shall end on the tenth (10th) anniversary of the Commencement Date unless this Lease shall sooner end or terminate as provided herein. Provided that no Event of Default (as hereinafter defined) has occurred and is continuing under the Lease, Tenant shall be entitled to exercise an option to renew the Lease for up to three (3) renewal term(s) of five (5) years each (each a "***Renewal Term***") on the same terms and conditions set forth herein, or on such other terms as shall be agreed upon by Landlord and Tenant. Tenant shall exercise the options to renew this Lease by giving written notice to Landlord not later than sixty (60) days prior to the expiration of the Initial Term or not later than sixty (60) days prior to the expiration of each subsequent Renewal Term, as the case may be. The Initial Term, as extended by any Renewal Term, may be hereinafter referred to as the "***Term***." Each year during the Term is herein called a "***Lease Year***," with the first Lease Year commencing on the Commencement Date. The Term shall automatically terminate upon the sale of the Demised Premises.

Section 2.02. This Lease constitutes the absolute and unconditional obligation of Tenant. Tenant waives all rights which are not expressly stated in this Lease but which may now or otherwise be conferred by law (i) to quit, terminate or surrender this Lease or the Demised Premises, (ii) to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to "***Rent***" (as defined below) or any other sums payable under this Lease, except as otherwise expressly provided in this Lease, and (iii) for any statutory lien or offset right against Landlord or its property. Notwithstanding Section 2.02(i) above, if a person not affiliated with the Tenant is the signatory trustee or manager (or otherwise in control) of the Landlord, Tenant shall have the right to terminate this Lease in the event of a default by the Landlord hereunder.

ARTICLE 3
RENT

Section 3.01.

(a) Tenant shall pay to Landlord during the Term, in currency of the United States of America, at the office of Landlord, or at such other address as shall be specified, in writing, from time to time by Landlord, the rental amounts hereinafter provided. Subject to Section 16.03 below, Landlord hereby directs, and Tenant hereby agrees that Tenant shall pay rent in the amounts set forth on Exhibit B attached hereto as "Stated Rent" (the "***Stated Rent***") and "Base Rent" ("***Base Rent***" and together with Stated Rent, "***Rent***"), each in twelve (12) equal monthly installments, unless otherwise noted on Exhibit B, each year during the Term, which shall accrue from and after the Commencement Date. If the Term commences or expires on other than the first day of a calendar month, the Rent for such partial calendar month shall be pro-rated on a per diem basis based upon the number of days elapsed in such month which falls within the Term. Each such monthly installment shall be payable on or before the seventh (7th) day of each month during the Term and shall relate to the immediately preceding month, with the first installment being

due and payable on or about October 7, 2023. For purposes of the determination of each lease year on Exhibit B, the first month of such lease year shall be the first full calendar month of such lease year, and Rent for any partial month preceding such first full calendar month shall be paid in a prorated amount based upon: (i) the number of days from the commencement of this Lease until the end of such partial month; and (ii) the Rent payable in the succeeding full calendar month.

(b) Except as otherwise provided herein, Tenant shall pay or cause to be paid (A) all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operation, maintenance, management and security of the Property which, in accordance with generally accepted accounting principles are properly chargeable to the operation, maintenance, management and security of the Property, including the cost of utilities (which for purposes of this Lease shall mean the cost of electricity, gas, oil, steam, water, air conditioning and other fuel and utilities used or consumed in connection with the Property), property management fees, licenses, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses (hereinafter collectively called "***Operating Costs***"), and (B) before any fine, penalty or cost may be added thereto for the nonpayment thereof, all taxes, assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other similar charges associated with the Demised Premises and the transactions contemplated in this Lease (hereinafter collectively called "***Impositions***" and any of the same is hereinafter called an "***Imposition***" as the context may require).

(c) Nothing herein shall obligate Tenant to pay, and the term "*Impositions*" shall exclude, federal, state or local (A) transfer taxes as the result of a conveyance by (or suffered by) Landlord, (B) franchise, capital stock or similar taxes if any, of Landlord, (C) income, excess profits or other taxes, if any, of Landlord, determined on the basis of or measured by its net income, or (D) any estate, inheritance, succession, gift, capital levy or similar taxes, unless the taxes referred to in clauses (B) and (C) above are in lieu of or a substitute for any other tax or assessment upon or with respect to any of the Demised Premises which, if such other tax or assessment were in effect at the commencement of the Term, would be payable by Tenant. In the event that any assessment against any of the Demised Premises may be paid in installments, Tenant shall have the option to pay such assessment or permit such assessment to be paid in installments; and in such event, Tenant shall be liable only for those installments which become due and payable during the Term. Tenant shall prepare and file or cause to be prepared and filed all tax reports required by governmental authorities which relate to the Impositions.

(d) After prior written notice to Landlord, Tenant shall not be required to pay any Imposition so long as Tenant shall, directly or through any tenant under any Space Lease, contest, in good faith and at its expense, the amount thereof by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon any property securing, the Imposition. In no event shall Tenant pursue (or permit any tenants under any Space lease to pursue) any contest with respect to any Imposition in such manner that exposes Landlord to (A) criminal liability, penalty or sanction, (B) any civil liability, penalty or sanction for which Tenant has not made provisions reasonably acceptable to Landlord or (C) defeasance of its interest in the Demised Premises. Tenant agrees that each such contest shall be promptly and diligently prosecuted to final conclusion, except that Tenant shall have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay, directly or through any tenant under any Space Lease, and save Landlord's lender and Landlord harmless against any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof.

(e) Provided such monthly escrows are required by a first lienholder of the Property, Tenant shall make direct monthly payments to such lender's loan servicer for so long as any obligations under the related loan documents remain outstanding, simultaneously with its payment of any installment of Base Rent, one-twelfth (1/12) of the Impositions, premiums for insurance required under Article 4 hereof, and all other monthly escrows required by such lender, which amounts may be adjusted from time to time depending on such Impositions and insurance premiums from time to time, in amounts sufficient to pay the same when due, and in any event in the amounts required by such lender for so long as any obligation under the associated loan remains outstanding. At sale or disposition of

the Landlord, the Tenant is entitled to any excess of the monthly tax, insurance and other escrow payments made properly by the tax, insurance and other operating expenses paid from the Landlord escrow.

(f) Intentionally deleted.

(g) 1031 CF Properties, LLC, a California limited liability company (the "***Sponsor***") shall issue a Demand Note dated as of the Commencement Date in the aggregate principal amount of $600,000 (the "***Demand Note***") payable to Tenant (as the noteholder), which Demand Note is intended to represent a portion of the initial capitalization of the Tenant and 1031CF Palm Coast MT LLC, a Delaware limited liability company and an affiliate of the Landlord (the "***Palm Coast Master Tenant***"), in connection with its leased premises from the Landlord located at 213 NW Gleason Drive, Lake City, Florida 32055 (the "***Palm Coast Property***"), until the earlier of (i) the cancellation of the Demand Note pursuant to the terms thereof or (ii) termination of the Term pursuant to Section 2.01 herein.

Section 3.02. Landlord shall promptly send to Tenant all bills which it may receive for Impositions and Operating Costs referred to in Section 3.01 above. Tenant shall make or cause to be made the payment of all Impositions directly to the appropriate Governmental Authority (as hereinafter defined) and all Operating Costs to the parties to whom such amounts are due and payable. Within fifteen (15) days after receipt thereof, Tenant shall make available to Landlord for its inspection official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord, evidencing the payment of any Imposition payable directly to a Governmental Authority as in this Article provided. To the extent available, Tenant shall be entitled to use amounts deposited pursuant to Section 3.01(e) above to fund the payment of Impositions and premiums for insurance.

Section 3.03. Landlord shall inform Tenant in writing, within five (5) business days following receipt of notice thereof, of any audit, threatened audit, or other administrative or judicial proceeding or action by any Governmental Authority which could give rise to an obligation by Tenant to pay, or indemnify Landlord for, Impositions.

Section 3.04. Notwithstanding any other terms of this Article 3, Tenant shall not be required to pay, nor to indemnify or hold harmless Landlord to the extent (and only to the extent) that any Imposition or Operating Cost arises or is increased directly as a result of the breach by Landlord of any of its obligations under this Lease.

Section 3.05. To the extent that any portion of the Operating Costs or Impositions relate to any period not included within the Term, Tenant's obligation to pay the same shall be prorated.

Section 3.06. Tenant shall pay the Base Rent, Stated Rent, Operating Costs, Impositions and all other amounts due and payable hereunder without notice, demand, setoff, counterclaim, deduction, defense, abatement, suspension, deferment, diminution or reduction during the Term, except as provided in this Section 3.06, Section 16.03 below, and as otherwise provided herein. Notwithstanding the first sentence of Section 3.06, payment of the Base Rent may be deferred and accrued to the extent available cash (excluding the Trust-Held Reserve) after payment of Operating Costs, Impositions and Stated Rent, ("***Base Rent Cash Flow***"), is not sufficient to pay the then due and any accrued Base Rent in full, but only with respect to any shortfall amount, with any available Base Rent Cash Flow being used to pay the then due and any accrued Base Rent. Any accrued Base Rent not previously paid shall be payable in full upon a disposition of the Property.

Section 3.07. [Reserved].

Section 3.08. Landlord and Tenant agree that this Lease is a true lease and does not represent a financing arrangement. Each party shall reflect the transactions represented by this Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

ARTICLE 4
INSURANCE

Section 4.01. Throughout the Term, Landlord may, at Landlord's sole cost and expense, obtain and maintain insurance in amounts and against risks consistent with insurance coverages obtained and maintained by owners of improved real property similar to the Demised Premises.

Section 4.02. Throughout the Term, Tenant, at its sole cost and expense (except as otherwise provided herein), shall obtain and maintain or cause to be obtained and maintained, insurance, in the amounts and against the risks mutually agreed upon by Landlord and Tenant, or, if different, such insurance, in the amounts and against the risks, as may be required by any lender that has made a loan to Landlord secured by the Property (including, without limitation, insurance sufficient for the indemnification, reimbursement and other obligations of the Landlord to any such lender). Landlord shall be named as an additional insured on all such policies of insurance. To the extent any lender that has made a loan to Landlord secured by the Property requires a change to the insurance coverages agreed upon, Landlord shall notify Tenant, in writing, not less than thirty (30) days prior to the date upon which any such change in insurance coverage is required to become effective hereunder. Any lender shall be named as an insured and loss payee on the property/casualty insurance policy and as an additional insured on the liability policy, as may be required by such lender.

Section 4.03. Landlord shall be furnished with evidence reasonably satisfactory to Landlord of payment of the premiums for the insurance coverage required by this Lease, made by Tenant or any third-party engaged by Tenant. Tenant, or any third-party engaged by Tenant, shall renew or cause to be renewed all such insurance and deliver to Landlord certificates evidencing such renewals at least thirty (30) days before any such insurance is set to expire (except to the extent that provision for payment of the premiums therefore is actually made pursuant to Section 3.01(e) of this Lease).

Section 4.04. Landlord shall not be required to incur any expense under any policy of insurance maintained or caused to be maintained by Tenant or any third-party engaged by Tenant, or to prosecute any claim against any insurer or to contest any settlement proposed by any insurer. Tenant, or any third-party engaged by Tenant, may, as the case may be, at its cost and expense, prosecute or cause to be prosecuted any such claim or contest any such settlement.

Section 4.05. Tenant shall have the right to satisfy its obligations under this Article 4 by requiring the Property Manager (as hereinafter defined) to cause the performance of such obligations.

ARTICLE 5
CASUALTY AND RESTORATION

Section 5.01. If during the Term all or any part of the Demised Premises shall be damaged or destroyed by fire or other casualty, Tenant shall promptly give notice thereof to Landlord.

Section 5.02.

(a) If during the Term all or any part of the Demised Premises shall be damaged or destroyed by any fire or other casualty, this Lease shall continue in full force and effect and the affected Property shall be restored by Tenant. Subject in all respects to the terms of the documents evidencing and/or securing a first mortgage loan secured by the Demised Premises, any insurance proceeds received by Landlord on account of such damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall, provided no default by Tenant or Event of Default shall have occurred and be continuing hereunder, be allocated by Landlord to Tenant such that Tenant may cause the repair, restoration or replacement of any portion of the Demised Premises so damaged or destroyed as nearly as possible to its value, condition and character immediately prior to such damage or destruction and to pay contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for said repairs, restorations or replacements (hereinafter collectively,

the "***Casualty Restoration***"), and shall be paid out from time to time as the Casualty Restoration progresses. If the rental income from the Residents at the Demised Premises is reduced or abated during such period, then Rent under this Lease shall also be reduced or abated in a corresponding manner.

(b) If the insurance proceeds received by Landlord are applied to the cost of the Casualty Restoration and the insurance proceeds shall, at any time, be insufficient to pay the cost of the Casualty Restoration, Tenant shall have the right to use the Trust Reserve (as hereinafter defined in Section 7.03), and Landlord shall allocate the Trust Reserve to Tenant to make up the deficiency. In the event the Trust Reserve is insufficient to make up the deficiency, Landlord shall be required to make up any remaining deficiency. If such net insurance proceeds shall exceed the cost of the Casualty Restoration, then, in such event, Landlord shall retain the excess.

Section 5.03. If Tenant fails to diligently pursue to completion the Casualty Restoration of any portion of the Demised Premises damaged or destroyed by fire or other casualty as provided in Section 5.02(a) above, then, in such event, Landlord shall have the right to perform such Casualty Restoration at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Landlord shall have the right to use the Trust Reserve in connection with any such Casualty Restoration.

Section 5.04. In the event neither Landlord nor Tenant undertakes to complete the Casualty Restoration following a Material Casualty pursuant to the terms and conditions of this Section 5.04, then this Lease automatically shall terminate and neither party shall have any further obligations hereunder. In the event Landlord or Tenant does undertake to complete a Casualty Restoration following a Material Casualty, then this Lease shall continue in full force and effect.

ARTICLE 6
CONDEMNATION

Section 6.01.

(a) If during the Term all or any part of the Demised Premises shall be subject to a "***Taking***," which shall mean any taking of the Demised Premises or a part thereof, in or by condemnation or other eminent domain proceeding, this Lease shall continue in full force and effect. Tenant hereby assigns to Landlord any award, payment or compensation to which it may be or become entitled during the Term by reason of a Taking whether the same shall be paid or payable in respect of Tenant's leasehold interest hereunder or otherwise. Subject in all respects to the terms of the documents evidencing and/or securing a first lien mortgage loan secured by the Demised Premises, and provided no default by Tenant or Event of Default shall have occurred and be continuing hereunder, Landlord shall allocate any such award, payment or compensation related to the Taking to Tenant and Tenant shall cause the repair, restoration or rebuilding of any part of the Demised Premises remaining after such Taking, including payment of all contractors, subcontractors, materialmen, engineers, architects or other persons who render services or furnish materials for said repairs, restorations or rebuilding (hereinafter collectively, the "***Condemnation Restoration***"). The Condemnation Restoration shall be performed by Tenant so as to restore the Demised Premises, as nearly as possible, to its value, condition and character immediately prior to such Taking. Any award, payment or compensation paid or assigned to Landlord on account of said Taking, less the actual costs, fees and expenses, if any, incurred in connection with obtaining the award, shall be allocated by Landlord to Tenant and used by Tenant to perform the Condemnation Restoration.

(b) If the award, payment or compensation received as the result of a Taking are applied to the cost of the Condemnation Restoration and said award, payment or compensation shall, at any time, be insufficient to pay the cost of the Condemnation Restoration, Tenant shall have the right to use the Trust Reserve, and Landlord shall allocate to Tenant the use of the Trust Reserve (as hereinafter defined in Section 7.03) to make up the deficiency, subject to any required approvals of the first lienholder of the Property. Should the award, payment or compensation, together with the Trust Reserve, be insufficient to pay the cost of the Condemnation Restoration, then Landlord shall be required to make up any remaining deficiency. If such award, payment or compensation shall exceed the cost of the Condemnation Restoration, then, in such event, Landlord shall retain the excess.

(c) If Tenant fails to diligently pursue to completion the Condemnation Restoration of any portion of the Demised Premises affected by any Taking as provided in Section 6.01(a) hereof, then, in such event, Landlord shall have the right to perform such Condemnation Restoration at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Landlord shall have the right to use the Trust Reserve in connection with any such Condemnation Restoration.

(d) Landlord shall be entitled to participate in any Taking proceeding at Landlord's cost and expense.

Section 6.02.

(a) If during the Term (i) there is a permanent Taking of all of the Demised Premises, or (ii) there is a permanent taking of less than all of the Demised Premises but it is impractical to rebuild the Demised Premises and/or continue to operate the Demised Premises as a senior housing complex substantially similar to the Demised Premises as it exists upon the date of this Lease, and such Demised Premises are a material portion of the Property subject to this Lease, then this Lease automatically shall terminate, and neither party shall have any further obligations hereunder.

(b) If during the Term (i) there is a permanent Taking of less than all of the Demised Premises and it is economically feasible to rebuild the Demised Premises and/or continue to operate the Demised Premises as a senior housing project substantially similar to the Demised Premises as it exists upon the date of this Lease, or (ii) the use or occupancy of any part, or all, of the Demised Premises shall be temporarily requisitioned by any federal government, or any state or other political subdivision thereof, or any agency, court or body of the federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions (hereinafter collectively called "***Governmental Authority***"), then this Lease shall continue in full force and effect; however, (A) Tenant shall proceed to perform any necessary repairs, restoration or replacement in accordance with this Article 6, and (B) Landlord and Tenant shall adjust the Rent in an equitable fashion to reflect the economic effect of any such Taking or temporary requisition.

Section 6.03. Intentionally deleted.

ARTICLE 7
MAINTENANCE AND REPAIRS

Section 7.01. Tenant shall be responsible for all expenses incurred in the maintenance and repair of the Demised Premises, except for "***Capital Expenses***" as defined in Section 7.02 below. Tenant shall take good care (or cause good care to be taken) of the Demised Premises, the gutters, downspouts, and drains associated with the Demised Premises as well as any alleyways, passageways, sidewalks, curbs, ramps, driveways, fences, gates and vaults adjoining the Demised Premises, and keep the same (or cause the same to be kept) in good order and condition, ordinary wear and tear and obsolescence excepted, and make necessary nonstructural repairs thereto, interior and exterior. Tenant also shall be responsible for all expenses of all personal property replacements and repairs, including, but not limited to, (i) water heater replacements, (ii) floor covering replacements, (iii) replacement of window coverings, (iv) replacement of appliances, (v) HVAC compressor and condenser replacements, (vi) plumbing fixture replacements, (vii) electrical fixture replacements, (viii) fire suppression and monitoring systems, and (ix) interior painting. Tenant also shall make (or cause to be made) all repairs necessary to avoid any structural damage or injury to the Demised Premises. All repairs and replacements shall be substantially equal in quality and class to the original work.

Section 7.02. Except as may be agreed to under a Space Lease between the Tenant and the tenant under the applicable Space Lease, Landlord shall be responsible for all "***Capital Expenses***," which shall mean any and all costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which would be capitalized under generally accepted accounting principles, including, but not limited to, the repair or replacement of roofs, chimneys, gutters, downspouts, underground

plumbing, paving, curbs, ramps, driveways, balconies, porches, patios, foundations, exterior walls and all load bearing walls, exterior doors and doorways, windows, elevators, pools and (ii) exterior painting. Landlord shall allocate to Tenant such funds, to the extent available, from any Trust Reserve as may be required for Capital Expenses and Tenant shall undertake to make the repairs or replacements associated with the Capital Expense maintenance items. Other than as set forth in this Section 7.02 and as otherwise provided in this Lease, Landlord shall not be required to furnish any services or facilities or make any repairs, replacements or alterations in or to the Demised Premises, Tenant hereby assuming the full and sole responsibility for the operation, repair, replacement, maintenance and management of the Demised Premises.

Section 7.03. Landlord shall establish certain trust reserves in part, for the benefit of Landlord and the Property to pay Capital Expenses and other Landlord expenses, and other Property costs, expenses, and fees, including but not limited to the Property Management Fee (the "***Reserve Expenses***"). The Landlord has established and deposited into a Landlord-held reserve (the "***Trust Reserve***") an initial amount of $600,000. All funds held in such Trust Reserve shall belong to Landlord and, subject to the extent that any funds remain, shall remain the property of Landlord upon termination of this Agreement. Such reserves are available to Landlord to pay for expenses and costs that may have been underestimated as part of the capital raise and due diligence process. The Landlord shall also fund the Trust Reserve with portions of the Base Rent payable for the Demised Premises and payable by the Palm Coast Master Tenant beginning with an aggregate of $29,982 in the first Lease Year and increasing by four percent (4.0%) per annum thereafter. The Landlord or Palm Coast Master Tenant may also use the funds in the Trust Reserve to pay for such similar expenses to the Reserve Expenses that may be incurred by the Landlord or the Palm Coast Master Tenant, in connection with the Palm Coast Property.

Section 7.04. Intentionally deleted.

Section 7.05. So long as the Trust Reserve has not been totally depleted, the funds in the Trust Reserve shall be available to and may be withdrawn by Tenant to pay for, with the consent of Landlord as required: (i) Reserve Expenses (ii) any Casualty Restoration; and (iii) any Condemnation Restoration. Further, 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 Master Tenant. If the Trust Reserve is not available for any reason and funds of Tenant are used to pay for expenses for which Landlord is responsible hereunder, such amount shall be treated as a non-interest bearing loan from Tenant to Landlord, which Tenant may recover, in Tenant's sole discretion, out of the Trust Reserve, by set off against Stated Rent or from proceeds in connection with any sale of the Property.

Section 7.06. Subject to Article 24 below, Tenant shall have the right to satisfy its obligations under this Article 7 by requiring the Property Manager (as hereinafter defined) to cause the performance of such obligations.

Section 7.07. The necessity for and adequacy of replacements, maintenance and repairs to the Demised Premises pursuant to this Article 7 shall be measured by the standard which is appropriate for properties of similar construction, class and use in the area in which the Demised Premises are situated.

ARTICLE 8
ALTERATIONS AND ADDITIONS

Section 8.01. Notwithstanding anything in this Lease, to the extent that Tenant makes any changes or alterations to the Demised Premises that constitute more than minor, non-structural modifications, Tenant must, prior to making any such changes or alterations, (a) provide 30 days' advance written notice to the Landlord setting forth the details of such alterations so that the Landlord, to the extent it is a DST, may effectuate a transfer of the Demised Premises if necessary to a newly-formed Delaware limited liability company and in accordance with the Trust Agreement of the Landlord, or (b) execute an agreement with the Landlord to the effect that at the end of the term of this Lease, Tenant shall restore the Demised Premises to a condition substantially the same as the condition of the Demised Premises on the Commencement Date. Notwithstanding anything else in this Agreement, at any time that Landlord is a DST, Landlord shall not have the right, power or ability to make more than minor non-structural modifications to the Demised Premises (in accordance with Revenue Ruling 2004-86).

ARTICLE 9
COMPLIANCE WITH LAW; ZONING

Section 9.01. Tenant shall during the Term, at its sole cost and expense, except for non-compliances which may have existed prior to the commencement of the Term, promptly comply (or cause compliance) with all Laws which may be applicable to the Demised Premises or to the use, manner of use or occupancy thereof, and shall take all actions reasonably necessary to comply with any and all orders or requirements affecting the Property by any federal, state, county or municipal authority having jurisdiction over the Property. Tenant shall likewise observe and comply (or cause observance and compliance) with the requirements of all policies of public liability, fire and other insurance at any time in force with respect to the Demised Premises. In addition, Tenant shall cause all tenants, subtenants or other occupants of the Demised Premises to comply with all Laws which may be applicable to the Demised Premises or to the use, manner of use or occupancy thereof.

Section 9.02. Tenant shall not cause or maintain any nuisance in or upon the Demised Premises. Tenant shall not suffer or permit the Demised Premises, or any portion thereof; to be used by the public, as such, in any way as might tend to impair Landlord's title thereto.

Section 9.03. If Tenant fails to timely take (or cause to be taken), or to diligently and expeditiously proceed to complete (or cause completion) in a timely fashion, any such action described in Section 9.01 or 9.02 hereof, Landlord may, in its sole and absolute discretion, upon prior written notice to Tenant, make payments toward the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Landlord (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Tenant.

Section 9.04. The parties acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "***ADA***") establish requirements under Title III of the ADA ("***Title III***") pertaining to business operations, accessibility and barrier removal, and that such requirements may be unclear and may or may not apply to the Demised Premises depending on, among other things: (i) whether Tenant's business operations are deemed a "place of public accommodation" or a "commercial facility;" (ii) whether compliance with such requirements is "readily achievable" or "technically infeasible;" and (iii) whether a given alteration affects a "primary function area" or triggers so-called "path of travel" requirements. The parties acknowledge and agree that Tenant has been provided an opportunity to inspect the Demised Premises sufficient to determine whether or not the Demised Premises in their condition current as of the date hereof deviate in any manner from the ADA Accessibility Guidelines ("***ADAAG***") or any other requirements under the ADA pertaining to the accessibility of the Demised Premises. Tenant further acknowledges and agrees that except as may otherwise be specifically provided herein, Tenant accepts the Premises in "as-is" condition and agrees that Landlord makes no representation or warranty as to whether the Demised Premises conforms to the requirements of the ADAAG or any other requirements under the ADA pertaining to the accessibility of the Demised Premises. Tenant further acknowledges and agrees that to the extent that Landlord prepared, reviewed or approved any of those plans and specifications, such action shall in no event be deemed any representation or warranty that the same comply with any requirements of the ADA. Notwithstanding anything to the contrary in this Lease, the parties hereby agree that Tenant shall be responsible for all Title III compliance and costs in connection with the Demised Premises, including structural work, if any, and including any leasehold improvements or other work to be performed in the Demised Premises under or in connection with this Lease; and any so-called Title III "path of travel" requirements triggered by any construction activities or alterations in the Demised Premises, and for all other requirements under the ADA relating to the Demised Premises or to Tenant or any Affiliates, the operations of Tenant or Affiliates, or the Demised Premises, including, without limitation, requirements under Title I of the ADA pertaining to Tenant's or any Existing Operator's employees.

Section 9.05. Without Landlord's prior written consent, Tenant shall not (a) change, consent or apply for the change of the zoning or any land use regulation affecting the Demised Premises or any part thereof; or (b) combine the Demised Premises with any other parcel to create an enlarged zoning or tax lot.

ARTICLE 10
DISCHARGE OF LIENS

In the event that the Demised Premises or any part thereof or Tenant's leasehold interest therein shall, at any time during the Term, become subject to any vendor's, mechanic's, laborer's, materialman's or other lien, encumbrance or charge other than any such lien based upon the furnishing of materials or labor to Landlord and contracted for by Landlord, Tenant shall cause the same, at its sole cost and expense, to be discharged or bonded promptly after notice thereof.

ARTICLE 11
RIGHT OF LANDLORD TO PERFORM TENANT'S COVENANTS

Landlord shall have the right at any time, after ten (10) days' notice to Tenant (or without notice in case of emergency or in case any fine, penalty or cost may otherwise be imposed or incurred), or upon such lesser period of notice as is otherwise herein provided for, to make any payment or perform any act required of Tenant under this Lease, and in exercising such right, to incur necessary and incidental costs and expenses, including, without limitation, reasonable counsel fees and expenses. Nothing herein shall imply any obligation on the part of Landlord to make any payment or perform any act required of Tenant, and the exercise of the right so to do shall not constitute a release of any obligation or a waiver of any default. All payments made by Landlord and all costs and expenses incurred by Landlord in connection with any exercise of such right, shall be payable to Landlord by Tenant within ten (10) days after written demand. Such payments may be made out of the Trust Reserve (to the extent not depleted) as described in Section 7.05.

ARTICLE 12
ENTRY ON DEMISED PREMISES BY LANDLORD

Subject to the rights of the tenants and/or residents pursuant to the Space Leases, at any time, Landlord, through its agents or employees, at all reasonable times and upon prior notice to Tenant, shall have the right to enter the Demised Premises to inspect same.

ARTICLE 13
ASSIGNMENT AND SUBLETTING

Section 13.01. Tenant shall not assign this Lease or its interest under this Lease, directly or indirectly, unless it first obtains the prior written consent of Landlord, which may be withheld in its sole discretion, whether reasonable or unreasonable. Notwithstanding the foregoing, Tenant shall have the right to enter into individual Space Leases, admission agreements, Resident Agreements (as defined below) or similar agreements related to the use or occupancy of the Demised Premises or modify, amend, cancel, terminate, extend or renew any Space Leases. In addition, Tenant shall not grant easements, licenses, rights-of-way or any other rights or privileges in the nature of easements with respect to the Demised Premises without the prior written consent of Landlord in each instance. Tenant shall cause all Space Leases to provide for automatic attornment to Landlord as landlord under the Space Leases, in the event this Lease is terminated for any reason.

Section 13.02.

(a) In furtherance of Section 13.01 of this Lease, Tenant shall have the right to enter into individual resident agreements for the Demised Premises (individually, a "***Resident Agreement***" and collectively, "***Resident Agreements***") or modify, amend, cancel, terminate, extend or renew any such Resident Agreements; provided, however, that without the Landlord's prior written consent (which shall not be unreasonably withheld,

conditioned or delayed), Tenant shall not (i) materially modify the form of Resident Agreement being used by Tenant as of the date of this Lease and previously approved by the Landlord, except as required by applicable law; (ii) accept any payment under any Resident Agreement more than one (1) month in advance of its due date; or (iii) enter into any Resident Agreement for a term of more than one (1) year, or upon rates other than market rates or upon a form that fails to comply with applicable laws. For the purposes of this Lease, a "Resident" shall mean any person that is in lawful possession of a portion of the Premises pursuant to a Resident Agreement.

(b) Tenant covenants and agrees to observe and perform all of the duties and obligations of the landlord/lessor to be observed and performed under the Resident Agreements and to use Tenant's best efforts to enforce the conditions and obligations imposed on the Residents under the Resident Agreements to the extent prudent and customary in the then current market. Subject to the terms of this Lease, during the Term, Tenant shall be entitled to all the benefits of the "Landlord" under the Resident Agreements (whether the Resident Agreements are entered into by Landlord or Tenant), including, without limitation, the right to collect and use the rents under the Resident Agreements. Tenant shall not assign the right to receive any rental or other sums payable under the Resident Agreements or any other rights under the Resident Agreements, without the prior written consent of Landlord in each instance.

Section 13.03. Without thereby limiting the generality of the foregoing provisions of this Article 13, Tenant expressly covenants and agrees not to enter into any lease, sublease or license, concession or other agreement for use, occupancy, or utilization of the Demised Premises which provides for rental or other payment for such use, occupancy, or utilization based in whole or in part on the net income or profits derived by any person from the property leased, used, occupied, or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported lease, sublease or license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right to or interest in the possession, use, occupancy, or utilization of any part of the Demised Premises.

Section 13.04. During the Term, neither this Lease nor the Term hereby demised shall be mortgaged by Tenant, nor shall Tenant mortgage or pledge the interest of Tenant in and to any Space Lease or the rentals payable thereunder, except as required by any lender in connection with a first mortgage loan secured by the Demised Premises. Any such mortgage or pledge and any Space Lease, easement, license, right-of-way or other right or privilege made or granted in violation of or without compliance with Section 13.01 of this Lease shall be null and void.

ARTICLE 14
USE OF DEMISED PREMISES; QUIET ENJOYMENT

Section 14.01. Tenant shall use the Demised Premises solely as a senior housing property and other uses incidental thereto.

Section 14.02. Tenant, upon paying amounts payable under this Lease provided for and observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be observed and performed, shall, subject to the covenants, agreements, terms and conditions of this Lease, lawfully and quietly hold, occupy and enjoy the Demised Premises during the Term, without hindrance or molestation by Landlord or by any other party claiming under Landlord.

ARTICLE 15
INDEMNIFICATION OF LANDLORD; LIMITATION OF LIABILITY

Section 15.01. In addition to Tenant's obligations to indemnify Landlord as set forth in other Sections of this Lease, Tenant will indemnify and save harmless Landlord, its beneficiaries, trustees, partners, members, managers, shareholders, officers, directors and employees (each individually an "***Indemnified Party***" and collectively, the "***Indemnified Parties***") from and against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and expenses, which may be imposed

upon or incurred by or asserted against such persons (except to the extent the same are caused by the negligence or willful misconduct of Landlord, its agents, employees, licensees, invitees, contractors and/or subcontractors) by reason of any of the following occurring during the Term:

(a) any work or thing done by anyone other than Landlord or Landlord's agents, employees, contractors and/or subcontractors, in, on or about the Demised Premises or any part thereof;

(b) any use, non-use, possession, occupation, condition, operation, maintenance or management of the Demised Premises or any part thereof or any street, alley, sidewalk, curb, passageway or space adjacent thereto;

(c) any negligence of Tenant or any agent, contractor, employee, licensee or invitee of Tenant;

(d) any accident or injury to any person (including death) or damage to property occurring in, on or about the Demised Premises or any part thereof or any street, alley, sidewalk, curb, passageway, or space adjacent thereto; and

(e) any failure on the part of Tenant to perform or comply with any of the agreements, terms or conditions contained in this Lease on its part to be performed or complied with.

In the event that any action or proceeding shall be brought against an Indemnified Party by reason of any matter covered by this Section, Tenant, upon notice from the Indemnified Party, will at Tenant's sole cost and expense resist or defend the same. To the extent of the proceeds received by Landlord under any insurance policy furnished or supplied to Landlord by or on behalf of Tenant, Tenant's obligation to indemnify and save harmless an Indemnified Party against the hazard which is the subject of such insurance shall be deemed to be satisfied.

Section 15.02.

(a) Tenant is fully familiar with the physical condition of the Demised Premises and takes the same hereunder "as is" and "where is."

(b) TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE DEMISED PREMISES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO ITS FITNESS FOR USE OR PURPOSE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, AS TO LANDLORD'S TITLE THERETO, OR AS TO VALUE, COMPLIANCE WITH SPECIFICATIONS, LOCATION, USE, CONDITION, MERCHANTABILITY, QUALITY, DESCRIPTION, DURABILITY OR OPERATION, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. In the event of any defect or deficiency in the Demised Premises of any nature, whether patent or latent, Landlord shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages (including strict liability in tort). The provisions of this Section 15.02 have been negotiated between Landlord and Tenant, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Landlord, express or implied, with respect to the Demised Premises, arising pursuant to the uniform commercial code or any other Law now or hereafter in effect or otherwise.

(c) Tenant acknowledges and agrees that Tenant has examined the title to the Demised Premises prior to the execution and delivery of this Lease and has found such title to be satisfactory for the purposes contemplated by this Lease.

(d) Landlord hereby assigns to Tenant, to the extent assignable and without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord

may have against any third party in respect of the Demised Premises, including, without limitation, any manufacturer, seller, engineer, contractor or builder, including, but not limited to, any rights and remedies existing under contract or pursuant to the uniform commercial code (collectively, the "***Guaranties***") except those which relate to the structural components of the Demised Premises. Such assignment shall remain in effect until the expiration or earlier termination of this Lease. Landlord shall also retain the right to enforce any Guaranties assigned in the name of Tenant upon the occurrence of an Event of Default. Landlord hereby agrees to execute and deliver at Tenant's expense such further documents, including powers of attorney, as Tenant may reasonably request in order that Tenant may have the full benefit of the assignment effected or intended to be effected by this Section 15.02(d). Upon the termination of this Lease, the Guaranties shall automatically revert to Landlord. The foregoing provision of reversion shall be self-operative and no further instrument of reassignment shall be required. In confirmation of such reassignment Tenant shall execute and deliver promptly any certificate or other instrument which Landlord may request. Any monies collected by Tenant under any of the Guaranties after the occurrence of and during the continuation of an Event of Default shall be held in trust by Tenant and promptly paid over to Landlord. To the extent any of the Guaranties are not assignable by Landlord, Landlord shall, upon request by Tenant, enforce same for the benefit of Tenant, at Tenant's sole cost and expense.

Section 15.03. Tenant shall indemnify Landlord against all legal costs and charges incurred in obtaining possession of the Demised Premises after default by Tenant or after Tenant's default in surrendering possession upon expiration or earlier termination of this Lease or enforcing any covenant or agreement of Tenant herein contained.

Section 15.04. Notwithstanding anything to the contrary provided in this Lease, there shall be absolutely no personal liability on the part of Landlord, its beneficiaries, trustees, members, managers, partners, officers, directors, agents, employees, and/or disclosed or undisclosed principals with respect to any of the terms, covenants and conditions of this Lease, and Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease, such exculpation of personal liability to be absolute and without any exception whatsoever.

Section 15.05. The obligations of Tenant under this Article 15 and under Section 25.02 shall survive the expiration or earlier termination of this Lease, by which is meant that a claim relating to any matter occurring, arising, accruing or otherwise happening during the term of this Lease as to which Tenant has obligations under this Article 15 or under Section 25.02, may be asserted against Tenant after (and notwithstanding) the expiration or earlier termination of this Lease.

ARTICLE 16
DEFAULT AND REMEDIES

Section 16.01. If during the Term any one or more of the following acts or events (any one of such events or acts being herein called an "***Event of Default***") shall occur:

(a) Tenant (i) shall default in making the payment of any installment of the Base Rent or Stated Rent, deferred or otherwise, or any component thereof, or any Operating Costs or Impositions as and when the same shall become due and payable hereunder, which default continues for a period of ten (10) days following written notice thereof from Landlord, or (ii) shall fail to pay any other amounts payable under this Lease as and when the same shall become due and payable, including insurance premiums, or shall default in any other manner curable by the payment of money; or

(b) Tenant shall default in the performance of or compliance with any of the other covenants, agreements, terms or conditions of this Lease to be performed by or complied with by Tenant (other than any default curable by payment of money), and such default shall continue for a period of thirty (30) days after receipt of written notice thereof from Landlord to Tenant, or, in the case of a default which cannot, with due diligence, be cured within thirty (30) days, Tenant shall fail to proceed promptly (except for unavoidable delays) after the giving of such notice and with all due diligence to cure such default and thereafter to prosecute the curing thereof with all due diligence (it being intended that as to a default not susceptible of being cured with due diligence within thirty (30) days, the time

within which such default may be cured shall be extended for such period as may be reasonably necessary to permit the same to be cured with all due diligence; provided, however that in no event shall the extension of any such cure period result in a cure period exceeding ninety (90) days); or

(c) Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment or similar relief under any present or future bankruptcy or other applicable Law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Tenant or of all or any substantial part of its properties or of all or any part of the Demised Premises; or

(d) if within ninety (90) days after the filing of an involuntary petition in bankruptcy against Tenant or the commencement of any proceeding against Tenant seeking any reorganization, composition, readjustment or similar relief under any Law, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver or liquidator of Tenant or of all or any substantial part of the properties of Tenant or of all or any part of the Demised Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within ninety (90) days after the expiration of any such stay, such appointment shall not have been vacated, or if, within ninety (90) days after the taking of possession, without the consent or acquiescence of Tenant, of the property of Tenant by any Governmental Authority pursuant to statutory authority for the dissolution or liquidation of Tenant, such taking shall not have been vacated or stayed on appeal or otherwise; or

(e) if Tenant shall assign, pledge or encumber any of the rentals or other sums payable from time to time under the Space Leases, other than to Landlord, as described in Section 13.02; or

(f) if, without the consent of Landlord (or as otherwise permitted herein), Tenant's interest in this Lease or the Term hereby demised shall be mortgaged, encumbered or pledged; or

(g) if any representation, warranty or statement made or deemed to be made by Tenant hereunder or in connection herewith is or proves to have been materially incorrect or misleading in any material respect when made; or

(h) if it becomes unlawful for Tenant to perform any material obligation hereunder or under any other document executed in connection herewith; or

(i) Tenant ceases to, do business or terminates its business as presently conducted for any reason whatsoever or institutes any proceeding for its dissolution or termination; or

(j) if Tenant fails to deliver possession of the Demised Premises at the end of the Term; or

(k) if any act or omission of Tenant results in the breach of any indenture, deed of trust, mortgage or other instrument (beyond any applicable notice and cure periods contained therein) to which Landlord or Tenant is a party or to which the Demised Premises is bound or may be affected;

then, and in any such event, and during the continuance thereof, Landlord may at its option, then or thereafter while any such Event of Default shall continue and notwithstanding the fact that Landlord may have any other remedy hereunder or at law or in equity, and without prejudice to any of the same, pursue one or more of the following remedies: (1) by notice to Tenant, designate a date, not less than ten (10) days after the giving of such notice, on which this Lease shall terminate; and thereupon, on such date the Term of this Lease and the estate hereby granted shall expire and terminate upon the date specified in such notice with the same force and effect as if the date specified in such notice were the date herein fixed for the expiration of the Term of this Lease, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided and/or (2) pursue any other remedies available to Landlord at law or in equity; so long as the foregoing actions are not prohibited by documents evidencing and/or securing a first mortgage loan secured by the Property.

Section 16.02. If this Lease is terminated as provided in Section 16.01, or as permitted by law, Tenant shall peaceably quit and surrender the Demised Premises to Landlord, and Landlord may, without further notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or other legal proceeding, and again have, repossess and enjoy the same as if this Lease had not been made, and in any such event (but subject to Section 20.03) neither Tenant nor any person claiming through or under Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Demised Premises but shall forthwith quit and surrender the Demised Premises. After any termination of this Lease, Landlord will be entitled to recover all unpaid Rent that has accrued through the date of termination plus the costs of performing any of Tenant's obligations (other than the payment of rent) that should have been but were not satisfied as of the date of such termination.

Section 16.03. Notwithstanding the provisions of 16.01(a)(i) above (but only with respect to failure to fully and timely pay any installment of Stated Rent), it shall not be a default so long as, after providing for payment of Base Rent (to the extent not deferred in accordance with Section 3.06), Operating Costs, Impositions and all other obligations hereunder except Stated Rent (collectively, the "***Expenses***"), an amount equal to one-half of the amounts owning hereunder as Stated Rent (the "***Minimum Current Stated Rent***") is paid. The shortfall if any shall be accrued (the "***Accrued Stated Rent***") and paid as follows:

(a) The Accrued Stated Rent shall bear interest at the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. (the "***Prime Rate***"), plus one percent (1%) annually until paid;

(b) Accrued Stated Rent plus interest thereon shall be paid on the next succeeding due date of Stated Rent hereunder and each due date thereafter until fully paid to the extent of available Base Rent Cash Flow;

(c) All Accrued Stated Rent plus interest thereon shall be due and payable in full on the date that is (x) ninety-one (91) days after the end of the Term, or (z) or the time of closing, should the Property be sold or otherwise disposed of by Landlord;

(d) Notwithstanding anything to the contrary herein, in the event any Accrued Stated Rent is not paid in full when due pursuant to subsection (c) above, the Tenant shall not be entitled to any Disposition Fee it may otherwise be entitled to pursuant to Article 22 of this Lease in connection with the sale or other disposition of the Property, until the Accrued Stated Rent has been paid in full.

Section 16.04. Upon the occurrence and during the continuance of an Event of Default, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall have the right to continue this Lease in full force and effect, whether or not Tenant shall have abandoned the Demised Premises. If Landlord elects to continue this Lease in full force and effect pursuant to this Section 16.04, then Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due. Landlord's election not to terminate this Lease pursuant to this Section 16.04 or pursuant to any other provision of this Lease, at law or in equity, shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

Section 16.05. The exercise, or beginning of the exercise, by Landlord of any one or more of the rights or remedies provided for in this Lease or otherwise existing at law or in equity, or otherwise, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies so provided for or so existing. The obligations of Tenant under this Article 16 shall survive the expiration or any earlier termination of this Lease.

ARTICLE 17
ADDITIONAL RIGHTS OF LANDLORD

Section 17.01. No right or remedy conferred upon or reserved to Landlord shall be exclusive of any other right or remedy, and any right and remedy shall be cumulative and in addition to every other right or remedy given

hereunder or now or hereafter existing at law or in equity. The failure of Landlord to insist at any time upon the strict performance of any covenant or agreement or to exercise any right, power or remedy contained in this Lease shall not be construed as a waiver or relinquishment thereof for the future. A receipt by Landlord of any installment of Stated Rent (or any component thereof) or any other amount hereunder with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. Landlord shall be entitled, to the extent permitted by law, to injunctive relief in case of the violation, or attempted or threatened violation, of any covenant, agreement, condition or provision of this Lease or to a decree compelling performance of any covenant, agreement, condition or provision of this Lease, or to any other remedy allowed Landlord by law.

Section 17.02. If an Event of Default occurs and is continuing during the Term, Tenant hereby waives and surrenders for itself and all those claiming under it (a) any right and privilege which it or any of them may have under any law to redeem the Demised Premises or to have a continuance of this Lease for the Term after termination of Tenant's right of occupancy by order or judgment of any court or by any legal process or writ, or under the terms of this Lease, or after the termination of the Term of this Lease as herein provided, and (b) the benefits of any law which exempts property from liability for debt or for distress for rent.

Section 17.03. If Tenant shall be in default in the observance or performance of any of its obligations under this Lease and an action shall be brought for the enforcement thereof in which it shall be determined that Tenant was in default, Tenant shall pay to Landlord the expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees.

ARTICLE 18
ESTOPPEL CERTIFICATES

Tenant will, from time to time upon not less than thirty (30) days' prior written request by Landlord, deliver to Landlord a written statement certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications) and the dates to which the Rent and other amounts due hereunder have been paid, and either stating that to the knowledge of Tenant no default exists in the performance of any covenant, agreement or condition contained in this Lease or specifying each default of which Tenant may have knowledge.

ARTICLE 19
NO MERGER

There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Demised Premises or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created, or any interest in this Lease or in such leasehold estate, as well as the fee estate in the Demised Premises.

ARTICLE 20
SURRENDER AND HOLDING OVER

Section 20.01. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Demised Premises (except as to any portion thereof with respect to which this Lease has previously terminated) to Landlord in a condition substantially similar to the condition of the Demised Premises on the Commencement Date, reasonable wear and tear and capital improvements excepted, free and clear of all leases and occupancies other than (a) the Existing Obligations (to the extent the same have not expired or have since been terminated), (b) Subleases and (c) any other leases and occupancies which Landlord has expressly agreed in writing shall survive the expiration or sooner termination of this Lease, and free and clear of all liens and encumbrances other than those, if any, created by Landlord. Upon termination of this Lease, Tenant shall assign the items set forth in (a), (b) and (c) above to Landlord. Tenant shall remove from the Demised Premises on or prior to such expiration or earlier termination the trade fixtures and personal property which are owned by Tenant, and Tenant at its expense shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Trade fixtures and personal property not so removed at the end of the Term or within thirty (30) days after the earlier termination of the Term for any reason whatsoever shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Demised Premises. The cost of removing and disposing of such property and repairing any damage to any of the Demised Premises caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any property which becomes the property of Landlord as a result of such expiration or earlier termination.

Section 20.02. In furtherance of Tenant's obligations pursuant to Section 20.01, upon the expiration or earlier termination of the Term, Tenant shall use commercially reasonable efforts (i) to (A) transfer to Landlord or Landlord's designee all licenses, operating permits and other governmental authorizations and all contracts, including payor contracts with governmental or quasi-governmental entities, in each instance to the extent held in the name of Tenant, that may be necessary for the operation of the Demised Premises (collectively, "***Licenses***"), and, if required by Landlord, (B) execute and deliver an operations transfer agreement on terms reasonably acceptable to Landlord to facilitate the transition of the operation of the Demised Premises, or (ii) if such transfer is prohibited by law or Landlord otherwise elects, to cooperate with Landlord or Landlord's designee in connection with the processing by Landlord or Landlord's designee of any applications for all Licenses; provided, in either case, that the costs and expenses of any such transfer or the processing of any such application shall be paid by Landlord or Landlord's designee. Additionally, so as to avoid any disruption or delay of any services or amenities at the Demised Premises, and provided the following is permitted under applicable law, if licenses or permits held in Tenant's name cannot be transferred or cannot be transferred immediately to a successor entity that operates the Demised Premises, Tenant agrees to enter into an interim lease arrangement in form and substance reasonably acceptable to Tenant, which shall lawfully permit Tenant to continue to operate the Demised Premises or activities of the Demised Premises under Tenant's Licenses until the earlier of completion of the transfer, issuance of a replacement license or permit, or one (1) year after the effective date of the termination.

Section 20.03. Any holding over by Tenant of the Demised Premises after the expiration or earlier termination of the Term of this Lease or any extensions thereof, with the consent of Landlord, shall operate and be construed as a tenancy from month to month only, at the Rent reserved herein and otherwise upon the same terms and conditions as contained in this Lease. Notwithstanding the foregoing, any holding over without Landlord's consent shall entitle Landlord, in addition to collecting Rent at a rate of one hundred fifty percent (150%) thereof from and after the date of such holding over, to exercise all rights and remedies provided by law or in equity, including the remedies of Section 16.01.

Section 20.04. Upon the termination or expiration of this Lease and subject to Sections 20.01, 20.02 and 20.03 of this Lease, all improvements therewith, Space Leases, Service Contracts and Intangible Property shall be deemed to have been automatically transferred or assigned or reassigned (as applicable) to Landlord or Landlord's designee, and Landlord or Landlord's designee shall be deemed to have automatically acquired such improvements and assumed all duties and obligations of Tenant under all Space Leases, Service Contracts and Intangible Property without any further action on the part of Tenant. In the event of such transfer or reassignment, Tenant agrees to execute

such documentation as may be required to confirm the automatic transfer and assignment/reassignment contained herein.

ARTICLE 21
SPACE LEASES

Tenant covenants and agrees to observe and perform all of the duties and obligations of the landlord/lessor to be observed and performed under Space Leases and to use Tenant's best efforts to enforce the conditions and obligations imposed on the tenants under the Space Leases to the extent prudent and customary in the then current market. Subject to the terms of this Lease, during the Term, Tenant shall be entitled to all of the benefits of the "***Landlord***" under the Space Leases (whether the Space Leases are entered into by Landlord or Tenant), including, without limitation, the right to collect and use the rents and other payments under the Space Leases. Other than in connection with any assignment by Tenant to Landlord to secure Tenant's obligations under this Lease, Tenant shall not assign the right to receive any rental or other sums payable under the Space Leases or any other rights under the Space Leases, without the prior written consent of Landlord in each instance. Notwithstanding the foregoing, Tenant shall not collect any rent under any Space Lease more than one (1) month in advance.

ARTICLE 22
DISPOSITION FEE, BROKERAGE COMMISSIONS AND OTHER REIMBURSEMENTS UPON SALE

If the Demised Premises hereafter are sold or otherwise disposed of by Landlord (including, for the avoidance of doubt, through an exchange pursuant to Internal Revenue Code Section 721, but excluding, for the avoidance of doubt, any foreclosure or deed in lieu thereof) prior to the termination of the Lease, then such proceeds shall be paid at such closing in the order set forth below, to the extent of available cash or other consideration after the payment of closing costs in connection with such sale or other disposition:

(i) Landlord shall be paid any outstanding amounts owed by Tenant to the Landlord, including without limitation any unpaid accrued Rent, including any Accrued Stated Rent;

(ii) Tenant shall be paid any outstanding amounts owed by Landlord to the Tenant, including without limitation any unpaid Asset Management Fees; and

(iii) The Tenant shall be entitled to receive a disposition fee (the "***Disposition Fee***") from the Landlord equal to 4% of the gross proceeds from the disposition of the Landlord's interest in the Demised Premises regardless of the form of consideration (i.e., whether purchased for cash, a note, or interests in an entity that acquires the Property) as compensation for the termination of this Lease; provided, however, the Disposition Fee will not be paid to the Tenant unless the aggregate gross sale price of the Demised Premises and the Palm Coast Property (collectively, the "***Properties***") equals at least $28,400,000; provided, that, if the Properties are not sold as a portfolio, then the Disposition Fee shall not be paid unless the gross sale price of the Landlord's interest in the Demised Premises equals at least $12,780,000. The Disposition Fee shall be reduced by the amount of any sales commissions or similar fees required to be paid to one or more third-party real estate brokers in connection with such sale or other transfer, which such commissions or similar fees shall be paid by Landlord. The right to receive the Disposition Fee shall expressly survive the transfer of Landlord's interest in the Demised Premises and the dissolution and termination of the Landlord.

ARTICLE 23
FEE MORTGAGES

Tenant shall not mortgage, pledge or otherwise finance its interest in this Lease or the Demised Premises. Both Tenant and Landlord agree that, for federal and applicable state tax purposes, Tenant and Landlord shall characterize this Lease in a manner consistent with applicable tax laws as Tenant and Landlord jointly shall determine.

Tenant acknowledges that Landlord may have entered into (or may in the future enter into) mortgage financings related to its ownership of the Property (and as part of such financings, Landlord may pledge its interests in this Lease and execute and/or deliver such other documents and instruments Landlord deems necessary and/or appropriate to consummate such transactions). This Lease is and shall be subject and subordinate to any and all fee mortgages now or hereafter in effect entered into by Landlord, it being understood and agreed that Tenant shall have no responsibility whatsoever under such financing arrangements and/or fee mortgages or to the holder of any such fee mortgages, except as may be otherwise agreed by Tenant in this Lease or otherwise is in writing. Tenant shall not be required to make any payments nor shall Tenant be deemed to be either a borrower or guarantor under any financing transaction entered into by Landlord.

ARTICLE 24
PROPERTY MANAGER

Agnes Healthcare, LLC (D/B/A Gold Choice Senior Management), a Florida limited liability company, or any other Tenant affiliated or third party manager as may be designated by Tenant from time to time, shall be the property manager or asset manager for the Property ("***Property Manager***") to operate and manage the Demised Premises. The Property Manager may subcontract some or all of its obligations to a third-party property manager, provided that no such subcontract shall relieve Property Manager of its obligations to Tenant, nor relieve Tenant or its obligations to Landlord. The Property Manager, or a replacement designated by the Tenant, as the case may be, shall be entitled to a property management fee (the "***Property Management Fee***") under the property management agreement then in place with such Property Manager or replacement.

ARTICLE 25
HAZARDOUS SUBSTANCES

Section 25.01. Tenant agrees that it will not on, about, or under the Demised Premises, make, release, treat or dispose of any "hazardous substances" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act, and the rules and regulations promulgated pursuant thereto, as from time to time amended, 42 U.S.C. § 9601 *et seq.* (the "**Act**"); but the foregoing shall not prevent the use of any hazardous substances in accordance with applicable laws and regulations. Tenant represents and warrants that it will at all times comply with the Act and any other federal, state or local laws, rules or regulations governing "Hazardous Materials". "Hazardous Materials" as used herein shall mean all chemicals, petroleum, crude oil or any fraction thereof, hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, asbestos-containing materials and/or products, urea formaldehyde, or any substances which are classified as "hazardous" or "toxic" under the Act; hazardous waste as defined under the Solid Waste Disposal Act, as amended 42 U.S.C. § 6901 *et seq.;* air pollutants regulated under the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.;* pollutants as defined under the Clean Water Act, as amended, 33 U.S.C. § 125 1, *et seq.,* any pesticide as defined by Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136, *et seq.,* any hazardous chemical substance or mixture or imminently hazardous substance or mixture regulated by the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et Seq., any substance listed in the United States Department of Transportation Table at 45 CFR 172.101; any chemicals included in regulations promulgated under the above listed statutes; any explosives, radioactive material, and any chemical or other substance regulated by federal, state or local statutes similar to the federal statutes listed above and regulations promulgated under such federal, state or local statutes.

Section 25.02. To the extent required by the Act and/or any federal, state or local laws, rules or regulations governing Hazardous Materials, Tenant shall remove any hazardous substances (as defined in the Act) and Hazardous Materials (as defined above) whether now or hereafter existing on the Demised Premises and whether or not arising out of or in any manner connected with Tenant's occupancy of the Demised Premises during the Term. In addition to, and without limiting Article 15 of this Lease, Tenant shall and hereby does agree to defend, indemnify and hold the Indemnified Parties harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, reasonable attorneys' fees and costs of litigation, arising out of or in any manner connected with (i) the violation of any applicable federal, state or local environmental law with respect to the

Demised Premises or Tenant's or any other person's or entity's prior ownership of the Demised Premises; (ii) the "release" or "threatened release" of or failure to remove, as required by this Article 25, "hazardous substances" (as defined in the Act) and Hazardous Materials (as defined above) at or from the Demised Premises or any portion or portions thereof, including any past or current release and any release or threatened release during the Term whether or not arising out of or in any manner connected with Tenant's occupancy of the Demised Premises during the Term. The provisions of this Section 25.02 shall survive the expiration or earlier termination of this Lease as provided in Section 15.05.

Section 25.03. Tenant agrees that it will not install any underground storage tanks at the Demised Premises without specific, prior written approval from the Landlord. Tenant agrees that it will not store combustible or flammable materials on the Demised Premises in violation of the Act or any other federal, state or local laws, rules or regulations governing Hazardous Materials.

ARTICLE 26
MISCELLANEOUS

Section 26.01. Each covenant and agreement contained in this Lease shall be construed to be a separate and independent covenant and agreement, and the breach of any such covenant or agreement by Landlord shall not discharge or relieve Tenant from Tenant's obligation to observe and perform each and every covenant and agreement of this Lease to be observed and performed by Tenant. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each term and provision of this Lease shall be valid and enforceable to the maximum extent permitted by law.

Section 26.02. This Lease shall be construed and enforced in accordance with the internal laws of the State in which the Demised Premises is located without regard to principles of conflicts of laws.

Section 26.03. This Lease may be executed, for the convenience of the Landlord and Tenant, in multiple counterparts, but it is intended that all counterparts shall constitute only one Lease. Facsimile or electronic (PDF) signature pages shall be effective for purposes of this paragraph.

Section 26.04. This Lease may not be changed, modified or discharged except by a writing signed by the party against whom such change, modification or discharge is being brought.

Section 26.05. All covenants, conditions and obligations contained in this Lease shall be binding upon and inure to the benefit of the respective permitted successors and assigns of Landlord and Tenant to the same extent as if such permitted successor and assign were named as a party to this Lease.

Section 26.06. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease (collectively "***Notice***" or "***Notices***") shall be in writing and shall be deemed to have been given for all purposes (i) three (3) days after having been sent by United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address as stated below, or (ii) one (1) day after having been sent overnight mail by Federal Express, United Parcel Service or other nationally recognized overnight courier service:

To the Addresses stated below:

If to Landlord: 1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez

If to Tenant: 1031CF Palm Coast MT LLC
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez

With a copy to: KVCF, PLC
1401 East Cary Street
Richmond, Virginia 23219

If any lender shall have advised Tenant by Notice in the manner aforesaid that it is the holder of a mortgage encumbering the Demised Premises and states in said Notice its address for the receipt of Notices, then simultaneously with the giving of any Notice by Tenant to Landlord, Tenant shall send a copy of such Notice to such lender in the manner aforesaid. For the purposes of this Section 26.06, any party may substitute its address by giving fifteen (15) days' notice to the other party in the manner provided above. Any Notice may be given on behalf of any party by its counsel.

Section 26.07. Intentionally deleted.

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SIGNATURE PAGE TO THE MASTER LEASE
FOR
1031CF PORTFOLIO 5 DST

LANDLORD: **1031CF PORTFOLIO 5 DST**
a Delaware statutory trust

By: 1031CF Portfolio 5 ST LLC
a Delaware limited liability company
Its: Signatory Trustee

By: _____
Name: Edward E. Fernandez
Its: President

TENANT: **1031CF PALM COAST MT LLC,**
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

EXHIBIT A

LEGAL DESCRIPTION

All that certain land situated in County of Flagler, State of Florida, viz:

LOT 5A:

BEING A PORTION OF LOT 5, OLD KINGS ROAD PROFESSIONAL CENTRE SUBDIVISION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN MAP BOOK 37, PAGES 70, 71 and 72, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
FROM A POINT OF BEGINNING, SAID POINT BEING A FOUND 5/8 INCH IRON ROD, NO IDENTIFICATION, MARKING THE NORTHEASTERLY CORNER OF SAID LOT 5 ALSO BEING A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF OLD KINGS ROAD (A 100 FOOT RIGHT-OF-WAY PER OFFICIAL RECORDS BOOK 596, PAGE 712 AND OFFICIAL RECORDS BOOK 1369, PAGE 870, PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE; SOUTH 00 DEGREES 48 MINUTES 05 SECONDS EAST, A DISTANCE OF 492.56; THENCE DEPARTING SAID RIGHT-OF-WAY LINE SOUTH 77 DEGREES 32 MINUTES 18 SECONDS WEST ALONG THE SOUTHERLY LINE OF SAID LOT 5, A DISTANCE OF 367.19 FEET; THENCE DEPARTING SAID SOUTHERLY LINE NORTH 40 DEGREES 09 MINUTES 52 SECONDS WEST, A DISTANCE OF 308.51 FEET; THENCE NORTH 00 DEGREES 52 MINUTES 01 SECONDS WEST, A DISTANCE OF 395.05 FEET TO A POINT ON THE NORTHERLY LINE OF SAID LOT 5; THENCE ALONG SAID NORTHERLY LINE SOUTH 87 DEGREES 37 MINUTES 44 SECONDS EAST, A DISTANCE OF 556.54 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF SAID OLD KINGS ROAD ALSO BEING THE POINT OF BEGINNING.

and

Together with that portion of the 50' wide and 86' wide access easement adjacent to said Lot 5, over and across that portion of Lot 6 of said Old Kings Road Professional Centre Subdivision, according to that portion of Lot 6 of said Old Kings Road Professional Centre Subdivision, according to the plat thereof as recorded in Map Book 37, Page 70, Public Records of Flagler County, Florida

and

Together with those appurtenant easement(s) for access and utilities, as contained in that certain Declaration of Easements recorded in Official Records Book 2388. Page 9, of the Public Records of Flagler County, Florida.

EXHIBIT B

RENT

Lease Year	Base Rent	Stated Rent	Total Annual Rent
Lease Year 1 (mos. 1-6)	$6,734	$366,749	$373,483
Lease Year 1 (mos. 6-12)	$49,164	$366,749	$415,913
Lease Year 2	$102,260	$746,255	$848,515
Lease Year 3	$106,351	$759,012	$865,362
Lease Year 4	$110,605	$771,768	$882,373
Lease Year 5	$115,029	$784,525	$899,554
Lease Year 6	$119,630	$797,281	$916,911
Lease Year 7	$124,415	$810,038	$934,453
Lease Year 8	$129,392	$822,794	$952,186
Lease Year 9	$134,567	$835,551	$970,118
Lease Year 10	$139,950	$848,307	$988,257

EXHIBIT C

INSURANCE

Tenant shall, at Tenant's expense (subject to Section 4.02 of the Lease), maintain in force and effect on the Demised Premises at all times while this Lease continues in effect the following insurance:

(a) Insurance against loss or damage to the Demised Premises by fire, tornado and hail and against loss and damage by such other, further and additional risks as may be now or hereafter embraced by an "all-risk" form of insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement (insurable) cost of the improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Demised Premises and owned by Landlord from time to time, without reduction for depreciation. The determination of the replacement cost amount shall be at Landlord's election, by reference to such indices, appraisals or information as Landlord determines in its reasonable discretion. Full replacement cost, as used herein, means, with respect to the improvements, the cost of replacing the improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same, in each case, with inflation guard coverage to reflect the effect of inflation, or annual valuation. Each policy or policies shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Landlord's approval.

(b) Comprehensive Commercial General Liability Insurance for personal injury, bodily injury, death and property damage liability and Professional Liability Insurance in amounts not less than $1,000,000 per occurrence and $3,000,000 in the aggregate (both inclusive of umbrella coverage). During any construction on the Property, Tenant's general contractor for such construction shall also provide the insurance required in this Subsection (b). Landlord hereby retains the right to periodically review the amount of said liability insurance being maintained by Tenant and, not more than annually (unless an event occurs or a state of facts exists which, with the giving of notice and/or the passage of time, would constitute an Event of Default (such event or state of facts, a "Default") shall exist hereunder, in which case such limitation shall not apply), to require an increase in the amount of said liability insurance should Landlord deem an increase to be reasonably prudent under then existing circumstances.

(c) General boiler and machinery insurance coverage is required if steam boilers or other pressure-fired vessels are in operation at the Demised Premises. Minimum amount per accident shall be not less than $500,000.

(d) If the Demised Premises is identified by the Secretary of Housing and Urban Development as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to the lesser of: (i) the minimum amount required, under the terms of coverage, to compensate for any damage or loss on a replacement basis; or (ii) the maximum insurance available under the appropriate National Flood Insurance Administration program.

(e) During the period of any construction on the Demised Premises or renovation or alteration of the improvements, a so-called "Builder's All-Risk Completed Value" or "Course of Construction" insurance policy in non-reporting form for any improvements under construction, renovation or alteration in an amount approved by Landlord and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration.

(f) Loss of rents or loss of business income insurance in amounts sufficient to compensate Tenant for all rents and profits during a period of not less than twelve (12) months in which the Demised Premises may be damaged or destroyed. The amount of coverage shall be adjusted annually to reflect the rents and profits of income payable during the succeeding twelve (12) month period.

(g) Such other insurance on the Demised Premises or on any replacements or substitutions thereof or

additions thereto as may from time to time be required by Landlord against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated including, without limitation, sinkhole, mine subsidence, earthquake and environmental insurance, with due regard being given to the height and type of buildings, their construction, location, use and occupancy.

EXHIBIT C

Form of Canopy at Harper Lake Master Lease

[See Attached]

MASTER LEASE
FOR
1031CF PORTFOLIO 5 DST
CANOPY AT HARPER LAKE PROPERTY

THIS MASTER LEASE (this "***Lease***") is entered into to be effective as of September 1, 2023, between 1031CF PORTFOLIO 5 DST, a Delaware statutory trust ("***Landlord***"), and 1031CF Lake City MT LLC, a Delaware limited liability company, ("***Tenant***").

WITNESSETH:

ARTICLE 1
DEMISE OF PREMISES

Section 1.01. Landlord, for and in consideration of the rents to be paid and the covenants and agreements hereinafter contained to be kept and performed by Tenant, hereby demises and leases to Tenant and Tenant hereby lets and takes from Landlord, for the term hereinafter set forth, the parcels set forth on Exhibit A attached hereto and made a part hereof, together with the easements, rights and appurtenances thereunto belonging or appertaining, together with (i) the improvements, buildings, equipment and personal property located thereon and associated therewith (the "***FF&E***"), (ii) the leases and other agreements to occupy such improved real property, and (iii) all other rights and property (real, personal and intangible) associated with such improved real property (hereinafter sometimes called the "***Demised Premises***" or the "***Property***").

Section 1.02

(a) The parties hereto acknowledge that the Demised Premises or portions thereof are presently or may be the subject of (i) leases, subleases, tenancies, licenses, Resident Agreement (as defined below), occupancies and rights of others, other than those established hereby, which relate to the use of the Demised Premises or any portion thereof (collectively the "***Existing Space Leases***" and, together with any such arrangements entered into during the Term of this Lease, the "***Space Leases***") and (ii) service contracts, which relate to the Demised Premises (collectively, the "***Service Contracts***"). Landlord hereby assigns and transfers to Tenant, to the extent transferable, as of the Commencement Date (as hereinafter defined) and for the Term of this Lease, all of Landlord's rights, duties and obligations under the Existing Space Leases and the Service Contracts, including, without limitations, the right to collect rents and other charges under the Existing Space Leases and to enforce the terms of the Existing Space Leases and the Service Contracts, and all of Landlord's rights and interest in and to any intangible property relating to the Demised Premises, including, without limitation, all trade names and trademarks and the Guaranties described in Section 15.02(d) herein (collectively, the "***Intangible Property***"). Tenant does hereby undertake, covenant and agree for and during the Term of this Lease to do, perform and discharge any and all rights, duties and obligations in connection with matters affecting the Existing Space Leases, the Service Contracts, the Intangible Property, the possession of the Demised Premises or the title thereto which the Landlord might otherwise have incurred during the Term of this Lease by reason of the Existing Space Leases, the Service Contracts, the Intangible Property or the ownership of the Demised Premises by Landlord. Subject to the express terms, provisions and limitations set forth in this Lease, Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all liability, damage, loss, cost or expense (including reasonable attorneys' fees and expenses) actually suffered or incurred by Landlord in direct connection with any or all of the Existing Space Leases, the Service Contracts, the Intangible Property or the ownership of the Demised Premises arising or first accruing during the Term of this Lease; provided, however, that such indemnity shall not be applicable with respect to any liability, damage, loss, cost or expense suffered or incurred by Landlord as a result of, or due to, any negligent or willful act or omission of Landlord or its owners, agents, employees, officers, directors, managers, members and partners. Tenant's obligations under this Section shall, as to matters arising, or accruing from facts arising, prior to the termination or expiration of this Lease, survive the termination of this Lease. To the extent Landlord is required by the purchase agreement applicable to the Landlord's acquisition of the Demised Premises to remit any rent or other amount to the seller thereunder, then Tenant shall remit such rents to the seller upon receipt of same.

(b) The parties acknowledge that Landlord, as a condition to Landlord's closing on the acquisition of the Property and an inducement to Tenant to entering into this Lease, has caused Harper Lake Holdings, LLC, a Florida limited liability company and Harper Lake Operations, a Florida limited liability company (together, "***Seller***"), from whom the Landlord has acquired the Property, to enter into that certain Closing Holdback Escrow Agreement dated as of September 1, 2023 between Seller, Tenant and Zimmerman, Kiser & Sutcliffe, P.A., as escrow agent.

(c) Upon the termination or expiration of this Lease and subject to Sections 20.01 and 20.02 of this Lease, all FF&E and Space Leases shall be deemed to have been automatically transferred or assigned or reassigned (as applicable) to Landlord or Landlord's designee, and Landlord or Landlord's designee shall be deemed to have automatically acquired such FF&E and assumed all duties and obligations of Tenant under all Space Leases without any further action on the part of Tenant. In the event of such transfer or reassignment, Tenant agrees to execute such documentation as may be required to confirm the automatic transfer and assignment/reassignment contained herein.

(d) Landlord and Tenant hereby agree that, to the extent Tenant has not received all approvals from the applicable governmental authority required to operate the Facility (the "***Regulatory Approvals***") as of the date of this Agreement, then Tenant may enter into a sublease agreement (the "***Interim Sublease***") with the existing operator of the Facility (the "***Existing Operator***"), and the Existing Operator will continue to occupy the Property as the licensed operator of the Facility pursuant to such Interim Sublease until such time as the Tenant receives the Regulatory Approvals. The Interim Sublease shall terminate upon receipt of the Regulatory Approvals by the Tenant.

ARTICLE 2
TERM OF LEASE

Section 2.01. The initial term ("***Initial Term***") of this Lease shall commence on the date that the Landlord acquires the Property (the "***Commencement Date***") and shall end on the tenth (10^{th}) anniversary of the Commencement Date unless this Lease shall sooner end or terminate as provided herein. Provided that no Event of Default (as hereinafter defined) has occurred and is continuing under the Lease, Tenant shall be entitled to exercise an option to renew the Lease for up to three (3) renewal term(s) of five (5) years each (each a "***Renewal Term***") on the same terms and conditions set forth herein, or on such other terms as shall be agreed upon by Landlord and Tenant. Tenant shall exercise the options to renew this Lease by giving written notice to Landlord not later than sixty (60) days prior to the expiration of the Initial Term or not later than sixty (60) days prior to the expiration of each subsequent Renewal Term, as the case may be. The Initial Term, as extended by any Renewal Term, may be hereinafter referred to as the "***Term***." Each year during the Term is herein called a "***Lease Year***," with the first Lease Year commencing on the Commencement Date. The Term shall automatically terminate upon the sale of the Demised Premises.

Section 2.02. This Lease constitutes the absolute and unconditional obligation of Tenant. Tenant waives all rights which are not expressly stated in this Lease but which may now or otherwise be conferred by law (i) to quit, terminate or surrender this Lease or the Demised Premises, (ii) to any setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense of or to "***Rent***" (as defined below) or any other sums payable under this Lease, except as otherwise expressly provided in this Lease, and (iii) for any statutory lien or offset right against Landlord or its property. Notwithstanding Section 2.02(i) above, if a person not affiliated with the Tenant is the signatory trustee or manager (or otherwise in control) of the Landlord, Tenant shall have the right to terminate this Lease in the event of a default by the Landlord hereunder.

ARTICLE 3
RENT

Section 3.01.

(a) Tenant shall pay to Landlord during the Term, in currency of the United States of America, at the office of Landlord, or at such other address as shall be specified, in writing, from time to time by Landlord, the rental amounts hereinafter provided. Subject to Section 16.03 below, Landlord hereby directs, and Tenant hereby

agrees that Tenant shall pay rent in the amounts set forth on Exhibit B attached hereto as "Stated Rent" (the "***Stated Rent***") and "Base Rent" ("***Base Rent***" and together with Stated Rent, "***Rent***"), each in twelve (12) equal monthly installments, unless otherwise noted on Exhibit B, each year during the Term, which shall accrue from and after the Commencement Date. If the Term commences or expires on other than the first day of a calendar month, the Rent for such partial calendar month shall be pro-rated on a per diem basis based upon the number of days elapsed in such month which falls within the Term. Each such monthly installment shall be payable on or before the seventh (7^{th}) day of each month during the Term and shall relate to the immediately preceding month, with the first installment being due and payable on or about October 7, 2023. For purposes of the determination of each lease year on Exhibit B, the first month of such lease year shall be the first full calendar month of such lease year, and Rent for any partial month preceding such first full calendar month shall be paid in a prorated amount based upon: (i) the number of days from the commencement of this Lease until the end of such partial month; and (ii) the Rent payable in the succeeding full calendar month.

(b) Except as otherwise provided herein, Tenant shall pay or cause to be paid (A) all costs and expenses (and taxes, if any, thereon) paid or incurred in respect of the operation, maintenance, management and security of the Property which, in accordance with generally accepted accounting principles are properly chargeable to the operation, maintenance, management and security of the Property, including the cost of utilities (which for purposes of this Lease shall mean the cost of electricity, gas, oil, steam, water, air conditioning and other fuel and utilities used or consumed in connection with the Property), property management fees, licenses, reasonable attorneys' fees and disbursements and auditing, management and other professional fees and expenses (hereinafter collectively called "***Operating Costs***"), and (B) before any fine, penalty or cost may be added thereto for the nonpayment thereof, all taxes, assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other similar charges associated with the Demised Premises and the transactions contemplated in this Lease (hereinafter collectively called "***Impositions***" and any of the same is hereinafter called an "***Imposition***" as the context may require).

(c) Nothing herein shall obligate Tenant to pay, and the term "*Impositions*" shall exclude, federal, state or local (A) transfer taxes as the result of a conveyance by (or suffered by) Landlord, (B) franchise, capital stock or similar taxes if any, of Landlord, (C) income, excess profits or other taxes, if any, of Landlord, determined on the basis of or measured by its net income, or (D) any estate, inheritance, succession, gift, capital levy or similar taxes, unless the taxes referred to in clauses (B) and (C) above are in lieu of or a substitute for any other tax or assessment upon or with respect to any of the Demised Premises which, if such other tax or assessment were in effect at the commencement of the Term, would be payable by Tenant. In the event that any assessment against any of the Demised Premises may be paid in installments, Tenant shall have the option to pay such assessment or permit such assessment to be paid in installments; and in such event, Tenant shall be liable only for those installments which become due and payable during the Term. Tenant shall prepare and file or cause to be prepared and filed all tax reports required by governmental authorities which relate to the Impositions.

(d) After prior written notice to Landlord, Tenant shall not be required to pay any Imposition so long as Tenant shall, directly or through any tenant under any Space Lease, contest, in good faith and at its expense, the amount thereof by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon any property securing, the Imposition. In no event shall Tenant pursue (or permit any tenants under any Space lease to pursue) any contest with respect to any Imposition in such manner that exposes Landlord to (A) criminal liability, penalty or sanction, (B) any civil liability, penalty or sanction for which Tenant has not made provisions reasonably acceptable to Landlord or (C) defeasance of its interest in the Demised Premises. Tenant agrees that each such contest shall be promptly and diligently prosecuted to final conclusion, except that Tenant shall have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay, directly or through any tenant under any Space Lease, and save Landlord's lender and Landlord harmless against any and all losses, judgments, decrees and costs (including all reasonable attorneys' fees and expenses) in connection with any such contest and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof.

(e) Provided such monthly escrows are required by a first lienholder of the Property, Tenant shall make direct monthly payments to such lender's loan servicer for so long as any obligations under the related loan documents remain outstanding, simultaneously with its payment of any installment of Base Rent, one-twelfth (1/12) of the Impositions, premiums for insurance required under Article 4 hereof, and all other monthly escrows required by such lender, which amounts may be adjusted from time to time depending on such Impositions and insurance premiums from time to time, in amounts sufficient to pay the same when due, and in any event in the amounts required by such lender for so long as any obligation under the associated loan remains outstanding. At sale or disposition of the Landlord, the Tenant is entitled to any excess of the monthly tax, insurance and other escrow payments made properly by the tax, insurance and other operating expenses paid from the Landlord escrow.

(f) Intentionally deleted.

(g) 1031 CF Properties, LLC, a California limited liability company (the "***Sponsor***") shall issue a Demand Note dated as of the Commencement Date in the aggregate principal amount of $600,000 (the "***Demand Note***") payable to Tenant (as the noteholder), which Demand Note is intended to represent a portion of the initial capitalization of the Tenant and 1031CF Palm Coast MT LLC, a Delaware limited liability company and an affiliate of the Landlord (the "***Palm Coast Master Tenant***"), in connection with its leased premises from the Landlord located at 213 NW Gleason Drive, Lake City, Florida 32055 (the "***Palm Coast Property***"), until the earlier of (i) the cancellation of the Demand Note pursuant to the terms thereof or (ii) termination of the Term pursuant to Section 2.01 herein.

Section 3.02. Landlord shall promptly send to Tenant all bills which it may receive for Impositions and Operating Costs referred to in Section 3.01 above. Tenant shall make or cause to be made the payment of all Impositions directly to the appropriate Governmental Authority (as hereinafter defined) and all Operating Costs to the parties to whom such amounts are due and payable. Within fifteen (15) days after receipt thereof, Tenant shall make available to Landlord for its inspection official receipts of the appropriate taxing authority, or other proof satisfactory to Landlord, evidencing the payment of any Imposition payable directly to a Governmental Authority as in this Article provided. To the extent available, Tenant shall be entitled to use amounts deposited pursuant to Section 3.01(e) above to fund the payment of Impositions and premiums for insurance.

Section 3.03. Landlord shall inform Tenant in writing, within five (5) business days following receipt of notice thereof, of any audit, threatened audit, or other administrative or judicial proceeding or action by any Governmental Authority which could give rise to an obligation by Tenant to pay, or indemnify Landlord for, Impositions.

Section 3.04. Notwithstanding any other terms of this Article 3, Tenant shall not be required to pay, nor to indemnify or hold harmless Landlord to the extent (and only to the extent) that any Imposition or Operating Cost arises or is increased directly as a result of the breach by Landlord of any of its obligations under this Lease.

Section 3.05. To the extent that any portion of the Operating Costs or Impositions relate to any period not included within the Term, Tenant's obligation to pay the same shall be prorated.

Section 3.06. Tenant shall pay the Base Rent, Stated Rent, Operating Costs, Impositions and all other amounts due and payable hereunder without notice, demand, setoff, counterclaim, deduction, defense, abatement, suspension, deferment, diminution or reduction during the Term, except as provided in this Section 3.06, Section 16.03 below, and as otherwise provided herein. Notwithstanding the first sentence of Section 3.06, payment of the Base Rent may be deferred and accrued to the extent available cash (excluding the Trust-Held Reserve) after payment of Operating Costs, Impositions and Stated Rent, ("***Base Rent Cash Flow***"), is not sufficient to pay the then due and any accrued Base Rent in full, but only with respect to any shortfall amount, with any available Base Rent Cash Flow being used to pay the then due and any accrued Base Rent. Any accrued Base Rent not previously paid shall be payable in full upon a disposition of the Property.

Section 3.07. [Reserved].

Section 3.08. Landlord and Tenant agree that this Lease is a true lease and does not represent a financing arrangement. Each party shall reflect the transactions represented by this Lease in all applicable books, records and reports (including, without limitation, income tax filings) in a manner consistent with "true lease" treatment rather than "financing" treatment.

ARTICLE 4
INSURANCE

Section 4.01. Throughout the Term, Landlord may, at Landlord's sole cost and expense, obtain and maintain insurance in amounts and against risks consistent with insurance coverages obtained and maintained by owners of improved real property similar to the Demised Premises.

Section 4.02. Throughout the Term, Tenant, at its sole cost and expense (except as otherwise provided herein), shall obtain and maintain or cause to be obtained and maintained, insurance, in the amounts and against the risks mutually agreed upon by Landlord and Tenant, or, if different, such insurance, in the amounts and against the risks, as may be required by any lender that has made a loan to Landlord secured by the Property (including, without limitation, insurance sufficient for the indemnification, reimbursement and other obligations of the Landlord to any such lender). Landlord shall be named as an additional insured on all such policies of insurance. To the extent any lender that has made a loan to Landlord secured by the Property requires a change to the insurance coverages agreed upon, Landlord shall notify Tenant, in writing, not less than thirty (30) days prior to the date upon which any such change in insurance coverage is required to become effective hereunder. Any lender shall be named as an insured and loss payee on the property/casualty insurance policy and as an additional insured on the liability policy, as may be required by such lender.

Section 4.03. Landlord shall be furnished with evidence reasonably satisfactory to Landlord of payment of the premiums for the insurance coverage required by this Lease, made by Tenant or any third-party engaged by Tenant. Tenant, or any third-party engaged by Tenant, shall renew or cause to be renewed all such insurance and deliver to Landlord certificates evidencing such renewals at least thirty (30) days before any such insurance is set to expire (except to the extent that provision for payment of the premiums therefore is actually made pursuant to Section 3.01(e) of this Lease).

Section 4.04. Landlord shall not be required to incur any expense under any policy of insurance maintained or caused to be maintained by Tenant or any third-party engaged by Tenant, or to prosecute any claim against any insurer or to contest any settlement proposed by any insurer. Tenant, or any third-party engaged by Tenant, may, as the case may be, at its cost and expense, prosecute or cause to be prosecuted any such claim or contest any such settlement.

Section 4.05. Tenant shall have the right to satisfy its obligations under this Article 4 by requiring the Property Manager (as hereinafter defined) to cause the performance of such obligations.

ARTICLE 5
CASUALTY AND RESTORATION

Section 5.01. If during the Term all or any part of the Demised Premises shall be damaged or destroyed by fire or other casualty, Tenant shall promptly give notice thereof to Landlord.

Section 5.02.

(a) If during the Term all or any part of the Demised Premises shall be damaged or destroyed by any fire or other casualty, this Lease shall continue in full force and effect and the affected Property shall be restored by Tenant. Subject in all respects to the terms of the documents evidencing and/or securing a first mortgage loan secured by the Demised Premises, any insurance proceeds received by Landlord on account of such damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, shall,

provided no default by Tenant or Event of Default shall have occurred and be continuing hereunder, be allocated by Landlord to Tenant such that Tenant may cause the repair, restoration or replacement of any portion of the Demised Premises so damaged or destroyed as nearly as possible to its value, condition and character immediately prior to such damage or destruction and to pay contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for said repairs, restorations or replacements (hereinafter collectively, the "***Casualty Restoration***"), and shall be paid out from time to time as the Casualty Restoration progresses. If the rental income from the Residents at the Demised Premises is reduced or abated during such period, then Rent under this Lease shall also be reduced or abated in a corresponding manner.

(b) If the insurance proceeds received by Landlord are applied to the cost of the Casualty Restoration and the insurance proceeds shall, at any time, be insufficient to pay the cost of the Casualty Restoration, Tenant shall have the right to use the Trust Reserve (as hereinafter defined in Section 7.03), and Landlord shall allocate the Trust Reserve to Tenant to make up the deficiency. In the event the Trust Reserve is insufficient to make up the deficiency, Landlord shall be required to make up any remaining deficiency. If such net insurance proceeds shall exceed the cost of the Casualty Restoration, then, in such event, Landlord shall retain the excess.

Section 5.03. If Tenant fails to diligently pursue to completion the Casualty Restoration of any portion of the Demised Premises damaged or destroyed by fire or other casualty as provided in Section 5.02(a) above, then, in such event, Landlord shall have the right to perform such Casualty Restoration at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Landlord shall have the right to use the Trust Reserve in connection with any such Casualty Restoration.

Section 5.04. In the event neither Landlord nor Tenant undertakes to complete the Casualty Restoration following a Material Casualty pursuant to the terms and conditions of this Section 5.04, then this Lease automatically shall terminate and neither party shall have any further obligations hereunder. In the event Landlord or Tenant does undertake to complete a Casualty Restoration following a Material Casualty, then this Lease shall continue in full force and effect.

ARTICLE 6
CONDEMNATION

Section 6.01.

(a) If during the Term all or any part of the Demised Premises shall be subject to a "***Taking***," which shall mean any taking of the Demised Premises or a part thereof, in or by condemnation or other eminent domain proceeding, this Lease shall continue in full force and effect. Tenant hereby assigns to Landlord any award, payment or compensation to which it may be or become entitled during the Term by reason of a Taking whether the same shall be paid or payable in respect of Tenant's leasehold interest hereunder or otherwise. Subject in all respects to the terms of the documents evidencing and/or securing a first lien mortgage loan secured by the Demised Premises, and provided no default by Tenant or Event of Default shall have occurred and be continuing hereunder, Landlord shall allocate any such award, payment or compensation related to the Taking to Tenant and Tenant shall cause the repair, restoration or rebuilding of any part of the Demised Premises remaining after such Taking, including payment of all contractors, subcontractors, materialmen, engineers, architects or other persons who render services or furnish materials for said repairs, restorations or rebuilding (hereinafter collectively, the "***Condemnation Restoration***"). The Condemnation Restoration shall be performed by Tenant so as to restore the Demised Premises, as nearly as possible, to its value, condition and character immediately prior to such Taking. Any award, payment or compensation paid or assigned to Landlord on account of said Taking, less the actual costs, fees and expenses, if any, incurred in connection with obtaining the award, shall be allocated by Landlord to Tenant and used by Tenant to perform the Condemnation Restoration.

(b) If the award, payment or compensation received as the result of a Taking are applied to the cost of the Condemnation Restoration and said award, payment or compensation shall, at any time, be insufficient to pay the cost of the Condemnation Restoration, Tenant shall have the right to use the Trust Reserve, and Landlord shall allocate to Tenant the use of the Trust Reserve (as hereinafter defined in Section 7.03) to make up the deficiency, subject to any required approvals of the first lienholder of the Property. Should the award, payment or compensation,

together with the Trust Reserve, be insufficient to pay the cost of the Condemnation Restoration, then Landlord shall be required to make up any remaining deficiency. If such award, payment or compensation shall exceed the cost of the Condemnation Restoration, then, in such event, Landlord shall retain the excess.

(c) If Tenant fails to diligently pursue to completion the Condemnation Restoration of any portion of the Demised Premises affected by any Taking as provided in Section 6.01(a) hereof, then, in such event, Landlord shall have the right to perform such Condemnation Restoration at Landlord's expense. Subject to any required approval of the first lienholder of the Property, Landlord shall have the right to use the Trust Reserve in connection with any such Condemnation Restoration.

(d) Landlord shall be entitled to participate in any Taking proceeding at Landlord's cost and expense.

Section 6.02.

(a) If during the Term (i) there is a permanent Taking of all of the Demised Premises, or (ii) there is a permanent taking of less than all of the Demised Premises but it is impractical to rebuild the Demised Premises and/or continue to operate the Demised Premises as a senior housing complex substantially similar to the Demised Premises as it exists upon the date of this Lease, and such Demised Premises are a material portion of the Property subject to this Lease, then this Lease automatically shall terminate, and neither party shall have any further obligations hereunder.

(b) If during the Term (i) there is a permanent Taking of less than all of the Demised Premises and it is economically feasible to rebuild the Demised Premises and/or continue to operate the Demised Premises as a senior housing project substantially similar to the Demised Premises as it exists upon the date of this Lease, or (ii) the use or occupancy of any part, or all, of the Demised Premises shall be temporarily requisitioned by any federal government, or any state or other political subdivision thereof, or any agency, court or body of the federal government, any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions (hereinafter collectively called "***Governmental Authority***"), then this Lease shall continue in full force and effect; however, (A) Tenant shall proceed to perform any necessary repairs, restoration or replacement in accordance with this Article 6, and (B) Landlord and Tenant shall adjust the Rent in an equitable fashion to reflect the economic effect of any such Taking or temporary requisition.

Section 6.03. Intentionally deleted.

ARTICLE 7
MAINTENANCE AND REPAIRS

Section 7.01. Tenant shall be responsible for all expenses incurred in the maintenance and repair of the Demised Premises, except for "***Capital Expenses***" as defined in Section 7.02 below. Tenant shall take good care (or cause good care to be taken) of the Demised Premises, the gutters, downspouts, and drains associated with the Demised Premises as well as any alleyways, passageways, sidewalks, curbs, ramps, driveways, fences, gates and vaults adjoining the Demised Premises, and keep the same (or cause the same to be kept) in good order and condition, ordinary wear and tear and obsolescence excepted, and make necessary nonstructural repairs thereto, interior and exterior. Tenant also shall be responsible for all expenses of all personal property replacements and repairs, including, but not limited to, (i) water heater replacements, (ii) floor covering replacements, (iii) replacement of window coverings, (iv) replacement of appliances, (v) HVAC compressor and condenser replacements, (vi) plumbing fixture replacements, (vii) electrical fixture replacements, (viii) fire suppression and monitoring systems, and (ix) interior painting. Tenant also shall make (or cause to be made) all repairs necessary to avoid any structural damage or injury

to the Demised Premises. All repairs and replacements shall be substantially equal in quality and class to the original work.

Section 7.02. Except as may be agreed to under a Space Lease between the Tenant and the tenant under the applicable Space Lease, Landlord shall be responsible for all "***Capital Expenses***," which shall mean any and all costs and expenses incurred in connection with major repairs, replacements, and improvements relating to the structural elements of the Property which would be capitalized under generally accepted accounting principles, including, but not limited to, the repair or replacement of roofs, chimneys, gutters, downspouts, underground plumbing, paving, curbs, ramps, driveways, balconies, porches, patios, foundations, exterior walls and all load bearing walls, exterior doors and doorways, windows, elevators, pools and (ii) exterior painting. Landlord shall allocate to Tenant such funds, to the extent available, from any Trust Reserve as may be required for Capital Expenses and Tenant shall undertake to make the repairs or replacements associated with the Capital Expense maintenance items. Other than as set forth in this Section 7.02 and as otherwise provided in this Lease, Landlord shall not be required to furnish any services or facilities or make any repairs, replacements or alterations in or to the Demised Premises, Tenant hereby assuming the full and sole responsibility for the operation, repair, replacement, maintenance and management of the Demised Premises.

Section 7.03. Landlord shall establish certain trust reserves in part, for the benefit of Landlord and the Property to pay Capital Expenses and other Landlord expenses, and other Property costs, expenses, and fees, including but not limited to the Property Management Fee (the "***Reserve Expenses***"). The Landlord has established and deposited into a Landlord-held reserve (the "***Trust Reserve***") an initial amount of $600,000. All funds held in such Trust Reserve shall belong to Landlord and, subject to the extent that any funds remain, shall remain the property of Landlord upon termination of this Agreement. Such reserves are available to Landlord to pay for expenses and costs that may have been underestimated as part of the capital raise and due diligence process. The Landlord shall also fund the Trust Reserve with portions of the Base Rent payable for the Demised Premises and payable by the Palm Coast Master Tenant beginning with an aggregate of $29,982 in the first Lease Year and increasing by four percent (4.0%) per annum thereafter. The Landlord or Palm Coast Master Tenant may also use the funds in the Trust Reserve to pay for such similar expenses to the Reserve Expenses that may be incurred by the Landlord or the Palm Coast Master Tenant, in connection with the Palm Coast Property.

Section 7.04. Intentionally deleted.

Section 7.05. So long as the Trust Reserve has not been totally depleted, the funds in the Trust Reserve shall be available to and may be withdrawn by Tenant to pay for, with the consent of Landlord as required: (i) Reserve Expenses (ii) any Casualty Restoration; and (iii) any Condemnation Restoration. Further, 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 Master Tenant. If the Trust Reserve is not available for any reason and funds of Tenant are used to pay for expenses for which Landlord is responsible hereunder, such amount shall be treated as a non-interest bearing loan from Tenant to Landlord, which Tenant may recover, in Tenant's sole discretion, out of the Trust Reserve, by set off against Stated Rent or from proceeds in connection with any sale of the Property.

Section 7.06. Subject to Article 24 below, Tenant shall have the right to satisfy its obligations under this Article 7 by requiring the Property Manager (as hereinafter defined) to cause the performance of such obligations.

Section 7.07. The necessity for and adequacy of replacements, maintenance and repairs to the Demised Premises pursuant to this Article 7 shall be measured by the standard which is appropriate for properties of similar construction, class and use in the area in which the Demised Premises are situated.

ARTICLE 8
ALTERATIONS AND ADDITIONS

Section 8.01. Notwithstanding anything in this Lease, to the extent that Tenant makes any changes or alterations to the Demised Premises that constitute more than minor, non-structural modifications, Tenant must, prior to making any such changes or alterations, (a) provide 30 days' advance written notice to the Landlord setting forth

the details of such alterations so that the Landlord, to the extent it is a DST, may effectuate a transfer of the Demised Premises if necessary to a newly-formed Delaware limited liability company and in accordance with the Trust Agreement of the Landlord, or (b) execute an agreement with the Landlord to the effect that at the end of the term of this Lease, Tenant shall restore the Demised Premises to a condition substantially the same as the condition of the Demised Premises on the Commencement Date. Notwithstanding anything else in this Agreement, at any time that Landlord is a DST, Landlord shall not have the right, power or ability to make more than minor non-structural modifications to the Demised Premises (in accordance with Revenue Ruling 2004-86).

ARTICLE 9
COMPLIANCE WITH LAW; ZONING

Section 9.01. Tenant shall during the Term, at its sole cost and expense, except for non-compliances which may have existed prior to the commencement of the Term, promptly comply (or cause compliance) with all Laws which may be applicable to the Demised Premises or to the use, manner of use or occupancy thereof, and shall take all actions reasonably necessary to comply with any and all orders or requirements affecting the Property by any federal, state, county or municipal authority having jurisdiction over the Property. Tenant shall likewise observe and comply (or cause observance and compliance) with the requirements of all policies of public liability, fire and other insurance at any time in force with respect to the Demised Premises. In addition, Tenant shall cause all tenants, subtenants or other occupants of the Demised Premises to comply with all Laws which may be applicable to the Demised Premises or to the use, manner of use or occupancy thereof.

Section 9.02. Tenant shall not cause or maintain any nuisance in or upon the Demised Premises. Tenant shall not suffer or permit the Demised Premises, or any portion thereof; to be used by the public, as such, in any way as might tend to impair Landlord's title thereto.

Section 9.03. If Tenant fails to timely take (or cause to be taken), or to diligently and expeditiously proceed to complete (or cause completion) in a timely fashion, any such action described in Section 9.01 or 9.02 hereof, Landlord may, in its sole and absolute discretion, upon prior written notice to Tenant, make payments toward the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Landlord (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Tenant.

Section 9.04. The parties acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "***ADA***") establish requirements under Title III of the ADA ("***Title III***") pertaining to business operations, accessibility and barrier removal, and that such requirements may be unclear and may or may not apply to the Demised Premises depending on, among other things: (i) whether Tenant's business operations are deemed a "place of public accommodation" or a "commercial facility;" (ii) whether compliance with such requirements is "readily achievable" or "technically infeasible;" and (iii) whether a given alteration affects a "primary function area" or triggers so-called "path of travel" requirements. The parties acknowledge and agree that Tenant has been provided an opportunity to inspect the Demised Premises sufficient to determine whether or not the Demised Premises in their condition current as of the date hereof deviate in any manner from the ADA Accessibility Guidelines ("***ADAAG***") or any other requirements under the ADA pertaining to the accessibility of the Demised Premises. Tenant further acknowledges and agrees that except as may otherwise be specifically provided herein, Tenant accepts the Premises in "as-is" condition and agrees that Landlord makes no representation or warranty as to whether the Demised Premises conforms to the requirements of the ADAAG or any other requirements under the ADA pertaining to the accessibility of the Demised Premises. Tenant further acknowledges and agrees that to the extent that Landlord prepared, reviewed or approved any of those plans and specifications, such action shall in no event be deemed any representation or warranty that the same comply with any requirements of the ADA. Notwithstanding anything to the contrary in this Lease, the parties hereby agree that Tenant shall be responsible for all Title III compliance and costs in connection with the Demised Premises, including structural work, if any, and including any leasehold improvements or other work to be performed in the Demised

Premises under or in connection with this Lease; and any so-called Title III "path of travel" requirements triggered by any construction activities or alterations in the Demised Premises, and for all other requirements under the ADA relating to the Demised Premises or to Tenant or any Affiliates, the operations of Tenant or Affiliates, or the Demised Premises, including, without limitation, requirements under Title I of the ADA pertaining to Tenant's or any Existing Operator's employees.

Section 9.05. Without Landlord's prior written consent, Tenant shall not (a) change, consent or apply for the change of the zoning or any land use regulation affecting the Demised Premises or any part thereof; or (b) combine the Demised Premises with any other parcel to create an enlarged zoning or tax lot.

ARTICLE 10
DISCHARGE OF LIENS

In the event that the Demised Premises or any part thereof or Tenant's leasehold interest therein shall, at any time during the Term, become subject to any vendor's, mechanic's, laborer's, materialman's or other lien, encumbrance or charge other than any such lien based upon the furnishing of materials or labor to Landlord and contracted for by Landlord, Tenant shall cause the same, at its sole cost and expense, to be discharged or bonded promptly after notice thereof.

ARTICLE 11
RIGHT OF LANDLORD TO PERFORM TENANT'S COVENANTS

Landlord shall have the right at any time, after ten (10) days' notice to Tenant (or without notice in case of emergency or in case any fine, penalty or cost may otherwise be imposed or incurred), or upon such lesser period of notice as is otherwise herein provided for, to make any payment or perform any act required of Tenant under this Lease, and in exercising such right, to incur necessary and incidental costs and expenses, including, without limitation, reasonable counsel fees and expenses. Nothing herein shall imply any obligation on the part of Landlord to make any payment or perform any act required of Tenant, and the exercise of the right so to do shall not constitute a release of any obligation or a waiver of any default. All payments made by Landlord and all costs and expenses incurred by Landlord in connection with any exercise of such right, shall be payable to Landlord by Tenant within ten (10) days after written demand. Such payments may be made out of the Trust Reserve (to the extent not depleted) as described in Section 7.05.

ARTICLE 12
ENTRY ON DEMISED PREMISES BY LANDLORD

Subject to the rights of the tenants and/or residents pursuant to the Space Leases, at any time, Landlord, through its agents or employees, at all reasonable times and upon prior notice to Tenant, shall have the right to enter the Demised Premises to inspect same.

ARTICLE 13
ASSIGNMENT AND SUBLETTING

Section 13.01. Tenant shall not assign this Lease or its interest under this Lease, directly or indirectly, unless it first obtains the prior written consent of Landlord, which may be withheld in its sole discretion, whether reasonable or unreasonable. Notwithstanding the foregoing, Tenant shall have the right to enter into individual Space Leases, admission agreements, Resident Agreements (as defined below) or similar agreements related to the use or occupancy of the Demised Premises or modify, amend, cancel, terminate, extend or renew any Space Leases. In addition, Tenant shall not grant easements, licenses, rights-of-way or any other rights or privileges in the nature of easements with respect to the Demised Premises without the prior written consent of Landlord in each instance. Tenant shall cause all Space Leases to provide for automatic attornment to Landlord as landlord under the Space Leases, in the event this Lease is terminated for any reason.

Section 13.02.

(a) In furtherance of Section 13.01 of this Lease, Tenant shall have the right to enter into individual resident agreements for the Demised Premises (individually, a "***Resident Agreement***" and collectively, "***Resident Agreements***") or modify, amend, cancel, terminate, extend or renew any such Resident Agreements; provided, however, that without the Landlord's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), Tenant shall not (i) materially modify the form of Resident Agreement being used by Tenant as of the date of this Lease and previously approved by the Landlord, except as required by applicable law; (ii) accept any payment under any Resident Agreement more than one (1) month in advance of its due date; or (iii) enter into any Resident Agreement for a term of more than one (1) year, or upon rates other than market rates or upon a form that fails to comply with applicable laws. For the purposes of this Lease, a "Resident" shall mean any person that is in lawful possession of a portion of the Premises pursuant to a Resident Agreement.

(b) Tenant covenants and agrees to observe and perform all of the duties and obligations of the landlord/lessor to be observed and performed under the Resident Agreements and to use Tenant's best efforts to enforce the conditions and obligations imposed on the Residents under the Resident Agreements to the extent prudent and customary in the then current market. Subject to the terms of this Lease, during the Term, Tenant shall be entitled to all the benefits of the "Landlord" under the Resident Agreements (whether the Resident Agreements are entered into by Landlord or Tenant), including, without limitation, the right to collect and use the rents under the Resident Agreements. Tenant shall not assign the right to receive any rental or other sums payable under the Resident Agreements or any other rights under the Resident Agreements, without the prior written consent of Landlord in each instance.

Section 13.03. Without thereby limiting the generality of the foregoing provisions of this Article 13, Tenant expressly covenants and agrees not to enter into any lease, sublease or license, concession or other agreement for use, occupancy, or utilization of the Demised Premises which provides for rental or other payment for such use, occupancy, or utilization based in whole or in part on the net income or profits derived by any person from the property leased, used, occupied, or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported lease, sublease or license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right to or interest in the possession, use, occupancy, or utilization of any part of the Demised Premises.

Section 13.04. During the Term, neither this Lease nor the Term hereby demised shall be mortgaged by Tenant, nor shall Tenant mortgage or pledge the interest of Tenant in and to any Space Lease or the rentals payable thereunder, except as required by any lender in connection with a first mortgage loan secured by the Demised Premises. Any such mortgage or pledge and any Space Lease, easement, license, right-of-way or other right or privilege made or granted in violation of or without compliance with Section 13.01 of this Lease shall be null and void.

ARTICLE 14
USE OF DEMISED PREMISES; QUIET ENJOYMENT

Section 14.01. Tenant shall use the Demised Premises solely as a senior housing property and other uses incidental thereto.

Section 14.02. Tenant, upon paying amounts payable under this Lease provided for and observing and keeping the covenants, agreements, terms and conditions of this Lease on its part to be observed and performed, shall, subject to the covenants, agreements, terms and conditions of this Lease, lawfully and quietly hold, occupy and enjoy the Demised Premises during the Term, without hindrance or molestation by Landlord or by any other party claiming under Landlord.

ARTICLE 15
INDEMNIFICATION OF LANDLORD; LIMITATION OF LIABILITY

Section 15.01. In addition to Tenant's obligations to indemnify Landlord as set forth in other Sections of this Lease, Tenant will indemnify and save harmless Landlord, its beneficiaries, trustees, partners, members, managers, shareholders, officers, directors and employees (each individually an "***Indemnified Party***" and collectively, the "***Indemnified Parties***") from and against any and all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by or asserted against such persons (except to the extent the same are caused by the negligence or willful misconduct of Landlord, its agents, employees, licensees, invitees, contractors and/or subcontractors) by reason of any of the following occurring during the Term:

(a) any work or thing done by anyone other than Landlord or Landlord's agents, employees, contractors and/or subcontractors, in, on or about the Demised Premises or any part thereof;

(b) any use, non-use, possession, occupation, condition, operation, maintenance or management of the Demised Premises or any part thereof or any street, alley, sidewalk, curb, passageway or space adjacent thereto;

(c) any negligence of Tenant or any agent, contractor, employee, licensee or invitee of Tenant;

(d) any accident or injury to any person (including death) or damage to property occurring in, on or about the Demised Premises or any part thereof or any street, alley, sidewalk, curb, passageway, or space adjacent thereto; and

(e) any failure on the part of Tenant to perform or comply with any of the agreements, terms or conditions contained in this Lease on its part to be performed or complied with.

In the event that any action or proceeding shall be brought against an Indemnified Party by reason of any matter covered by this Section, Tenant, upon notice from the Indemnified Party, will at Tenant's sole cost and expense resist or defend the same. To the extent of the proceeds received by Landlord under any insurance policy furnished or supplied to Landlord by or on behalf of Tenant, Tenant's obligation to indemnify and save harmless an Indemnified Party against the hazard which is the subject of such insurance shall be deemed to be satisfied.

Section 15.02.

(a) Tenant is fully familiar with the physical condition of the Demised Premises and takes the same hereunder "as is" and "where is."

(b) TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE DEMISED PREMISES, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO ITS FITNESS FOR USE OR PURPOSE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, AS TO LANDLORD'S TITLE THERETO, OR AS TO VALUE, COMPLIANCE WITH SPECIFICATIONS, LOCATION, USE, CONDITION, MERCHANTABILITY, QUALITY, DESCRIPTION, DURABILITY OR OPERATION, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. In the event of any defect or deficiency in the Demised Premises of any nature, whether patent or latent, Landlord shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages (including strict liability in tort). The provisions of this Section 15.02 have been negotiated between Landlord and Tenant, and the foregoing provisions are intended to be a complete exclusion and negation of any warranties by Landlord, express or implied, with respect to the Demised Premises, arising pursuant to the uniform commercial code or any other Law now or hereafter in effect or otherwise.

(c) Tenant acknowledges and agrees that Tenant has examined the title to the Demised Premises prior to the execution and delivery of this Lease and has found such title to be satisfactory for the purposes contemplated by this Lease.

(d) Landlord hereby assigns to Tenant, to the extent assignable and without recourse or warranty whatsoever, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any third party in respect of the Demised Premises, including, without limitation, any manufacturer, seller, engineer, contractor or builder, including, but not limited to, any rights and remedies existing under contract or pursuant to the uniform commercial code (collectively, the "***Guaranties***") except those which relate to the structural components of the Demised Premises. Such assignment shall remain in effect until the expiration or earlier termination of this Lease. Landlord shall also retain the right to enforce any Guaranties assigned in the name of Tenant upon the occurrence of an Event of Default. Landlord hereby agrees to execute and deliver at Tenant's expense such further documents, including powers of attorney, as Tenant may reasonably request in order that Tenant may have the full benefit of the assignment effected or intended to be effected by this Section 15.02(d). Upon the termination of this Lease, the Guaranties shall automatically revert to Landlord. The foregoing provision of reversion shall be self-operative and no further instrument of reassignment shall be required. In confirmation of such reassignment Tenant shall execute and deliver promptly any certificate or other instrument which Landlord may request. Any monies collected by Tenant under any of the Guaranties after the occurrence of and during the continuation of an Event of Default shall be held in trust by Tenant and promptly paid over to Landlord. To the extent any of the Guaranties are not assignable by Landlord, Landlord shall, upon request by Tenant, enforce same for the benefit of Tenant, at Tenant's sole cost and expense.

Section 15.03. Tenant shall indemnify Landlord against all legal costs and charges incurred in obtaining possession of the Demised Premises after default by Tenant or after Tenant's default in surrendering possession upon expiration or earlier termination of this Lease or enforcing any covenant or agreement of Tenant herein contained.

Section 15.04. Notwithstanding anything to the contrary provided in this Lease, there shall be absolutely no personal liability on the part of Landlord, its beneficiaries, trustees, members, managers, partners, officers, directors, agents, employees, and/or disclosed or undisclosed principals with respect to any of the terms, covenants and conditions of this Lease, and Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease, such exculpation of personal liability to be absolute and without any exception whatsoever.

Section 15.05. The obligations of Tenant under this Article 15 and under Section 25.02 shall survive the expiration or earlier termination of this Lease, by which is meant that a claim relating to any matter occurring, arising, accruing or otherwise happening during the term of this Lease as to which Tenant has obligations under this Article 15 or under Section 25.02, may be asserted against Tenant after (and notwithstanding) the expiration or earlier termination of this Lease.

ARTICLE 16
DEFAULT AND REMEDIES

Section 16.01. If during the Term any one or more of the following acts or events (any one of such events or acts being herein called an "***Event of Default***") shall occur:

(a) Tenant (i) shall default in making the payment of any installment of the Base Rent or Stated Rent, deferred or otherwise, or any component thereof, or any Operating Costs or Impositions as and when the same shall become due and payable hereunder, which default continues for a period of ten (10) days following written notice thereof from Landlord, or (ii) shall fail to pay any other amounts payable under this Lease as and when the same shall become due and payable, including insurance premiums, or shall default in any other manner curable by the payment of money; or

(b) Tenant shall default in the performance of or compliance with any of the other covenants, agreements, terms or conditions of this Lease to be performed by or complied with by Tenant (other than any default curable by payment of money), and such default shall continue for a period of thirty (30) days after receipt of written notice thereof from Landlord to Tenant, or, in the case of a default which cannot, with due diligence, be cured within thirty (30) days, Tenant shall fail to proceed promptly (except for unavoidable delays) after the giving of such notice and with all due diligence to cure such default and thereafter to prosecute the curing thereof with all due diligence (it being intended that as to a default not susceptible of being cured with due diligence within thirty (30) days, the time within which such default may be cured shall be extended for such period as may be reasonably necessary to permit the same to be cured with all due diligence; provided, however that in no event shall the extension of any such cure period result in a cure period exceeding ninety (90) days); or

(c) Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment or similar relief under any present or future bankruptcy or other applicable Law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Tenant or of all or any substantial part of its properties or of all or any part of the Demised Premises; or

(d) if within ninety (90) days after the filing of an involuntary petition in bankruptcy against Tenant or the commencement of any proceeding against Tenant seeking any reorganization, composition, readjustment or similar relief under any Law, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver or liquidator of Tenant or of all or any substantial part of the properties of Tenant or of all or any part of the Demised Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within ninety (90) days after the expiration of any such stay, such appointment shall not have been vacated, or if, within ninety (90) days after the taking of possession, without the consent or acquiescence of Tenant, of the property of Tenant by any Governmental Authority pursuant to statutory authority for the dissolution or liquidation of Tenant, such taking shall not have been vacated or stayed on appeal or otherwise; or

(e) if Tenant shall assign, pledge or encumber any of the rentals or other sums payable from time to time under the Space Leases, other than to Landlord, as described in Section 13.02; or

(f) if, without the consent of Landlord (or as otherwise permitted herein), Tenant's interest in this Lease or the Term hereby demised shall be mortgaged, encumbered or pledged; or

(g) if any representation, warranty or statement made or deemed to be made by Tenant hereunder or in connection herewith is or proves to have been materially incorrect or misleading in any material respect when made; or

(h) if it becomes unlawful for Tenant to perform any material obligation hereunder or under any other document executed in connection herewith; or

(i) Tenant ceases to, do business or terminates its business as presently conducted for any reason whatsoever or institutes any proceeding for its dissolution or termination; or

(j) if Tenant fails to deliver possession of the Demised Premises at the end of the Term; or

(k) if any act or omission of Tenant results in the breach of any indenture, deed of trust, mortgage or other instrument (beyond any applicable notice and cure periods contained therein) to which Landlord or Tenant is a party or to which the Demised Premises is bound or may be affected;

then, and in any such event, and during the continuance thereof, Landlord may at its option, then or thereafter while any such Event of Default shall continue and notwithstanding the fact that Landlord may have any other remedy hereunder or at law or in equity, and without prejudice to any of the same, pursue one or more of the following remedies: (1) by notice to Tenant, designate a date, not less than ten (10) days after the giving of such notice, on

which this Lease shall terminate; and thereupon, on such date the Term of this Lease and the estate hereby granted shall expire and terminate upon the date specified in such notice with the same force and effect as if the date specified in such notice were the date herein fixed for the expiration of the Term of this Lease, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided and/or (2) pursue any other remedies available to Landlord at law or in equity; so long as the foregoing actions are not prohibited by documents evidencing and/or securing a first mortgage loan secured by the Property.

Section 16.02. If this Lease is terminated as provided in Section 16.01, or as permitted by law, Tenant shall peaceably quit and surrender the Demised Premises to Landlord, and Landlord may, without further notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or other legal proceeding, and again have, repossess and enjoy the same as if this Lease had not been made, and in any such event (but subject to Section 20.03) neither Tenant nor any person claiming through or under Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Demised Premises but shall forthwith quit and surrender the Demised Premises. After any termination of this Lease, Landlord will be entitled to recover all unpaid Rent that has accrued through the date of termination plus the costs of performing any of Tenant's obligations (other than the payment of rent) that should have been but were not satisfied as of the date of such termination.

Section 16.03. Notwithstanding the provisions of 16.01(a)(i) above (but only with respect to failure to fully and timely pay any installment of Stated Rent), it shall not be a default so long as, after providing for payment of Base Rent (to the extent not deferred in accordance with Section 3.06), Operating Costs, Impositions and all other obligations hereunder except Stated Rent (collectively, the "***Expenses***"), an amount equal to one-half of the amounts owning hereunder as Stated Rent (the "***Minimum Current Stated Rent***") is paid. The shortfall if any shall be accrued (the "***Accrued Stated Rent***") and paid as follows:

(a) The Accrued Stated Rent shall bear interest at the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. (the "***Prime Rate***"), plus one percent (1%) annually until paid;

(b) Accrued Stated Rent plus interest thereon shall be paid on the next succeeding due date of Stated Rent hereunder and each due date thereafter until fully paid to the extent of available Base Rent Cash Flow;

(c) All Accrued Stated Rent plus interest thereon shall be due and payable in full on the date that is (x) ninety-one (91) days after the end of the Term, or (z) or the time of closing, should the Property be sold or otherwise disposed of by Landlord;

(d) Notwithstanding anything to the contrary herein, in the event any Accrued Stated Rent is not paid in full when due pursuant to subsection (c) above, the Tenant shall not be entitled to any Disposition Fee it may otherwise be entitled to pursuant to Article 22 of this Lease in connection with the sale or other disposition of the Property, until the Accrued Stated Rent has been paid in full.

Section 16.04. Upon the occurrence and during the continuance of an Event of Default, in addition to any other remedies available to Landlord under this Lease, at law or in equity, Landlord shall have the right to continue this Lease in full force and effect, whether or not Tenant shall have abandoned the Demised Premises. If Landlord elects to continue this Lease in full force and effect pursuant to this Section 16.04, then Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due. Landlord's election not to terminate this Lease pursuant to this Section 16.04 or pursuant to any other provision of this Lease, at law or in equity, shall not preclude Landlord from subsequently electing to terminate this Lease or pursuing any of its other remedies.

Section 16.05. The exercise, or beginning of the exercise, by Landlord of any one or more of the rights or remedies provided for in this Lease or otherwise existing at law or in equity, or otherwise, shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies so provided for or so existing. The obligations of Tenant under this Article 16 shall survive the expiration or any earlier termination of this Lease.

ARTICLE 17
ADDITIONAL RIGHTS OF LANDLORD

Section 17.01. No right or remedy conferred upon or reserved to Landlord shall be exclusive of any other right or remedy, and any right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity. The failure of Landlord to insist at any time upon the strict performance of any covenant or agreement or to exercise any right, power or remedy contained in this Lease shall not be construed as a waiver or relinquishment thereof for the future. A receipt by Landlord of any installment of Stated Rent (or any component thereof) or any other amount hereunder with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. Landlord shall be entitled, to the extent permitted by law, to injunctive relief in case of the violation, or attempted or threatened violation, of any covenant, agreement, condition or provision of this Lease or to a decree compelling performance of any covenant, agreement, condition or provision of this Lease, or to any other remedy allowed Landlord by law.

Section 17.02. If an Event of Default occurs and is continuing during the Term, Tenant hereby waives and surrenders for itself and all those claiming under it (a) any right and privilege which it or any of them may have under any law to redeem the Demised Premises or to have a continuance of this Lease for the Term after termination of Tenant's right of occupancy by order or judgment of any court or by any legal process or writ, or under the terms of this Lease, or after the termination of the Term of this Lease as herein provided, and (b) the benefits of any law which exempts property from liability for debt or for distress for rent.

Section 17.03. If Tenant shall be in default in the observance or performance of any of its obligations under this Lease and an action shall be brought for the enforcement thereof in which it shall be determined that Tenant was in default, Tenant shall pay to Landlord the expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees.

ARTICLE 18
ESTOPPEL CERTIFICATES

Tenant will, from time to time upon not less than thirty (30) days' prior written request by Landlord, deliver to Landlord a written statement certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications) and the dates to which the Rent and other amounts due hereunder have been paid, and either stating that to the knowledge of Tenant no default exists in the performance of any covenant, agreement or condition contained in this Lease or specifying each default of which Tenant may have knowledge.

ARTICLE 19
NO MERGER

There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Demised Premises or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created, or any interest in this Lease or in such leasehold estate, as well as the fee estate in the Demised Premises.

ARTICLE 20
SURRENDER AND HOLDING OVER

Section 20.01. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Demised Premises (except as to any portion thereof with respect to which this Lease has previously terminated) to Landlord in a condition substantially similar to the condition of the Demised Premises on the Commencement Date, reasonable wear and tear and capital improvements excepted, free and clear of all leases and occupancies other than (a) the Existing Obligations (to the extent the same have not expired or have since been terminated), (b) Subleases and (c) any other leases and occupancies which Landlord has expressly agreed in writing shall survive the expiration or sooner termination of this Lease, and free and clear of all liens and encumbrances other than those, if any, created by Landlord. Upon termination of this Lease, Tenant shall assign the items set forth in (a), (b) and (c) above to Landlord. Tenant shall remove from the Demised Premises on or prior to such expiration or earlier termination the trade fixtures and personal property which are owned by Tenant, and Tenant at its expense shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Trade fixtures and personal property not so removed at the end of the Term or within thirty (30) days after the earlier termination of the Term for any reason whatsoever shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Demised Premises. The cost of removing and disposing of such property and repairing any damage to any of the Demised Premises caused by such removal shall be borne by Tenant. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any property which becomes the property of Landlord as a result of such expiration or earlier termination.

Section 20.02. In furtherance of Tenant's obligations pursuant to Section 20.01, upon the expiration or earlier termination of the Term, Tenant shall use commercially reasonable efforts (i) to (A) transfer to Landlord or Landlord's designee all licenses, operating permits and other governmental authorizations and all contracts, including payor contracts with governmental or quasi-governmental entities, in each instance to the extent held in the name of Tenant, that may be necessary for the operation of the Demised Premises (collectively, "***Licenses***"), and, if required by Landlord, (B) execute and deliver an operations transfer agreement on terms reasonably acceptable to Landlord to facilitate the transition of the operation of the Demised Premises, or (ii) if such transfer is prohibited by law or Landlord otherwise elects, to cooperate with Landlord or Landlord's designee in connection with the processing by Landlord or Landlord's designee of any applications for all Licenses; provided, in either case, that the costs and expenses of any such transfer or the processing of any such application shall be paid by Landlord or Landlord's designee. Additionally, so as to avoid any disruption or delay of any services or amenities at the Demised Premises, and provided the following is permitted under applicable law, if licenses or permits held in Tenant's name cannot be transferred or cannot be transferred immediately to a successor entity that operates the Demised Premises, Tenant agrees to enter into an interim lease arrangement in form and substance reasonably acceptable to Tenant, which shall lawfully permit Tenant to continue to operate the Demised Premises or activities of the Demised Premises under Tenant's Licenses until the earlier of completion of the transfer, issuance of a replacement license or permit, or one (1) year after the effective date of the termination.

Section 20.03. Any holding over by Tenant of the Demised Premises after the expiration or earlier termination of the Term of this Lease or any extensions thereof, with the consent of Landlord, shall operate and be construed as a tenancy from month to month only, at the Rent reserved herein and otherwise upon the same terms and conditions as contained in this Lease. Notwithstanding the foregoing, any holding over without Landlord's consent shall entitle Landlord, in addition to collecting Rent at a rate of one hundred fifty percent (150%) thereof from and after the date of such holding over, to exercise all rights and remedies provided by law or in equity, including the remedies of Section 16.01.

Section 20.04. Upon the termination or expiration of this Lease and subject to Sections 20.01, 20.02 and 20.03 of this Lease, all improvements therewith, Space Leases, Service Contracts and Intangible Property shall be deemed to have been automatically transferred or assigned or reassigned (as applicable) to Landlord or Landlord's designee, and Landlord or Landlord's designee shall be deemed to have automatically acquired such improvements and assumed all duties and obligations of Tenant under all Space Leases, Service Contracts and Intangible Property without any further action on the part of Tenant. In the event of such transfer or reassignment, Tenant agrees to execute

such documentation as may be required to confirm the automatic transfer and assignment/reassignment contained herein.

ARTICLE 21
SPACE LEASES

Tenant covenants and agrees to observe and perform all of the duties and obligations of the landlord/lessor to be observed and performed under Space Leases and to use Tenant's best efforts to enforce the conditions and obligations imposed on the tenants under the Space Leases to the extent prudent and customary in the then current market. Subject to the terms of this Lease, during the Term, Tenant shall be entitled to all of the benefits of the "***Landlord***" under the Space Leases (whether the Space Leases are entered into by Landlord or Tenant), including, without limitation, the right to collect and use the rents and other payments under the Space Leases. Other than in connection with any assignment by Tenant to Landlord to secure Tenant's obligations under this Lease, Tenant shall not assign the right to receive any rental or other sums payable under the Space Leases or any other rights under the Space Leases, without the prior written consent of Landlord in each instance. Notwithstanding the foregoing, Tenant shall not collect any rent under any Space Lease more than one (1) month in advance.

ARTICLE 22
DISPOSITION FEE, BROKERAGE COMMISSIONS AND OTHER REIMBURSEMENTS UPON SALE

If the Demised Premises hereafter are sold or otherwise disposed of by Landlord (including, for the avoidance of doubt, through an exchange pursuant to Internal Revenue Code Section 721, but excluding, for the avoidance of doubt, any foreclosure or deed in lieu thereof) prior to the termination of the Lease, then such proceeds shall be paid at such closing in the order set forth below, to the extent of available cash or other consideration after the payment of closing costs in connection with such sale or other disposition:

(i) Landlord shall be paid any outstanding amounts owed by Tenant to the Landlord, including without limitation any unpaid accrued Rent, including any Accrued Stated Rent;

(ii) Tenant shall be paid any outstanding amounts owed by Landlord to the Tenant, including without limitation any unpaid Asset Management Fees; and

(iii) The Tenant shall be entitled to receive a disposition fee (the "***Disposition Fee***") from the Landlord equal to 4% of the gross proceeds from the disposition of the Landlord's interest in the Demised Premises regardless of the form of consideration (i.e., whether purchased for cash, a note, or interests in an entity that acquires the Property) as compensation for the termination of this Lease; provided, however, the Disposition Fee will not be paid to the Tenant unless the aggregate gross sale price of the Demised Premises and the Palm Coast Property (collectively, the "***Properties***") equals at least $28,400,000; provided, that, if the Properties are not sold as a portfolio, then the Disposition Fee shall not be paid unless the gross sale price of the Landlord's interest in the Demised Premises equals at least $15,620,000. The Disposition Fee shall be reduced by the amount of any sales commissions or similar fees required to be paid to one or more third-party real estate brokers in connection with such sale or other transfer, which such commissions or similar fees shall be paid by Landlord. The right to receive the Disposition Fee shall expressly survive the transfer of Landlord's interest in the Demised Premises and the dissolution and termination of the Landlord.

ARTICLE 23
FEE MORTGAGES

Tenant shall not mortgage, pledge or otherwise finance its interest in this Lease or the Demised Premises. Both Tenant and Landlord agree that, for federal and applicable state tax purposes, Tenant and Landlord shall characterize this Lease in a manner consistent with applicable tax laws as Tenant and Landlord jointly shall determine.

Tenant acknowledges that Landlord may have entered into (or may in the future enter into) mortgage financings related to its ownership of the Property (and as part of such financings, Landlord may pledge its interests in this Lease and execute and/or deliver such other documents and instruments Landlord deems necessary and/or appropriate to consummate such transactions). This Lease is and shall be subject and subordinate to any and all fee mortgages now or hereafter in effect entered into by Landlord, it being understood and agreed that Tenant shall have no responsibility whatsoever under such financing arrangements and/or fee mortgages or to the holder of any such fee mortgages, except as may be otherwise agreed by Tenant in this Lease or otherwise is in writing. Tenant shall not be required to make any payments nor shall Tenant be deemed to be either a borrower or guarantor under any financing transaction entered into by Landlord.

ARTICLE 24
PROPERTY MANAGER

Agnes Healthcare, LLC (D/B/A Gold Choice Senior Management), a Florida limited liability company, or any other Tenant affiliated or third party manager as may be designated by Tenant from time to time, shall be the property manager or asset manager for the Property ("***Property Manager***") to operate and manage the Demised Premises. The Property Manager may subcontract some or all of its obligations to a third-party property manager, provided that no such subcontract shall relieve Property Manager of its obligations to Tenant, nor relieve Tenant or its obligations to Landlord. The Property Manager, or a replacement designated by the Tenant, as the case may be, shall be entitled to a property management fee (the "***Property Management Fee***") under the property management agreement then in place with such Property Manager or replacement.

ARTICLE 25
HAZARDOUS SUBSTANCES

Section 25.01. Tenant agrees that it will not on, about, or under the Demised Premises, make, release, treat or dispose of any "hazardous substances" as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act, and the rules and regulations promulgated pursuant thereto, as from time to time amended, 42 U.S.C. § 9601 *et seq.* (the "**Act**"); but the foregoing shall not prevent the use of any hazardous substances in accordance with applicable laws and regulations. Tenant represents and warrants that it will at all times comply with the Act and any other federal, state or local laws, rules or regulations governing "Hazardous Materials". "Hazardous Materials" as used herein shall mean all chemicals, petroleum, crude oil or any fraction thereof, hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, asbestos-containing materials and/or products, urea formaldehyde, or any substances which are classified as "hazardous" or "toxic" under the Act; hazardous waste as defined under the Solid Waste Disposal Act, as amended 42 U.S.C. § 6901 *et seq.;* air pollutants regulated under the Clean Air Act, as amended, 42 U.S.C. § 7401, *et seq.;* pollutants as defined under the Clean Water Act, as amended, 33 U.S.C. § 125 1, *et seq.,* any pesticide as defined by Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136, *et seq.,* any hazardous chemical substance or mixture or imminently hazardous substance or mixture regulated by the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et Seq., any substance listed in the United States Department of Transportation Table at 45 CFR 172.101; any chemicals included in regulations promulgated under the above listed statutes; any explosives, radioactive material, and any chemical or other substance regulated by federal, state or local statutes similar to the federal statutes listed above and regulations promulgated under such federal, state or local statutes.

Section 25.02. To the extent required by the Act and/or any federal, state or local laws, rules or regulations governing Hazardous Materials, Tenant shall remove any hazardous substances (as defined in the Act) and Hazardous Materials (as defined above) whether now or hereafter existing on the Demised Premises and whether or not arising out of or in any manner connected with Tenant's occupancy of the Demised Premises during the Term. In addition to, and without limiting Article 15 of this Lease, Tenant shall and hereby does agree to defend, indemnify and hold the Indemnified Parties harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities, including, but not limited to, reasonable attorneys' fees and costs of litigation, arising out of or in any manner connected with (i) the violation of any applicable federal, state or local environmental law with respect to the

Demised Premises or Tenant's or any other person's or entity's prior ownership of the Demised Premises; (ii) the "release" or "threatened release" of or failure to remove, as required by this Article 25, "hazardous substances" (as defined in the Act) and Hazardous Materials (as defined above) at or from the Demised Premises or any portion or portions thereof, including any past or current release and any release or threatened release during the Term whether or not arising out of or in any manner connected with Tenant's occupancy of the Demised Premises during the Term. The provisions of this Section 25.02 shall survive the expiration or earlier termination of this Lease as provided in Section 15.05.

Section 25.03. Tenant agrees that it will not install any underground storage tanks at the Demised Premises without specific, prior written approval from the Landlord. Tenant agrees that it will not store combustible or flammable materials on the Demised Premises in violation of the Act or any other federal, state or local laws, rules or regulations governing Hazardous Materials.

ARTICLE 26
MISCELLANEOUS

Section 26.01. Each covenant and agreement contained in this Lease shall be construed to be a separate and independent covenant and agreement, and the breach of any such covenant or agreement by Landlord shall not discharge or relieve Tenant from Tenant's obligation to observe and perform each and every covenant and agreement of this Lease to be observed and performed by Tenant. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each term and provision of this Lease shall be valid and enforceable to the maximum extent permitted by law.

Section 26.02. This Lease shall be construed and enforced in accordance with the internal laws of the State in which the Demised Premises is located without regard to principles of conflicts of laws.

Section 26.03. This Lease may be executed, for the convenience of the Landlord and Tenant, in multiple counterparts, but it is intended that all counterparts shall constitute only one Lease. Facsimile or electronic (PDF) signature pages shall be effective for purposes of this paragraph.

Section 26.04. This Lease may not be changed, modified or discharged except by a writing signed by the party against whom such change, modification or discharge is being brought.

Section 26.05. All covenants, conditions and obligations contained in this Lease shall be binding upon and inure to the benefit of the respective permitted successors and assigns of Landlord and Tenant to the same extent as if such permitted successor and assign were named as a party to this Lease.

Section 26.06. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease (collectively "***Notice***" or "***Notices***") shall be in writing and shall be deemed to have been given for all purposes (i) three (3) days after having been sent by United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address as stated below, or (ii) one (1) day after having been sent overnight mail by Federal Express, United Parcel Service or other nationally recognized overnight courier service:

To the Addresses stated below:

If to Landlord: 1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez

If to Tenant: 1031CF Lake City MT LLC
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez

With a copy to: KVCF, PLC
1401 East Cary Street
Richmond, Virginia 23219

If any lender shall have advised Tenant by Notice in the manner aforesaid that it is the holder of a mortgage encumbering the Demised Premises and states in said Notice its address for the receipt of Notices, then simultaneously with the giving of any Notice by Tenant to Landlord, Tenant shall send a copy of such Notice to such lender in the manner aforesaid. For the purposes of this Section 26.06, any party may substitute its address by giving fifteen (15) days' notice to the other party in the manner provided above. Any Notice may be given on behalf of any party by its counsel.

Section 26.07. Intentionally deleted.

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SIGNATURE PAGE TO THE MASTER LEASE
FOR
1031CF PORTFOLIO 5 DST

LANDLORD: **1031CF PORTFOLIO 5 DST**
a Delaware statutory trust

By: 1031CF Portfolio 5 ST LLC,
a Delaware limited liability company
Its: Signatory Trustee

By: _____
Name: Edward E. Fernandez
Its: President

TENANT: **1031CF LAKE CITY MT LLC**
a Delaware limited liability company

By: _____
Name: Edward E. Fernandez
Its: President

EXHIBIT A

LEGAL DESCRIPTION

A portion of Section 36, Township 3 South, Range 16 East, Columbia County, Florida, being more particularly described as follows:

For a point of reference, commence at the Northeast corner of Lot 3, Gleason Place, Unit One, according to the plat thereof recorded in Plat Book 7, Page 17, of the Public Records of Columbia County, Florida; thence run South 21°56'49" East, along the Easterly boundary of said Gleason Place Unit 1 for 118.68 feet to the Point of Beginning; thence North 48°32'35" East for 219.84 feet to a point on a circular curve being concave Southwesterly; thence run Northwesterly along the arc of said curve, having a radius of 450.00 feet, through a central angle of 29°50'22" for an arc distance of 234.36 feet, said arc being subtended by a chord bearing and distance of North 57°06'12" West, 231.72 feet; thence North 17°58'37" East for 26.93 feet to a point of curvature of circular curve being concave Easterly; thence run Northerly along the arc of said curve, having a radius of

100.00 feet, through a central angle of 19°30'27" for an arc distance of 34.05 feet, said arc being subtended by a chord bearing and distance of North 27°43'51" East 33.88 feet; thence North 37°29'04" East for 132.40 feet; thence South 84°42'59" East for 160.00 feet; thence South 41°21'04" East for 293.92 feet; thence South 21°50'09" East for 468.65 feet to a point lying on the South line of those lands described and recorded in Official Records Book 1053, Page 822, of the Public Records of Columbia County, Florida; thence South 84°55'45" West, along said South line of Official Records Book 1053, Page 822, for 491.07 feet; thence North 56°47'53" East for

246.01 feet to a point on a circular curve being concave Northeasterly; thence run Northwesterly along the arc of said curve, having a radius of 255.00 feet, through a central angle of 18°02'59" for an arc distance of 80.33 feet, said arc being subtended by a chord bearing and distance of North 41°36'04" West 80.00 feet; thence South 71°17'04" West for 214.72 feet to the Southeast corner of Lot 1 of said Gleason Place Unit 1; thence North 21°56'49" West, along said Easterly boundary of Gleason Place Unit 1, for 168.28 feet to the Point of Beginning.

Together with and subject to easement for ingress and egress and utilities recorded in Official Records Book 1053, Page 822, of the Public Records of Columbia County, Florida.

EXHIBIT B

RENT

Lease Year	Base Rent	Stated Rent	Total Annual Rent
Lease Year 1 (mos. 1-6)	$8,257	$449,751	$458,008
Lease Year 1 (mos. 7-12)	$60,290	$449,751	$510,041
Lease Year 2	$125,403	$915,145	$1,040,548
Lease Year 3	$130,419	$930,788	$1,061,207
Lease Year 4	$135,636	$946,432	$1,082,068
Lease Year 5	$141,062	$962,075	$1,103,137
Lease Year 6	$146,704	$977,719	$1,124,423
Lease Year 7	$152,572	$993,362	$1,145,934
Lease Year 8	$158,675	$1,009,006	$1,167,681
Lease Year 9	$165,022	$1,024,649	$1,189,671
Lease Year 10	$171,623	$1,040,293	$1,211,916

EXHIBIT C

INSURANCE

Tenant shall, at Tenant's expense (subject to Section 4.02 of the Lease), maintain in force and effect on the Demised Premises at all times while this Lease continues in effect the following insurance:

(a) Insurance against loss or damage to the Demised Premises by fire, tornado and hail and against loss and damage by such other, further and additional risks as may be now or hereafter embraced by an "all-risk" form of insurance policy. The amount of such insurance shall be not less than one hundred percent (100%) of the full replacement (insurable) cost of the improvements, furniture, furnishings, fixtures, equipment and other items (whether personalty or fixtures) included in the Demised Premises and owned by Landlord from time to time, without reduction for depreciation. The determination of the replacement cost amount shall be at Landlord's election, by reference to such indices, appraisals or information as Landlord determines in its reasonable discretion. Full replacement cost, as used herein, means, with respect to the improvements, the cost of replacing the improvements without regard to deduction for depreciation, exclusive of the cost of excavations, foundations and footings below the lowest basement floor, and means, with respect to such furniture, furnishings, fixtures, equipment and other items, the cost of replacing the same, in each case, with inflation guard coverage to reflect the effect of inflation, or annual valuation. Each policy or policies shall contain a replacement cost endorsement and either an agreed amount endorsement (to avoid the operation of any co-insurance provisions) or a waiver of any co-insurance provisions, all subject to Landlord's approval.

(b) Comprehensive Commercial General Liability Insurance for personal injury, bodily injury, death and property damage liability and Professional Liability Insurance in amounts not less than $1,000,000 per occurrence and $3,000,000 in the aggregate (both inclusive of umbrella coverage). During any construction on the Property, Tenant's general contractor for such construction shall also provide the insurance required in this Subsection (b). Landlord hereby retains the right to periodically review the amount of said liability insurance being maintained by Tenant and, not more than annually (unless an event occurs or a state of facts exists which, with the giving of notice and/or the passage of time, would constitute an Event of Default (such event or state of facts, a "Default") shall exist hereunder, in which case such limitation shall not apply), to require an increase in the amount of said liability insurance should Landlord deem an increase to be reasonably prudent under then existing circumstances.

(c) General boiler and machinery insurance coverage is required if steam boilers or other pressure-fired vessels are in operation at the Demised Premises. Minimum amount per accident shall be not less than $500,000.

(d) If the Demised Premises is identified by the Secretary of Housing and Urban Development as being situated in an area now or subsequently designated as having special flood hazards (including, without limitation, those areas designated as Zone A or Zone V), flood insurance in an amount equal to the lesser of: (i) the minimum amount required, under the terms of coverage, to compensate for any damage or loss on a replacement basis; or (ii) the maximum insurance available under the appropriate National Flood Insurance Administration program.

(e) During the period of any construction on the Demised Premises or renovation or alteration of the improvements, a so-called "Builder's All-Risk Completed Value" or "Course of Construction" insurance policy in non-reporting form for any improvements under construction, renovation or alteration in an amount approved by Landlord and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration.

(f) Loss of rents or loss of business income insurance in amounts sufficient to compensate Tenant for all rents and profits during a period of not less than twelve (12) months in which the Demised Premises may be damaged or destroyed. The amount of coverage shall be adjusted annually to reflect the rents and profits of income payable during the succeeding twelve (12) month period.

(g) Such other insurance on the Demised Premises or on any replacements or substitutions thereof or additions thereto as may from time to time be required by Landlord against other insurable hazards or casualties

which at the time are commonly insured against in the case of property similarly situated including, without limitation, sinkhole, mine subsidence, earthquake and environmental insurance, with due regard being given to the height and type of buildings, their construction, location, use and occupancy.

EXHIBIT D

Financial Projections

The following Financial Projections are intended to supplement the disclosures contained in this Memorandum. The Financial Forecast was prepared based upon our assumptions, including current estimates of income and expenses relating to the operation of the Properties. We believe these assumptions to be reasonable and are not aware of any material factors other than as set forth in the Memorandum of which this Exhibit forms a part that would cause the financial information not to be necessarily indicative of future operating results. However, if the assumptions with respect to the Properties do not prove correct, the Properties will have difficulty in achieving their anticipated results. Some of the other underlying assumptions inevitably may not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the period covered is likely to vary from the Financial Projections, and the variation may be material. As a result, your rate of return may be higher or lower than that set forth. Your return on your investment in the Interests will depend upon economic factors and conditions beyond our control.

The income and cash flow forecast for the Properties and Trust, including the projected cash-on-cash return, is based on the Properties' historical performance, rent roll, in-place and recent leases, and market and general economic conditions. Underlying assumptions include (1) a vacancy factor of 8.0%; (2) a revenue escalation of 6.0% from year 1 to year 2, 3.0% from year 2 to year 3, and 3.0% thereafter; and (3) an expense escalation of 6.0% from year 1 to year 2, 3.0% from year 2 to year 3, and 3.0% thereafter.

The projected availability and use of the reserves assumes: (1) capital expenditures are made as anticipated pursuant to the Property Condition Assessments described in the Memorandum and (2) the Properties generate sufficient cash flow to fund the additional contributions to reserves beginning in year one.

[See Financial Projections Attached]

1031 CF Portfolio 5 DST

Acquisition Summary

Property Addresses			
Property Name	**Address**	**City, State**	**Zip Code**
Gold Choice Palm Coast AL & MC	3830 Old Kings Road	Palm Coast, FL	32137
The Canopy at Harper Lake	213 NW Gleason Dr.	Lake City, FL	32055

Acquisition Information		
	Per Unit	
Purchase Price	$185,526	$21,150,000
Trust Held Reserves	5,263	600,000
Master Tenant Demand Notes	5,263	600,000
Purchase NOI (Yr 1 Projected)	15,773	1,798,110
Appraised Value	198,596	22,640,000
Load on Capitalization		23.42%
Load on Appraised Value		20.28%
Cap Rate (Purchase Price)		8.50%
Cap Rate (Appraised Value)		7.18%

Offering Summary	
Offer Price	$28,400,000
Minimum Purchase	25,000
Price per 1% Beneficial Interest	284,000

Projected Cash Flow Summary				
	Year 1	**Year 2**	**Year 3**	**Year 4**
Estimated Cash Flow to Beneficiaries	**$1,633,000**	**$1,661,400**	**$1,689,801**	**$1,718,202**
Estimated Cash on Cash Return	**5.75%**	**5.85%**	**5.95%**	**6.05%**

Portfolio Statistics	
Years Constructed	2018 & 2021
Number of Beds	172
Number of Units	114
Number of Buildings	2
Gross Building Area	81,104 SF
Total Land Area	12.34 Acres
Occupancy* (At Close)	86.8%

Use of Funds**	
Purchase Price of Property	**$ 21,150,000**
Trust Held Reserves	600,000
Total Unloaded Capitalization	**21,750,000**
Acquisition Costs	
Real Estate Acquisition Costs	523,000
Acquisition Fee Reallocated to Master Tenant	700,000
Acquisition Fee	423,000
Mezz Carry Costs	2,130,000
Total Acquisition Costs	**3,776,000**
Syndication Costs	
Offering & Organization Expenses	318,000
Commissions, DD Allowance and Dealer-Manager Fee	2,556,000
Total Syndication Costs	**2,874,000**
Total Equity on Offer	**$ 28,400,000**

* See Resident Rate of Occupancy on page 18 of the PPM for further discussion.

** For Detailed Footnotes, please see Estimated Use of Proceeds section of the Private Placement Memorandum.

1031 CF Portfolio 5 DST

Portfolio - Projected Cash Flows

Year	1	2	3	4	5	6	7	8	9	10
Gross Scheduled Rents	**5,565,938**	**5,899,894**	**6,076,891**	**6,259,198**	**6,446,973**	**6,640,383**	**6,839,594**	**7,044,782**	**7,256,125**	**7,473,809**
Vacancies	(445,275)	(471,992)	(486,151)	(500,736)	(515,758)	(531,231)	(547,168)	(563,583)	(580,490)	(597,905)
Concessions	(346,780)	(367,587)	(378,614)	(389,973)	(401,672)	(413,722)	(426,134)	(438,918)	(452,085)	(465,648)
Level of Care Revenue	1,322,824	1,402,193	1,444,259	1,487,587	1,532,215	1,578,181	1,625,527	1,674,292	1,724,521	1,776,257
Community Fees	198,200	210,092	216,395	222,887	229,573	236,460	243,554	250,861	258,387	266,138
Other Revenue	12,088	12,813	13,198	13,594	14,001	14,421	14,854	15,300	15,759	16,231
Effective Gross Income	**6,306,995**	**6,685,413**	**6,885,978**	**7,092,557**	**7,305,332**	**7,524,492**	**7,750,227**	**7,982,734**	**8,222,217**	**8,468,882**
Operating Expenses										
Payroll	2,817,000	2,986,020	3,075,601	3,167,869	3,262,905	3,360,792	3,461,616	3,565,464	3,672,428	3,782,601
Repairs & Maintenance	43,000	45,580	46,947	48,356	49,806	51,301	52,840	54,425	56,058	57,739
Dining Supplies	362,000	383,720	395,232	407,089	419,301	431,880	444,837	458,182	471,927	486,085
Marketing	8,000	8,480	8,734	8,996	9,266	9,544	9,831	10,126	10,429	10,742
Utilities	310,000	328,600	338,458	348,612	359,070	369,842	380,937	392,366	404,137	416,261
Housekeeping	5,000	5,300	5,459	5,623	5,791	5,965	6,144	6,328	6,518	6,714
Activities	5,000	5,300	5,459	5,623	5,791	5,965	6,144	6,328	6,518	6,714
Medical Supplies	69,000	73,140	75,334	77,594	79,922	82,320	84,789	87,333	89,953	92,652
Administrative Expenses	140,000	148,400	152,852	157,438	162,161	167,026	172,036	177,197	182,513	187,989
Insurance	274,000	290,440	299,153	308,128	317,372	326,893	336,700	346,801	357,205	367,921
RE Sales Tax & Licenses	129,000	136,740	140,842	145,067	149,419	153,902	158,519	163,275	168,173	173,218
Management Fee	346,885	367,698	378,729	390,091	401,793	413,847	426,263	439,050	452,222	465,789
Total Operating Expenses	**4,508,885**	**4,779,418**	**4,922,800**	**5,070,486**	**5,222,597**	**5,379,277**	**5,540,656**	**5,706,875**	**5,878,081**	**6,054,425**
Net Operating Income	**1,798,110**	**1,905,995**	**1,963,178**	**2,022,071**	**2,082,735**	**2,145,215**	**2,209,571**	**2,275,859**	**2,344,136**	**2,414,457**
NOI Margin	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%
Total Rents to Trust	**1,757,445**	**1,889,063**	**1,926,570**	**1,964,441**	**2,002,690**	**2,041,334**	**2,080,387**	**2,119,867**	**2,159,789**	**2,200,173**
Master Tenant Income	**40,665**	**16,932**	**36,608**	**57,630**	**80,045**	**103,881**	**129,184**	**155,992**	**184,347**	**214,284**
Cash on Cash Return	**5.75%**	**5.85%**	**5.95%**	**6.05%**	**6.15%**	**6.25%**	**6.35%**	**6.45%**	**6.55%**	**6.65%**

1031 CF Portfolio 5 DST

DST - Projected Cash Flows

Year	1	2	3	4	5	6	7	8	9	10
Total Collected Rents	**1,757,445**	**1,889,063**	**1,926,570**	**1,964,441**	**2,002,690**	**2,041,334**	**2,080,387**	**2,119,867**	**2,159,789**	**2,200,173**
DST Expenses										
Asset Management Fee	37,013	76,986	80,065	83,268	86,599	90,063	93,666	97,413	101,310	105,362
Investor Relations & Administrative Costs	49,700	103,376	107,511	111,811	116,283	120,934	125,771	130,802	136,034	141,475
Entity Expenses	6,500	13,520	14,060	14,622	15,207	15,815	16,448	17,106	17,790	18,502
Signatory Trustee Fee	1,250	2,600	2,704	2,812	2,924	3,041	3,163	3,290	3,422	3,559
Trust Held Reserve Sweep	29,982	31,181	32,429	33,726	35,075	36,478	37,937	39,454	41,032	42,674
Total DST Expenses	**124,445**	**227,663**	**236,769**	**246,239**	**256,088**	**266,331**	**276,985**	**288,065**	**299,588**	**311,572**
Net Income Distributable to Investors	**1,633,000**	**1,661,400**	**1,689,801**	**1,718,202**	**1,746,602**	**1,775,003**	**1,803,402**	**1,831,802**	**1,860,201**	**1,888,601**
Cash on Cash Return	**5.75%**	**5.85%**	**5.95%**	**6.05%**	**6.15%**	**6.25%**	**6.35%**	**6.45%**	**6.55%**	**6.65%**

1031 CF Portfolio 5 DST

Forecasted Reserve Accounts Inflows/Outflows

Year	1	2	3	4	5	6	7	8	9	10
Trust Held Reserves										
Beginning Balance	600,000	600,477	627,814	552,838	586,564	577,577	587,263	563,968	566,459	607,491
Trust Held Reserve Sweep - Inflow (+)	29,982	31,181	32,429	33,726	35,075	36,478	37,937	39,454	41,032	42,674
Deductions - Outflow (-)	(29,505)	(3,844)	(107,405)	-	(44,062)	(26,792)	(61,232)	(36,963)	-	(252,270)
Ending Balance	600,477	627,814	552,838	586,564	577,577	587,263	563,968	566,459	607,491	397,895
Capital Expenditure Projections										
3.1.2 Site Access, Parking, Pavement	16,255		15,680			12,880		15,680		
3.1.4 Landscaping, Fencing, Signange, Site Lighting	3,500									
3.2.3 Cladding			43,750		24,500					
3.2.4 Roof Systems	9,500									
3.2.7 Common Area Amenities and Services		3,750			15,418			15,416		6,600
3.2.8 Common Area Finishes			12,000			10,800				21,600
3.3.1 Plumbing Systems and Domestic Hot Water										7,500
3.3.2 Heating, Cooling, and Ventilation										141,800
3.3.3 Electrical Systems	250									
3.3.6 Fire Protection and Life Safety Systems										12,500
3.4.3 Unit Finishes			30,800							12,000
3.4.5 Unit Appliances							52,800			
Projected CapEx Spending (Uninflated)	29,505	3,750	102,230	-	39,918	23,680	52,800	31,096	-	202,000
Inflation Factor (2.5%)	1.0	1.025	1.051	1.077	1.104	1.131	1.160	1.189	1.218	1.249
Projected CapEx Spending	**29,505**	**3,844**	**107,405**	**-**	**44,062**	**26,792**	**61,232**	**36,963**	**-**	**252,270**

EXHIBIT E

Form of Purchase Agreement and Escrow Instructions

[See Attached]

Form of Purchase Agreement

PURCHASE AGREEMENT
1031CF PORTFOLIO 5 DST

THIS PURCHASE AGREEMENT ("Agreement") is made and effective as of the date Seller executes this Agreement ("Effective Date") by and between 1031CF Portfolio 5 DST, a Delaware statutory trust ("Seller"), and _____
(Please enter complete legal name of buyer) ("Buyer"), with reference to the facts set forth below. All terms with initial capital letters not otherwise defined herein shall have the meanings set forth in the Defined Terms attached hereto as Schedule 1 and incorporated herein.

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

1. Agreement of Purchase and Sale.

1.1 Purchase and Sale. Seller hereby agrees to sell, and Buyer hereby agrees to purchase, a beneficial interest (the "Interest") of _____ % in the Seller at a purchase price ("Purchase Price") equal to $_____.

1.2 Payment. Buyer shall pay the Purchase Price at least five (5) Business Days prior to the Close of Escrow in accordance with instructions from Seller. If the purchase of the Interest is to take place after the Close of Escrow, then Buyer shall pay the Purchase Price promptly following receipt of instructions from Seller.

1.3 Buyer's Deliveries. Prior to the Close of Escrow, Buyer shall execute, acknowledge (where appropriate) and deliver to Seller: (i) the Purchaser Questionnaire (including documentary evidence of Accredited Investor status specified therein), (ii) an executed signature page for the Trust Agreement and (iii) such other documents as may reasonably be requested by Seller; provided, however, the effectiveness of any such documentation shall remain subject to the satisfaction of the closing condition set forth in Section 3 hereof.

1.4 Buyer's Intent to Exchange. If Buyer's acquisition of the Interest is part of a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code, pursuant to an Exchange Agreement between Buyer and Buyer's Accommodator set forth on the Purchaser Questionnaire, then Seller agrees to execute such documents or instruments as may be necessary or appropriate to evidence such exchange, provided Seller's cooperation in such regard shall be at no additional cost, expense, or liability whatsoever to Seller and that no additional delays in the scheduled closing date of this Agreement are incurred unless mutually agreed upon by all parties to this Agreement.

1.5 Advisors. Buyer has consulted with a qualified attorney or other knowledgeable professional as to the tax and real estate issues associated with a purchase of the Interest.

2. Close of Sale.

2.1 Close of Sale. This sale of the Interest shall close on or before, _____, 202__ (the "Closing Date"), by delivering funds and documents IF AND ONLY IF: (a) all funds and instruments required pursuant to Section 1 have been delivered to Seller; and (b) the condition precedent set forth in Section 3 has been, or upon such closing shall be, satisfied or waived.

2.2 Latest Closing. If the transfer of the Interest has not closed by 5:00 p.m. on the Business Day after the Closing Date, for any reason other than the default of either Buyer or Seller under this Agreement, either party may terminate this Agreement by written notice to the other party. If this Agreement is so terminated for any reason other than the default of Buyer or Seller hereunder, Buyer and Seller shall be released from their obligations under this Agreement, other than any obligations of Buyer that survive termination of this Agreement. If all conditions to the Close of Escrow have been satisfied or waived by the Closing Date and Buyer fails to acquire the Interest by satisfying all of its obligations under this Agreement, then in addition to any other rights or remedies that Seller may have, Seller shall be entitled to terminate this Agreement and, upon such termination, Seller shall be released from all

obligations under this Agreement.

3. Conditions to Closing.

3.1 Closing Condition. This Agreement and the obligations of the parties hereunder are subject to Seller simultaneously acquiring the Property.

4. Representations and Warranties.

4.1 Seller Representations and Warranties.

4.1.1 Seller Representations and Warranties. Seller hereby represents and warrants, as of the date of this Agreement and the closing of the sale of the Interest, that:

(a) the execution, delivery, and performance of this Agreement and all other agreements contemplated hereby or otherwise in connection with the purchase, lease, and operation of the Property to which Seller is a party have been duly and validly authorized by Seller;

(b) this Agreement and each such other agreements constitute a valid and binding obligation of Seller, enforceable in accordance with its terms;

(c) the execution and delivery by Seller of this Agreement and all such other agreements, and the sale of the Interests hereunder, and the fulfillment of and compliance with the respective terms hereof and thereof by Seller, do not and shall not (1) conflict with or result in a breach of the terms, conditions, or provisions of, (2) constitute a material default under, (3) result in the creation of any lien or encumbrance upon Seller's assets pursuant to, (4) give any third party the right to modify, terminate, or accelerate any obligation under, (5) result in a violation of, or (6) require any authorization, consent, approval, exemption, or other action by or notice or declaration to, or filing with any court or administrative or governmental body or agency pursuant to, the organizational documents of Seller, or any law, statute, rule or regulation, order, judgment or decree to which Seller is subject, or any material agreement or instrument to which Seller is subject;

(d) there are no actions, suits, proceedings, orders, investigations, or claims pending or, to the best of Seller's knowledge, threatened against or, to Seller's knowledge, affecting Seller, or pending or threatened by Seller against any third party, at law or in equity, or before or by any governmental department, commission, board, bureau, agency, or instrumentality (including, without limitation, any actions, suit, proceedings, or investigations with respect to the transactions contemplated by this Agreement); nor have there been any such actions, suits, proceedings, orders, investigations or claims pending against or affecting Seller during the past three years;

(e) Seller is not subject to any judgment, order, or decree of any court or governmental body, agency, or official of any country or political subdivision of any country, including, but not limited to, federal, state, county, and local governments, administrative agencies, and courts (a "Governmental Authority'), which could have any change or effect (or aggregation of changes and effects) that is or could reasonably be expected to be materially adverse to the business, assets, condition (financial or otherwise), or operations of Seller;

(f) no permit, consent, approval, or authorization of, or declaration to or filing with, any Governmental Authority or any other person or entity is required in connection with the execution, delivery, and performance by Seller of this Agreement or the other agreements contemplated hereby, or the consummation by Seller of any other transactions contemplated hereby or thereby, except those that have already been obtained or made;

(g) to the best of Seller's knowledge, there are no current, outstanding breaches of any representations, warranties, or covenants made to Seller by the prior owners of the Property pursuant to the acquisition agreement between Seller and the prior owners;

(h) all documents, instruments, and other materials provided to Buyer, by Seller, in conjunction with this transaction, including, but not limited to the Memorandum, are true and correct in all

material respects, and do not contain any material misstatement of a material fact or fail to state any material fact required to be stated therein or necessary to make any statements contained therein, in light of the circumstances in which they are made, not misleading;

(i) assuming the representations by Buyer made in this Agreement and in the Purchaser Questionnaire related hereto are true and correct in all material respects, the offer and sale of the Interest pursuant to this Agreement will be exempt from the registration requirements of the Securities Act of 1933, as amended; and

(j) Seller has not made, and will not make prior to closing of the sale of the Interest, directly or indirectly, any offer or sale of the Interests or of other securities of the same or similar class as the Interests if, as a result thereof, the offer and sale contemplated hereunder of the Interests could fail to be entitled to exemption from the registration requirements of the Securities Act of 1933, as amended.

For purposes of the foregoing, the terms "offer" and "sale" have the meanings specified in Section 2(3) of the Securities Act of 1933, as amended. Further, as used herein, the term "knowledge" shall mean the actual knowledge of such person or party, following due and reasonable inquiry.

4.1.2 NO TAX REPRESENTATIONS. BUYER REPRESENTS AND WARRANTS THAT EXCEPT AS EXPRESSLY PROVIDED IN THE TAX OPINION PROVIDED BY SELLER'S TAX COUNSEL, WHICH OPINION IS QUALIFIED AND BASED ON NUMEROUS ASSUMPTIONS THAT MAY NOT BE APPLICABLE TO BUYER, IT IS NOT RELYING UPON ANY ADVICE OR ANY INFORMATION OR MATERIAL FURNISHED BY SELLER, THE SPONSOR, THE SIGNATORY TRUSTEE OR THEIR REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESSED OR IMPLIED, OF ANY NATURE WHATSOEVER, REGARDING ANY TAX MATTERS, INCLUDING WITHOUT LIMITATION, A DECISION BY BUYER TO EFFECT A TAX-DEFERRED EXCHANGE UNDER INTERNAL REVENUE CODE SECTION 1031, AS AMENDED. BUYER FURTHER REPRESENTS AND WARRANTS THAT IT HAS INDEPENDENTLY OBTAINED ADVICE FROM ITS OWN INDEPENDENT LEGAL COUNSEL AND/OR TAX ACCOUNTANT REGARDING ANY SUCH TAX-DEFERRED EXCHANGE, INCLUDING, WITHOUT LIMITATION, WHETHER THE ACQUISITION OF THE INTEREST PURSUANT TO THIS AGREEMENT MAY QUALIFY AS PART OF A TAX-DEFERRED EXCHANGE, AND BUYER IS RELYING SOLELY ON SUCH ADVICE.

4.2 Commissions. The parties mutually warrant and covenant that, other than commissions and fees described in the Memorandum or this Agreement, no brokerage commissions, finder's fees, or similar commissions or fees shall be due or payable by the Buyer on account of this transaction. Each party shall indemnify, protect, defend (with legal counsel acceptable to the other), and hold the other harmless from the claims for such commission or finder's fees or similar commissions or fees arising out of the actions of the indemnifying party, including, without limitation, attorneys' fees and costs, incurred in connection therewith or to enforce this indemnity, which indemnities shall survive the closing of the sale of the Interest.

4.3 Additional Buyer Representations and Warranties. Buyer hereby represents and warrants to Seller that the following are true and correct on the date of this Agreement and shall be true and correct as of the Closing Date.

4.3.1 Buyer acknowledges that it has received, read, and fully understands the Memorandum. Buyer acknowledges that it is basing its decision to invest in the Interest on the Memorandum and Buyer has relied only on the information contained in said materials and has not relied upon any representations made by any other person. Buyer recognizes that an investment in the Interest involves substantial risk and Buyer is fully cognizant of and understands all of the risk factors related to the purchase of the Interest, including, but not limited to, those risks set forth in the section of the Memorandum entitled "RISK FACTORS."

4.3.2 Buyer's overall commitment to investments that are not readily marketable is not disproportionate to its individual net worth, and its investment in the Interest will not cause such overall commitment to become excessive. Buyer has adequate means of providing for its financial requirements, both current and anticipated, and has no need for liquidity in this investment. Buyer can bear and is willing to accept the economic risk of losing its entire investment in the Interest. Buyer has such knowledge and experience in financial and business

matters that Buyer is capable of evaluating the merits and risks of the investment in the Interests.

4.3.3 All information and documentary evidence that Buyer has provided to Seller concerning its suitability to invest in the Interest is complete, accurate, and correct as of the date of its signature on the last page of this Agreement. Buyer hereby agrees to notify Seller immediately of any material change in any such information occurring prior to the Closing Date, including any information about changes concerning its net worth and financial position.

4.3.4 Buyer has had the opportunity to ask questions of, and receive answers from, Seller, the Sponsor, the Signatory Trustee, the property manager and their owners, officers, members, managers, employees, and affiliates, concerning the Property and the terms and conditions of the offering of the Interest and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. Buyer has been provided with all materials and information requested by either Buyer or others representing Buyer, including any information requested to verify any information furnished Buyer.

4.3.5 Buyer is purchasing the Interest for Buyer'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 Interest. Buyer understands that, due to the restrictions referred to in Subsection 4.3.6, and the lack of any market existing or to exist for the Interest, Buyer's investment in the Interest will be highly illiquid and may have to be held indefinitely.

4.3.6 Buyer understands that there may be restrictions on the transfer, resale, assignment, or subdivision of the Interest imposed by applicable federal and state securities laws. Buyer is fully aware that the Interest has not been registered with the Securities and Exchange Commission in reliance on the exemptions specified in Regulation D issued by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, which reliance is based in part upon Buyer's representations set forth herein. Buyer understands that the Interest has not been registered under applicable state securities laws and is being offered and sold pursuant to the exemptions specified in said laws, and unless it is registered, it may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. Buyer understands that because the Signatory Trustee will operate in a manner such that the assets of the Trust will not be "plan assets" subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, if the Buyer is purchasing the Interest with "plan assets" it must disclose as much to the Trust in order for the Signatory Trustee to determine whether the Trust might be subject to the provisions of ERISA and Section 4975 of the Internal Revenue Code. Buyer further understands that the specific approval of such resales by a state securities administrator or official may be required in some states.

4.3.7 BUYER UNDERSTANDS THAT SELLER HAS NOT OBTAINED A RULING FROM THE INTERNAL REVENUE SERVICE THAT THE INTEREST WILL BE TREATED AS AN INTEREST IN REAL ESTATE AS OPPOSED TO A BUSINESS ENTITY. BUYER UNDERSTANDS THAT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE INTEREST, ESPECIALLY THE TREATMENT OF THE TRANSACTION UNDER SECTION 1031 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("IRC"), AND THE RELATED "1031 EXCHANGE" RULES AND REGULATIONS, ARE COMPLEX AND VARY WITH THE FACTS AND CIRCUMSTANCES OF EACH INDIVIDUAL PURCHASER. BUYER SPECIFICALLY REPRESENTS AND WARRANTS THAT BUYER (I) HAS CONSULTED ITS OWN TAX ADVISOR REGARDING AN INVESTMENT IN THE INTEREST AND THE TREATMENT OF THE TRANSACTION UNDER IRC SECTION 1031; (II) EXCEPT AS EXPRESSLY PROVIDED IN THE TAX OPINION FROM SELLER'S TAX COUNSEL, WHICH IS QUALIFIED AND BASED ON NUMEROUS ASSUMPTIONS AND QUALIFICATIONS THAT MAY NOT BE APPLICABLE TO THE BUYER, IS NOT RELYING AND WILL NOT RELY ON SELLER OR ANY OF ITS AFFILIATES OR ANY BROKER- DEALER THROUGH WHOM THE INTEREST IS PURCHASED, FOR ANY TAX ADVICE REGARDING THE TREATMENT OF BUYER'S TRANSACTION UNDER IRC SECTION 1031; AND (III) IS NOT RELYING AND WILL NOT RELY ON ANY STATEMENTS MADE IN THE MEMORANDUM REGARDING THE TREATMENT OF ITS PURCHASE OF THE INTEREST UNDER IRC SECTION 1031. FURTHER, BUYER UNDERSTANDS IF SELLER OR ANY OF ITS AFFIALITES, INCLUDING BUT NOT LIMITED TO 1031CF PORTFOLIO 5 ST, LLC, IS REQUIRED TO MAKE A TAX PAYMENT ON BEHALF OF BUYER, ALL FUTURE DISTRIBUTIONS DUE TO BUYER (INCLUDING UPON SALE, AS APPLICABLE) SHALL BE USED TO SATISFY SUCH PAYMENT.

4.3.8 Buyer understands that none of Seller, the Sponsor, the Signatory Trustee or their owners, officers, members, managers, employees or affiliates, legal counsel, or advisors represent Buyer in any way in connection with the purchase of the Interest and the entering into any of the related agreements associated with the purchase. Buyer also understands that legal counsel to Seller, the Sponsor, 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, Buyer.

4.3.9 THE INTEREST OFFERED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATES AND IS BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTEREST IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTEREST HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION, OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

4.3.10 Buyer hereby agrees to indemnify, defend, and hold harmless Seller, the Sponsor, the Signatory Trustee and each of their owners, officers, members, managers, affiliates, and advisors of and from any and all damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of Buyer's failure to fulfill all of the terms and conditions of this Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties, covenants, or agreements contained herein or in any other documents Buyer has furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs, and expenses (including reasonable attorneys' fees and costs) incurred by Seller, the Sponsor, the Signatory Trustee or any of their owners, officers, members, managers, affiliates, or advisors defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents Buyer has furnished to any of the foregoing in connection with this transaction.

4.3.11 Within five (5) days after receipt of a written request from Seller, Buyer agrees to provide such information and to execute and deliver such documents as may be reasonably necessary to comply with any and all laws and regulations to which Seller or Buyer is subject.

4.3.12 The representations, warranties and other information set forth in the Purchaser Questionnaire are, and shall continue to be, true, correct and complete in all respects.

4.4 The representations and warranties of Buyer and Seller set forth herein above shall survive the closing of the sale of the Interest or termination of this Agreement.

5. General Provisions.

5.1 Interpretation. The use herein of (i) the neuter gender includes the masculine and the feminine, (ii) the singular number includes the plural, whenever the context so requires and (iii) the words "I" and "me" include "we" and "us" if Buyer is more than one person. Captions in this Agreement are inserted for convenience of reference only and do not define, describe, or limit the scope or the intent of this Agreement or any of the terms hereof. All exhibits referred to herein and attached hereto are incorporated by reference. This Agreement, together with the other Transaction Documents, contain the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, whether oral or written, are merged herein.

5.2 Modification. No modification, waiver, amendment, discharge, or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement thereof is or may be sought.

5.3 Cooperation. Buyer and Seller acknowledge that it may be necessary to execute documents other than those specifically referred to herein to complete the acquisition of the Interest as provided herein. Buyer and Seller agree to cooperate with each other in good faith by executing such other documents or taking such other action as may be reasonably necessary to complete this transaction in accordance with the parties' intent evidenced in this Agreement.

5.4 Assignment. Neither party may assign its rights under this Agreement, except, in the case of Buyer, to (a) a "Qualified Intermediary" as required by the IRC Section 1031, and/or (b) to a limited liability company in which Buyer is the sole member, without first obtaining the other party's prior written consent, which consent may be withheld in such party's sole and absolute discretion. No such assignment shall operate to release the assignor from the obligation to perform all of its obligations hereunder.

5.5 Notices. Unless otherwise specifically provided herein, all notices, demands, or other communications given hereunder shall be in writing and shall be addressed as follows:

If to Seller, to: 1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez
Investors@crowdfunding.com
Phone: (844) 533-1031

If to Buyer, to Buyer's address as provided to Seller. Either party may change such address by written notice to the other party. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be deemed to have been duly given and received: (i) upon personal delivery, or (ii) as of the third business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding Business Day after deposit with Federal Express or other similar overnight delivery system that maintains tracking and evidence of delivery.

5.6 Periods of Time. All time periods referred to in this Agreement include all Saturdays, Sundays, and state or United States holidays, unless Business Days are specified, provided that if the date or last date to perform any act or give any notice with respect to this Agreement falls on a Saturday, Sunday, or state or national holiday, such act or notice may be timely performed or given on the next succeeding Business Day.

5.7 Counterparts. This Agreement may be executed in counterparts, all of which when taken together shall be deemed fully executed originals.

5.8 Attorneys' Fees. If either party commences litigation for the judicial interpretation, enforcement, termination, cancellation, or rescission hereof, or for damages (including liquidated damages) for the breach hereof against the other party, then, in addition to any or all other relief awarded in such litigation, the substantially prevailing party therein shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred.

5.9 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

5.10 Choice of Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Delaware, without regard to its conflicts of laws principles. All actions arising out of or relating to this Agreement shall be heard and determined exclusively by a court of competent jurisdiction located in Orange County, California, and each party hereto expressly and irrevocably consents and submits to personal jurisdiction therein. The parties hereby knowingly, voluntarily, and intentionally waive any right to a trial by jury with respect to any litigation arising out of or relating to this Agreement.

5.11 Time. Time is of the essence with respect to all dates set forth in this Agreement.

5.12 Third-Party Beneficiaries. Buyer and Seller do not intend to benefit any party that is not a party to this Agreement and no such party shall be deemed to be a third party beneficiary of this Agreement or any provision hereof.

5.13 Severability. If any term, covenant, condition, provision, or agreement herein contained is held to be invalid, void or otherwise unenforceable by any court of competent jurisdiction, such fact shall in no way affect the validity or enforceability of the other portions of this Agreement.

5.14 Election to Effect an Internal Revenue Code Section 1031 Exchange. In the event Buyer so elects, Seller agrees to cooperate with Buyer, at no cost or expense to Seller, in effecting a tax-deferred exchange under IRC Section 1031. Buyer shall have the right to elect a tax-deferred exchange at any time prior to the Closing Date. If Buyer elects to effect a tax-deferred exchange, Seller agrees to execute escrow instructions, documents, agreements, or instruments to effect the exchange, provided that Seller shall incur no additional costs, expenses, fees, or liabilities, nor shall the closing be delayed as a result of the exchange. Buyer may assign this Agreement to an accommodator in order to effect such exchange and, thereafter, such assignee will perform Buyer's obligations under this Agreement.

5.15 Binding Agreement. Subject to any limitation on assignment set forth herein, all terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective legal representatives, successors and assigns.

5.16 ACCEPTANCE OR REJECTION OF BUYER'S OFFER. THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER OF ANY KIND BY SELLER AND SHALL NOT BIND SELLER UNLESS DULY EXECUTED AND DELIVERED BY SELLER. TO SUBMIT AN OFFER, BUYER SHALL DELIVER TO SELLER: (I) ONE COMPLETED AND EXECUTED ORIGINAL OF THIS AGREEMENT (OR AS MANY COMPLETED AND EXECUTED ORIGINALS AS SELLER MAY REQUEST); AND (II) THE PURCHASER QUESTIONNAIRE. SELLER SHALL HAVE TEN DAYS TO EITHER ACCEPT OR REJECT BUYER'S OFFER. IF SELLER DOES NOT ACCEPT BUYER'S OFFER WITHIN SUCH TEN-DAY PERIOD, THE OFFER SHALL BE DEEMED REJECTED.

_____ _____

Seller's Initials Buyer's Initials

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

SELLER:

1031CF PORTFOLIO 5 DST,
a Delaware statutory trust

By: _____
Name: _____
Its: Authorized Signatory
Dated: _____

BUYER:

By: _____
Printed Name: _____
Title (if applicable): _____
Dated: _____

SCHEDULE 1

DEFINED TERMS

This list of Defined Terms is attached to and forms a part of the Purchase Agreement between Buyer and Seller.

"Business Day" means any day other than a Saturday or Sunday or legal holiday in the State of Delaware.

"Cash" means (i) currency of the United States of America, (ii) cashier's check(s) currently dated and payable to Seller, as required under this Agreement, drawn and paid through a duly organized and operating bank or savings and loan institution, tendered to Seller, as required under this Agreement at least two (2) Business Days before funds are otherwise required to be delivered under this Agreement, or (iii) an amount credited by wire transfer to Seller's bank account, as required under this Agreement.

"Close of Escrow" means the date and time when the Deed is recorded in the official records of the county or counties in which the Property is located or in such other appropriate office.

"Interest" shall have the meaning set forth in Subsection 1.1.

"Memorandum" means the Confidential Private Placement Memorandum for the sale of Interests in 1031CF Portfolio 5 DST, dated September 6, 2023, as the same may from time to time be supplemented.

"Property" means the real estate and improvements commonly known as Gold Choice Palm Coast located at 3830 Old Kings Road, Plam Coast, Florida 32137 and the Canopy at Harper Lake located at 213 NW Gleason Dr., Lake City, Florida 32055 and more particularly described in the Memorandum.

"Purchase Price" shall have the meaning set forth in Subsection 1.1.

"Purchaser Questionnaire" means the Purchaser's Questionnaire described in the Memorandum.

"Seller" shall have the meaning set forth in the preamble.

"Signatory Trustee" means 1031CF Portfolio 5 ST, LLC, a Delaware limited liability company.

"Sponsor" means 1031 CF Properties, LLC, a California limited liability company.

"Transaction Documents" means this Agreement, the Purchaser Questionnaire, and the Trust Agreement.

"Trust Agreement" shall mean the Delaware Statutory Trust Agreement of 1031CF Portfolio 5 DST in the form attached to the Memorandum executed or to be executed by Buyer as of the Close of Escrow.

EXHIBIT F

Tax Opinion of Tax Counsel

[See Attached]

K | V | C | F

September 6, 2023

1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614

RE: Tax Opinion for Sale of Beneficial Interests

Ladies and Gentlemen:

THIS OPINION HAS BEEN WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION ADDRESSED IN THIS OPINION. THIS OPINION IS NOT INTENDED TO BE USED BY ANY TAXPAYER, AND MAY NOT BE RELIED UPON, TO AVOID TAX PENALTIES. THIS OPINION DOES NOT APPLY TO THE INDIVIDUAL TAX CONSEQUENCES OF ANY TAXPAYER. EACH TAXPAYER SHOULD CONSULT HIS OR HER OWN INDEPENDENT TAX ADVISOR WITH RESPECT TO THE CONSEQUENCES OF THE PURCHASE OF BENEFICIAL INTERESTS IN A DELAWARE STATUTORY TRUST.

1031CF Portfolio 5 DST, a Delaware statutory trust as described in Chapter 38 of Title 12 of the Delaware Code (the "Trust"), has retained KVCF, PLC (the "Firm"), to address certain tax issues in connection with the proposed transactions described below. Specifically, this letter sets forth our opinion as to whether the beneficial interests in the Trust being offered to Investors (as defined in the Confidential Private Placement Memorandum of the Company, dated September 6, 2023 (the "PPM") should be treated as an acquisition of a direct interest in the Properties (as defined herein) for purposes of Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition to rendering this opinion, this Firm was engaged as the Trust's counsel for purposes of preparing the offering of interests in the Trust, which is sponsored by, 1031 CF Properties, LLC, a California limited liability company (the "Sponsor"). All capitalized terms used herein and not otherwise defined have the meaning set forth in the Transaction Documents (as defined below).

I. DESCRIPTION OF THE TRANSACTION

The Trust's organization and operation will be governed by the terms and conditions of the Amended and Restated Trust Agreement by and among Sorensen Entity

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1401 East Cary Street | Richmond, VA 23219 | 804.823.4000 | kv-legal.com

Services LLC as co-trustee (the "Delaware Trustee"), and 1031CF Portfolio 5 ST, LLC, a Delaware limited liability company and affiliate of the Sponsor, as co-trustee (the "Signatory Trustee," and together with the Delaware Trustee, the "Trustees") and the Investors (the "Trust Agreement"). The Signatory Trustee serves as Signatory Trustee for the Trust and the Delaware Trustee serves as Delaware Trustee for the Trust.

The Trust acquired a portfolio consisting of (i) a 50-unit, 100 bed assisted living and memory care facility (the "Palm Coast Facility") located at 3830 Old Kings Road, Plam Coast, Florida 32137 (the "Palm Coast Property"), and (ii) a 64-unit, 64 bed assisted living and memory care facility (the "Lake City Facility" and together with the Palm Coast Facility, the "Facilities") located at 2213 NW Gleason Dr., Lake City, Florida 32055 (the "Lake City Property" and together with the Palm Coast Property, the "Properties") on or about September 1, 2023 for an aggregate purchase price of $21,150,000, subject to customary closing adjustments and pro rations. The Trust acquired a fee simple interest in each of the Properties following the contribution to the Trust of the rights to acquire the Properties and cash by 1031CF Portfolio 5 Holdings, LLC, a Delaware limited liability company (the "Depositor") in exchange for an aggregate of 100% of the initial beneficial interests in the Trust ("DST Interests").

The Trust master leased the Palm Coast Property to an affiliate of the Sponsor, 1031CF Palm Coast MT LLC, a Delaware limited liability company (the "Palm Coast Master Tenant") and the Lake City Property to an affiliate of the Sponsor, 1031CF Lake City MT LLC, a Delaware limited liability company (the "Lake City Master Tenant" and together with the Plam Coast Master Tenant, the "Master Tenants," and each a "Master Tenant") pursuant to individual master lease agreements, each on a fixed rent basis in accordance with the master lease agreements (collectively, the "Master Leases," and each a "Master Lease").

II. MATERIALS REVIEWED

In formulating our opinion with regards to whether or not the DST Interests will be treated as interests in real property for federal tax purposes, we reviewed the following documents: (i) the PPM; (ii) the Trust Agreement; (iii) the Master Leases; (iv) the form of purchase agreement, pursuant to which the DST Interests are to be acquired by the Investors from the Trust; ; and (v) a letter dated September 6, 2023, from the Sponsor, the Signatory Trustee and the Master Tenants to the Firm attached hereto as Exhibit A (the "Representation Letter"). The agreements and documents described in items (i) through (iv) are referred to herein as the "Transaction Documents".

With regard to the Trust Agreement, we have relied on the following:

Article I of the Trust Agreement provides in part that all DST Interests in the Trust shall be of a single class.

Section 2.03 of the Trust Agreement provides that the purpose of the Trust is (i) to own, conserve, protect, manage, hold and operate the Properties; (ii) to enter into, and/or assume Master Leases and any other Transaction Documents; (iii) to dispose of the Properties; and (iv) to take such other actions as the Trustee of such Trust deem necessary or advisable to carry out the foregoing.

Section 2.04 further states that it is the intention of the parties to the Trust Agreement that the Trust constitute a "statutory trust" within the meaning of Sections 3801 through 3824 of Chapter 38, Title 12 of the Delaware Code (the "Act"), and that the Trust not constitute an agency, partnership, association or trust for federal income tax purposes. Rather, it provides that each Investor shall be treated for federal income tax purposes as if it holds a direct ownership in the Properties.

Section 3.01 generally permits any Investor to transfer and assign part or all of its DST Interest, subject to the prior consent of the Signatory Trustee as to compliance with applicable securities laws and the terms of the Trust Agreement.

Section 4.02 directs the Signatory Trustee to distribute all available cash to the Investors in accordance each Investor's "Percentage" (as such term is defined in the Trust Agreement), and after making any required reimbursements to the Trustees for expenses incurred on behalf of the Trust only retaining funds as required for a reasonable reserve as necessary to pay anticipated current and future ordinary Trust expenses. Undistributed cash may be invested only in short-term government obligations and in certificates of deposit or interest-bearing bank accounts with a bank or trust company having a minimum stated capital. All such obligations must be held until maturity and must mature prior to distribution to Investors.

Section 5.01(a) states that the Trust Agreement shall not impose a partnership or joint venture relationship on the Investors, and no Investor shall have any liability for debts or obligations of any other Investor, nor have authority to act on behalf of any other Investor with respect to the Trust Property. Section 5.01(c) provides that the Trust shall constitute an "investment trust" within the meaning of Treasury Regulation Section 301.7701-4(c) and a "grantor trust" within the meaning of Subpart E of Part 1, Subchapter J of the Code (Code Sections 671 et seq.), and shall not constitute a "business trust."

Section 5.02 provides that the Trust, and not the Investors, shall have legal title to Trust Property, and the Trust Agreement shall not be terminated by reason of the bankruptcy, death or other incapacity of any Investor, or the transfer by any Investor of any interest in the Trust Property. Section 5.02 further provides that, except as otherwise provided in the Trust Agreement, the Investors shall not be liable for any liabilities or obligations of the Trust or the Trustees or for the performance of the Trust Agreement.

Section 5.03 provides that any sale or other conveyance of the Trust Property or any part thereof by the Signatory Trustee made pursuant to the Trust Agreement shall bind

the Trust and the Investors. The Signatory Trustee shall not be bound by Investors' opinions.

Section 5.04 provides that the Signatory Trustee is not limited in the form that any sale or other conveyance may take.

Section 5.05 provides that the Investors do not have the right to demand or receive an in-kind distribution of Trust Property from the Trust.

Section 6.06 provides that the Trustees shall manage, control, dispose of or otherwise deal with the Trust Property, subject to any restrictions in the Loan Documents, as provided in the Trust Agreement.

Section 7.02 authorizes the Signatory Trustee to take all actions necessary to conserve and protect the Trust Property, including without limitation: (a) to acquire, own, hold, operate in accordance with the Trust Agreement and dispose of the Properties; (b) to enter into or assume and comply with the terms of the Master Leases, the rental agreements on the underlying Properties (in the event of the Master Tenants' or either of their bankruptcy or insolvency) and any other Transaction Documents; (c) to collect rents and make distributions to the Investors; (d) to notify the relevant parties of any default by them under the Transaction Documents; (e) to enter into a new lease with respect to either of the Properties, but solely to the extent necessitated by the bankruptcy or insolvency of a tenant; (f) to enter into any agreement for purposes of completing tax-free exchanges of real property with a Qualified Intermediary as defined in Section 1031 of the Code; and (g) to take all actions with respect to a transfer of the Trust Property as permitted under the Trust Agreement.

From and after the date the Depositor is not the sole Beneficial Owner of the Trust, Section 7.03 prohibits the Trustees from taking the following actions, if the effect of such actions would constitute the exercise of a power under the Trust Agreement to "vary the investment of the certificate holders" under Treasury Regulation Section 301.7701-4(c)(1): (a) reinvest any monies of the Trust except as provided in Section 4.02 of the Trust Agreement; (b) enter into new financing, renegotiate the Master Leases, or enter into new leases except in the case of the Master Tenants' or either of their bankruptcy or insolvency; (c) make other than minor non-structural modifications to the Real Estate, other than as required by law; (d) accept any capital from the Investors or new investors except as provided for in the PPM; € acquire any parcel of real estate other than the Real Estate; (f) acquire any parcel of Real Estate more than ninety (90) days after the first issuance of Interests to Investors pursuant to the PPM; (g) except as provided in (f) above, take any willful action to fail to close the acquisition of any of the parcels of the Real Estate or (h) take any other action which in the opinion of tax counsel to the Trust would cause the Trust to be treated as a "business entity" for federal income tax purposes.

Section 9.01 provides that the Trust will dissolve in accordance with Section 3808 of the Act, and that each Investor's share of the Trust Property shall be distributed to the Investors pro rata in proportion to each Investor's percentage interest in the Trust, at the earlier of (a) the termination of either of the Master Leases or (b) after the sale or other disposition of the Real Estate.

Section 9.03 provides that if the Signatory Trustee determines that (a) the Master Tenants or either of them has failed to timely pay rent due under either of the Master Leases after the expiration of any applicable notice and cure provisions, (b) the Signatory Trustee is prohibited from acting pursuant to Section 7.03, (c) the Master Tenants, or either of them, files for bankruptcy, seeks appointment of a receiver, makes assignment for the benefit of its creditors or there occurs any similar event, (d) the Trust is otherwise in violation of Section 7.03, and if the Signatory Trustee determines in writing that the dissolution of the Trust is necessary and appropriate to preserve and protect the Trust Property for the benefit of Investors, then the Signatory Trustee shall terminate the Trust and distribute the Trust Property to Investors in the manner provided in Section 9.04. Section 9.04 permits the Signatory Trustee to distribute the Trust Property by either dissolving the Trust and distributing the Trust Property to Investors or by converting it into (or otherwise effecting the transfer of the Trust Property to) a Delaware limited liability company (the "LLC") and converting or exchanging the Interests with the Investors for equivalent membership interests in the LLC.

Article X provides that the Investors holding a majority of the Interests may remove a Trustee for cause. Cause shall only mean the fraud, willful misconduct or gross negligence of the Trustee with respect to the Trust, and only as determined upon final order by a court of competent jurisdiction. The Trust shall not be terminated solely due to the death, liquidation, resignation or removal of any Trustee. In case of the resignation, death, liquidation or removal of a Trustee, Investors holding a majority of the Interests may appoint a successor. Any successor Delaware Trustee, however appointed, shall be competent and qualified to (i) serve as a trustee of a statutory trust formed pursuant to Chapter 38 of Title 12 of the Delaware Code, (ii) own, buy, sell, lease and mortgage land in the state where the Real Estate is located, and (iii) take all actions required by the Delaware Trustee pursuant to the Trust in the State of Delaware.

Section 11.09 prohibits any supplement or amendment to the Trust Agreement the effect of which constitutes a power under the Trust Agreement to "vary the investment" of the Investors within the meaning of Treasury Regulation Section 301.7701-4(c).

With respect to each of the Master Leases with each of the Master Tenants, each of which Master Leases is in substantially the same form subject to Property-specific information such as Rent amounts and legal descriptions, we have relied on the following:

Section 2.01 provides that the initial term of the Master Leases is ten (10) years, and that the applicable Master Tenant has the option to renew the Master Lease (upon the

terms and conditions set forth in the applicable Master Lease) for up to three (3) additional consecutive terms of five (5) years each.

Section 3.01(a) provides that rent under the Master Leases is comprised of two main elements: (a) Base Rent, which is a fixed annual payment and is payable subject to certain parameters that are specifically provided for in the Master Leases; and (b) Stated Rent, which is a nonadjustable, fixed annual payment and is payable subject to certain parameters that are specifically provided for in the Master Leases, each in twelve (12) equal monthly installments each year during the Term, which shall accrue from and after the Commencement Date.

Section 3.01(b) provides that the applicable Master Tenant is obligated to pay Operating Costs (which include all costs and expenses paid or incurred by such Master Tenant in connection with its operation, maintenance, and management of the applicable Property).

Section 3.08 sets forth the agreement of the Trust and the applicable Master Tenant that the applicable Master Lease is a true lease and not a financing arrangement, and that all record keeping and reporting with respect to the Master Leases will be consistent therewith.

Section 4.02 provides that the Master Tenant is required, at its own cost, to acquire and maintain insurance in respect of the applicable Property in the amounts and against the risks described in Exhibit C of applicable Master Lease for the duration of such Master Leases.

Section 7.01 provides that the applicable Master Tenant is responsible for and is required to pay all costs and expenses incurred in respect of the maintenance and repair of the applicable Property, except for Capital Expenses, all repairs necessary to avoid any structural damage or injury to the applicable Property and all personal property replacements and repairs, including, but not limited to: (i) water heater replacements; (ii) floor covering replacements; (iii) replacement of window coverings; (iv) replacement of appliances; (v) HVAC compressor and condenser replacements; (vi) plumbing fixture replacements; (vii) electrical fixture replacements; (viii) fire suppression and monitoring systems; and (ix) interior painting.

Section 7.02 provides that Capital Expenses are the responsibility of the Trust. Capital Expenses are defined as those expenses incurred in connection with major repairs, replacements, and improvements related to the structural elements of the applicable Property which would be capitalized under generally accepted accounting principles.

Section 8.01 provides that the Master Tenant may make alterations to (but not additions to, removals of or substitutions for) the applicable Property, provided that the Trust, as landlord, has consented to such alterations, such alterations do not diminish the

fair market value of the applicable Property, and such alterations are performed in compliance with applicable law.

Section 13.03 provides that the Master Tenant expressly covenants and agrees not to enter into any lease, sublease or license, concession or other agreement for use, occupancy, or utilization of the Demised Premises which provides for rental or other payment for such use, occupancy, or utilization based in whole or in part on the net income or profits derived by any person from the property leased, used, occupied, or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported lease, sublease or license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right to or interest in the possession, use, occupancy, or utilization of any part of the Demised Premises.

Section 13.04 provides that the Master Tenant may not mortgage or otherwise pledge its interest in the applicable Master Lease or in the amounts it receives from subtenants.

Section 16.01 provides that if any "Event of Default" occurs, the Trust can give notice of such default and terminate either of the Master Leases after giving notice. Section 16.01 generally defines "Event of Default" to include, among others: (a) the failure by the Master Tenant to pay any installment of the Base Rent or Stated Rent, except as may be deferred as permitted under the applicable Master Lease, or any component thereof; any Operating Costs or Impositions; or any other amounts payable under the Master Leases as and when the same become due and payable, as required in the Master Leases; (b) the filing by the Master Tenant of a voluntary bankruptcy petition or the adjudication of the Master Tenant as a bankrupt or insolvent; (c) the mortgage or pledge by the Master Tenant of its interest in the Master Leases; or (d) the termination by the Master Tenant of its business.

III. ASSUMPTIONS

We have assumed in rendering this opinion that the facts outlined below are now, and except as indicated to be as of the date of this opinion, will at all relevant times remain correct in all material aspects.

(i) each party to the Transaction Documents has all requisite power and authority to enter into and perform each of the Transaction Documents to which it is or is to be a party; has duly authorized, executed and delivered or will duly authorize, execute and deliver each of the Transaction Documents to which it is or is to be signatory; and was duly formed and/or organized and is validly existing and in good standing under its jurisdiction of incorporation or formation;

(ii) the signatures of all persons are genuine, all natural persons who have signed have legal capacity, all documents submitted to us as originals are

authentic, all documents submitted to us as certified or as copies (including the Transaction Documents) conform to the original documents, and the originals of such latter documents are authentic;

(iii) each of the Transaction Documents is the legal, valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms under the laws of the State of Delaware;

(iv) neither the Depositor, nor any Trustee, nor any Investor has made or will make an election, or has taken or will take any other action, that would cause the Trust to be classified as an association taxable as a corporation or as a partnership for federal income tax purposes;

(v) the Investors intend to use the proceeds from their sale or exchange of other real estate to acquire the Interests as part of transactions intended to qualify under Code Section 1031 and that all other requirements of Code Section 1031 are satisfied;

(vi) all parties to the Transaction Documents and their affiliates will comply with all provisions of the Transaction Documents, and will take no action otherwise inconsistent with any terms of this Opinion, including amending any Transaction Documents;

(vii) there are no other Transaction Documents or other written or oral agreements inconsistent with the transactions contemplated herein; and

(viii) all representations set forth in the Representation Letter are true, complete and correct in all respects as of the date hereof and will remain true, complete and correct in all respects from this date forward.

IV. DISCUSSION OF APPLICABLE LAW

The question presented is whether the DST Interests offered pursuant to the PPM will be treated as an acquisition of a direct interest in the Real Estate for purposes of Code Section 1031.

A. Code Section 1031 and Revenue Ruling 2004-86

Section 1031(a) of the Code provides that "[n]o gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment" ("Qualified Property"). 26 U.S.C. § 1031(a).

> However, Code Section 1031 does not apply to any exchange of
>
> (A) stock in trade or other property held primarily for sale,
> (B) stocks, bonds, or notes,
> (C) other securities or evidences of indebtedness or interest,
> (D) interests in a partnership,
> (E) certificates of trust or *beneficial interests*, or
> (F) choses in action.

26 U.S.C. § 1031(b) (emphasis added).

Although beneficial interests, as a general proposition, do not qualify for like-kind exchange treatment, an exchange for such interests may still qualify under Code Section 1031 if the tax law disregards the legal form of ownership and treats the owner of the beneficial interests as directly owning the Qualified Property underlying such interests.

Assuming other requirements of Code Section 1031 are satisfied, Revenue Ruling 2004-86 held that a taxpayer may exchange real property for a beneficial interest in a Delaware statutory trust such as the trust described in the ruling (the "Hypothetical DST") in a tax-free exchange under Code Section 1031. The Revenue Ruling's holding is based on certain factual assumptions regarding the provisions of the trust agreement of the Hypothetical DST.

1. Facts of 2004-86

The facts in the Revenue Ruling are as follows:

> On January 1, 2005, A, an individual, borrows money from BK, a bank, and signs a 10-year note bearing adequate stated interest, within the meaning of § 483. On January 1, 2005, A uses the proceeds of the loan to purchase Blackacre, rental real property. The note is secured by Blackacre and is nonrecourse to A.
>
> Immediately following A's purchase of Blackacre, A enters into a net lease with Z for a term of 10 years. Under the terms of the lease, Z is to pay all taxes, assessments, fees, or other charges imposed on Blackacre by federal, state, or local authorities. In addition, Z is to pay all insurance, maintenance, ordinary repairs, and utilities relating to Blackacre. Z may sublease Blackacre. Z's rent is a fixed amount that may be adjusted by a formula described in the lease agreement that is based upon a fixed rate or an objective index, such as an escalator clause based upon the Consumer Price Index, but adjustments to the rate or index are not within the control of any of the parties to the lease. Z's rent is not contingent on Z's ability to lease the property or on Z's gross sales or net profits derived from the property.

Also on January 1, 2005, A forms DST, a Delaware statutory trust described in the Delaware Statutory Trust Act, Del. Code Ann. title 12, §§ 3801 - 3824, to hold property for investment. A contributes Blackacre to DST. Upon contribution, DST assumes A's rights and obligations under the note with BK and the lease with Z. In accordance with the terms of the note, neither DST nor any of its beneficial owners are personally liable to BK on the note, which continues to be secured by Blackacre.

The trust agreement provides that interests in DST are freely transferable. However, DST interests are not publicly traded on an established securities market. DST will terminate on the earlier of 10 years from the date of its creation or the disposition of Blackacre, but will not terminate on the bankruptcy, death, or incapacity of any owner or on the transfer of any right, title, or interest of the owners. The trust agreement further provides that interests in DST will be of a single class, representing undivided beneficial interests in the assets of DST.

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

The trust agreement provides that the trustee's activities are limited to the collection and distribution of income. The trustee may not exchange Blackacre for other property, purchase assets other than the short-term investments described above, or accept additional contributions of assets (including money) to DST. The trustee may not renegotiate the terms of the debt used to acquire Blackacre and may 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 may make only minor non-structural modifications to Blackacre, unless otherwise required by law. The trust agreement further provides that the trustee may engage in

> ministerial activities to the extent required to maintain and operate DST under local law.
>
> On January 3, 2005, B and C exchange Whiteacre and Greenacre, respectively, for all of A's interests in DST through a qualified intermediary, within the meaning of § 1.1031(k)-1(g). A does not engage in a § 1031 exchange. Whiteacre and Greenacre were held for investment and are of like kind to Blackacre, within the meaning of § 1031.
>
> Neither DST nor its trustee enters into a written agreement with A, B, or C, creating an agency relationship. In dealings with third parties, neither DST nor its trustee is represented as an agent of A, B, or C.
>
> BK is not related to A, B, C, DST's trustee or Z within the meaning of § 267(b) or § 707(b). Z is not related to B, C, or DST's trustee within the meaning of § 267(b) or § 707(b).

Rev. Rul. 2004-86 (I.R.S. 2004).

2. Conclusions of 2004-86

In Revenue Ruling 2004-86, the Internal Revenue Service (the "IRS") concluded that:

(1) The Delaware statutory trust described above is an investment trust, under § 301.7701-4(c), that will be classified as a trust for federal tax purposes.

(2) A taxpayer may exchange real property for an interest in the Delaware statutory trust described above without recognition of gain or loss under § 1031, if the other requirements of § 1031 are satisfied.

The IRS noted that, under the facts of the ruling, if the Hypothetical DST's trustee had the power to do one or more of the following acts, it would be classified as a partnership or other business entity:

(i) dispose of Blackacre and acquire new property;
(ii) renegotiate the lease with Z or enter into leases with tenants other than Z;
(iii) renegotiate or refinance the obligation used to purchase Blackacre;
(iv) invest cash received to profit from market fluctuations; or
(v) make more than minor non-structural modifications to Blackacre not required by law.

In addition, the Hypothetical DST would not have qualified as an "investment" trust had it been able to (a) accept additional contributions of new cash or assets from existing or new owners, or (b) invest the Hypothetical DST's reserves and cash in investments other than short term government obligations, certificates of deposit or interest bearing accounts that are held to maturity and that mature prior to the distribution of cash to the Hypothetical DST's owners.

B. Classification of the Trust as an Entity Separate from the Investors for Federal Income Tax Purposes

Whether the Trust is treated as an entity separate from the Investors for federal income tax purposes depends upon their treatment under local law and the nature of the relationships created among the parties to the Trust pursuant to the Trust Agreement.

Section 3801(g) of the Act provides that a Delaware statutory trust is an unincorporated association that is created by a governing instrument for the purpose of holding property for business or investment. This section further provides that "any such association … shall be a statutory trust and a separate legal entity." Section 3803 of the Act provides that owners of a trust are "entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the general corporation law … ." Section 3804 of the Act provides that a trust may sue or be sued, and that its property is subject to attachment and execution as if it were a corporation. Section 3805 of the Act provides that, except as otherwise provided in the trust agreement, a beneficial owner of an interest in a trust shall have an undivided beneficial interest in the property of the trust and shall share in the profits and losses of the trust pro rata in proportion to the owner's percentage interest in the trust. Section 3805 further provides that no creditor of a beneficial owner has any right to obtain possession of trust property, and that, except to the extent otherwise provided in the trust agreement, interests in a trust are freely transferable. Section 3815 of the Act provides that a trust may merge into or consolidate with other trusts or other business entities. Section 3821 permits a Delaware statutory trust to convert to another business entity.

In Revenue Ruling 2004-86, after describing certain relevant provisions of the Act (including those described above), and after observing that the Hypothetical DST was "formed for investment purposes," the IRS concluded that the Hypothetical DST was an entity for federal income tax purposes. We believe that the Trust is substantially similar to the Hypothetical DST. First, and most importantly, both the Hypothetical DST and the Trust are Delaware statutory trusts, subject to the provisions of the Act set forth above. Second, Section 2.03 of the Trust Agreement provides that the purposes of the Trust are to acquire, own, conserve, protect, manage, hold and operate of the Properties in accordance with the Trust Agreement, and to dispose of the Properties, which are consistent with the purpose of the Hypothetical DST in Revenue Ruling 2004-86 (i.e., "to hold property for investment"). Third, Section 5.01 of the Trust Agreement provides that the Investors are not liable for any liabilities or obligations of the Trust or the Trustees or for the performance

of the Trust Agreement; this provision is similar to provisions in the Hypothetical DST's trust agreement. Fourth, consistent with the Hypothetical DST, the Trust Agreement does not purport to create an agency relationship between the Investors, on the one hand, and the Trust or the Trustees, on the other.

C. Classification of the Trust as a "Grantor Trust" for Federal Income Tax Purposes

Code Sections 671 through 678 describe certain circumstances in which the grantor of a trust or another person will be considered to be the owner of all or a portion of the trust's assets and income for federal income tax purposes. Code Section 677(a) provides that a grantor is treated as the owner of any portion of a trust whose income without the approval or consent of any adverse party or, in the discretion of the grantor or a nonadverse party (or both) may be distributed, held, or accumulated for future distribution to the grantor or its spouse. In Revenue Ruling 2004-86, the IRS held that the Hypothetical DST was a grantor trust.

Like the Hypothetical DST in Revenue Ruling 2004-86, the Trust satisfies the Code requirements for qualification as a grantor trusts. Section 2.04 of the Trust Agreement provides that each Investor is to be treated for federal income tax purposes as owning a direct interest in the Trust Property. Section 4.02 of the Trust Agreement provides that all available cash of the Trust is required to be distributed to the Investors pro rata in proportion to their percentage interests in the Trust. Section 5.01 of the Trust Agreement provides that the Trust shall constitute a grantor trust.

D. Treatment of the Investors as Directly Holding Trust Property for Federal Income Tax Purposes

In Revenue Ruling 2004-86, the IRS held that an owner of a grantor trust that holds real property is considered to be the owner of an undivided interest in the real property for federal income tax purposes, and that accordingly, for purposes of Section 1031, real property can be exchanged for an interest in such a grantor trust without the recognition of gain or loss, assuming the other requirements of Section 1031 are satisfied. It should be noted that the holding of Revenue Ruling 2004-86 expressly assumed that "the other requirements of Section 1031 are satisfied." We make the same assumption in connection with issuing this Opinion.

E. Classification of the Trust as "Investment" Trust Rather than as a Business Entity for Federal Income Tax Purposes

The Hypothetical DST was held to be an "investment" trust and not a business entity. The courts and the IRS have considered the distinctions between an "investment" trust and a business entity on several other occasions. Generally, if a Trust's trustee is empowered only to protect or conserve trust property, it should not be seen as carrying on

business. However, if the trustee has the power "to vary the existing investments of all [beneficiaries] at will, for as long as any new money [comes] in, and in this way to take advantage of market variations to improve the investments even of the first investors," it should be treated as carrying on business. Commissioner v. North Am. Bond Trust, 122 F.2d 545, 546; cf Commissioner v. Chase Natl. Bank, 122 F.2d 540 (2d Cir. 1941) (no power to vary investments, so taxed as a trust); see also Continental Bank & Trust Co. v. United States, 19 F. Supp. 15 (S.D.N.Y. 1937); Rev. Rul. 78-149, 1978-1 C.B. 448; Rev. Rul. 75-192, 1975-1 C.B. 384. The foregoing power-to-vary the income test was the sole test for trust income allocations under the regulations issued in 1945 until 1984. See Treasury Regulation Section 301.7701-4(c) (as amended in 1986). In 1984, the IRS issued a notice of proposed rulemaking to define a fixed investment trust as a trust with only one class of beneficial interest. See Treasury Regulation Section 301.7701-4(c), 49 Fed. Reg. 18,741, 18,741 (1984). Under Treasury Regulation Section 301.7701-4(c)(1), a trust will be treated as an "investment" trust and not as a business entity if it has "a single class of ownership interests, representing undivided beneficial interests in the assets of the trust," and "there is no power to vary the investment of the certificate holders." By contrast, Treasury Regulation Section 301.7701-4(b) provides that a trust may be classified as a business entity if it is an arrangement for profit-making activity with such activity being conducted either by the trustees (when the trust agreement expressly authorizes the trustee to engage in such activity) or by the beneficiary (when the trustee is merely an agent of the beneficiary and the beneficiary directs the trustee to engage in such activity).

In Commissioner v. Chase National Bank, 122 F. 2d 540 (2d Cir. 1941), the Second Circuit held that the trusts at issue were strict investment trusts not subject to income tax because the actual and permitted activities of the Trustee affected the property held in trust only by weeding out whatever became unsound for investment and retaining the remainder. In Chase National Bank, a depositor had transferred "units" consisting of the common stock of a number of corporations to a trust, and then sold those trust certificates to investors. The trustee was vested with all of the rights of ownership of the shares except that the depositor controlled the voting rights of the shares and the trust instrument governed and restricted the disposal of the shares. Under the terms of the trust instrument, property deposited into the trust was held until some disposition of it was made consistent with the terms of the trust instrument. Further, distributions of currently available funds were required. No purchases were to be made by the trustee by way of reinvestment of funds or otherwise. The IRS argued that the trust was taxable as a corporation for federal income tax purposes. The court rejected the IRS's argument, holding that because the trust agreement required the trust property "to be held for investment and not to be used as capital in the transaction of business for profit like a corporation organized for such a purpose," the trust was prevented from becoming more than a "strict investment" trust. Id. at 543.

However, in Commissioner v. North American Bond Trust, 122 F.2d 545 (2d Cir. 1941), cert. denied, 314 U.S. 701 (1942), the Second Circuit reached a different conclusion regarding the treatment of a trust for federal income tax purposes. In contrast to the terms

of the trust instrument in the Chase National Bank case, the terms of the trust instrument in North American Bond Trust accorded the depositor with the power "to take advantage of market variations to improve the investments of even the first investors." Id. at 546. This power arose in two ways. First, in making up new units, the depositor was not confined to the same bonds he had selected for the previous units. Second, 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 which would in turn reduce the existing certificate holders' interests in the old bond issues. 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…" (Id.), and accordingly that the trust was an association taxable as a corporation.

Revenue Ruling 75-192, 1975-1 C.B. 384 concerned a trust agreement that required the trustee to invest cash on hand between quarterly distribution dates in short term government obligations or in certificates of deposit issued by banks with minimum stated surplus and capital that mature prior to the following distribution date. The IRS concluded that, because the trust agreement restricted the trustee to a fixed return similar to that earned on a bank account, there was no opportunity to profit from market fluctuations. Accordingly, the power to invest in short term instruments described in Revenue Ruling 75-192 is not a power to vary a trust's investment.

In Revenue Ruling 79-77, 1979-1 C.B. 448, the IRS ruled that a trust formed to hold real property was an ordinary trust under Treasury Regulation Section 301.7701-4(a) and a "grantor trust" within the meaning of Subpart E of Subchapter J, Chapter 1 of the Code (i.e., Code Section 671 et seq.), and not a "business entity" within the meaning of Treasury Regulation Section 301-7701-4(b) (e.g., a partnership or an association taxable as a corporation), where the trustee's duties were limited to the following: (i) holding title to real estate; (ii) at the direction of the beneficiaries, signing a 20-year "triple net" lease (with renewal options) for the real estate; (iii) enforcing the lease; (iv) signing such other agreements as are approved by the beneficiaries; (v) approving minor alterations to the real estate; and (vi) distributing net income of the trust to the beneficiaries on a quarterly basis.

In other situations, however, the IRS has determined that an arrangement formed to hold real estate was properly classified as a business entity. For example, in Revenue Ruling 78-371, 1978-2 C.B. 344, the heirs to certain real estate established a trust and transferred to the trust real estate subject to a net lease. The trust agreement expressly authorized the trustees to acquire additional real estate, to sell assets of the trust, to invest such sales proceeds in certain types of financial products, to borrow money, to mortgage and lease the trust property, and to build or remove improvements from the trust property without the knowledge or consent of the owners of the trust. The IRS concluded that the trustee's power to engage in extensive real estate operations and to invest the sales proceeds in financial products indicated that that the trust was not formed to merely protect and conserve the trust's property and ruled that the trust was taxable as a corporation.

Revenue Ruling 78-371 should be contrasted, however, with Revenue Ruling 75-374, 1975-2 C.B. 261. In this ruling, the IRS addressed the level of joint business activity that would cause co-owners of real estate to be viewed as partners for tax purposes. The co-owners of an apartment project hired an unrelated management company to manage the apartment project; the management company negotiated and executed the leases for the apartment units, collected rents and other payments from tenants, and paid taxes, assessments and insurance premiums relating to the project. The management company performed (i) all services customarily performed in connection with the maintenance and repair of the apartment project (such as providing heat, air conditioning, hot and cold water, unattended parking, normal repairs, trash removal and cleaning of service areas), and (ii) certain additional services such as attended parking, gas, electricity and other utilities. Customary tenant services were furnished by the management company to the tenants at no additional charge above the basic rental payments. The management company paid the costs incurred in providing the additional services and retained the charges paid by the tenants. The ruling concluded that the co-owners were not partners for tax purposes because the furnishing of customary services in connection with the maintenance and repair did not render the co-ownership a partnership. The IRS also found that the management company was not an agent of the co-owners because the co-owners did not share any of the profits realized from the rendition of the non-customary additional services by the management company and they did not have the responsibility to pay for the non-customary additional services. Based on IRS's conclusions in Revenue Ruling 75-374, Revenue Ruling 78-371 should not be applicable to situations in which owners of real estate (whether direct or indirect) share only in the proceeds from customary services provided to tenants.

We believe that the arrangements provided for under each of the Trust Agreement and the Master Leases are similar to the arrangements described in Chase National Bank and Revenue Rulings 2004-86, 79-77 and 75-192, and are distinguishable from the arrangements discussed in North American Bond Trust and Revenue Ruling 78-371. The Trust satisfies the "one class of interests" requirement because Article I of the Trust Agreements expressly states that the Interests are all of one class. Section 2.03 of the Trust Agreement provides the interests of the Trust in the Properties are held for investment purposes only and not for the active conduct of a trade or business, and that the Trust will only engage in activities that constitute customary services in connection with the maintenance and repair of the Properties. Section 2.04 of the Trust Agreement provides that (i) the Trust Property is held for the benefit of the Investors, (ii) it is the intention of the Trustees and the Investors that the Trust not constitute a business entity for tax purposes, and (iii) the Trust, each Trustee, and each Investor agrees not to take any action inconsistent with the foregoing. Section 4.02 of the Trust Agreement requires the Trustees to distribute available cash monthly, and permits the Trustees to only invest cash in instruments described in Revenue Rulings 75-192 and 2004-86. Section 5.01(c) of the Trust Agreement provides that the Trust shall "not constitute a "business trust" . . . or any other business entity . . . but shall instead constitute a "fixed investment trust" within the

meaning of Regulations Section 301.7701-4(c)." Section 7.03 of the Trust Agreement provides that, notwithstanding any other provision of the Trust Agreement, the Trustees shall not take certain specified actions, on their own behalf or on the instruction of the Investors, if the effect of such action would be to "vary the investment" of the Investors under Treasury Regulation Section 301.7701-4(c)(1). Pursuant to the terms of the Master Leases, the Master Tenants are responsible for all insurance, maintenance, ordinary repairs and utilities, and the Master Leases may not be renegotiated unless either of the Master Tenants becomes bankrupt or insolvent.

However, the Trust Agreement contain provisions that were not present in the trust arrangement that was the subject of Revenue Ruling 2004-86 as follows: (i) the Trust will not acquire the Properties subject to the Master Leases but will be a party to such documents, however, the Trust will not negotiate the terms or documents related to the Master Leases, but will enter into the Master Leases at the direction of the Signatory Trustee, (ii) the Signatory Trustee will have an ongoing role (but no power except to conserve and dispose of the Properties), (iii) under limited circumstances, the Signatory Trustee may convert the Trust into a limited liability company, and (iv) the Signatory Trustee will have the discretion to cause a sale or other disposition of the Properties that in either respect shall cause the immediate winding up and dissolution of the Trust and the distribution of the proceeds of such sale or disposition (including any equity interests received in connection with a Section 721 exchange of the Real Estate) in accordance with Section 9.01 of the Trust Agreement. We do not believe that any such term contained in the Trust Agreement but that was absent from the arrangement that is the subject of Revenue Ruling 2004-86 will cause the Trustee to have any power other than the power to conserve and protect trust property. Moreover, these differences should not, affect the classification of the Trust as an "investment" trust under Treasury Regulation Section 301.7701-4(c)(1), because this difference should not cause the Trust to have more than a single class of ownership interests, and should not be deemed to create a power to vary the investment of the Investors.

3. Characterization of the Master Leases between the Trust and the Master Tenants

A. The Master Leases should not Constitute a Partnership for Income Tax Purposes

Rent under the Master Leases is comprised of two main elements: (a) Base Rent, which is a fixed annual payment, based on the outstanding loan payment obligations and DST expense obligations, as may be adjusted solely to account for certain lender charges and fees, and is payable subject to certain parameters that are specifically provided for in the Master Leases; and (b) Stated Rent, which is a nonadjustable, fixed annual payment and is payable subject to certain parameters that are specifically provided for in the Master Leases. Revenue Ruling 2004-86 does not set forth any analysis regarding the relevance of

rent being a fixed or formulaically determined amount; rather, those elements of the lease described in Revenue Ruling 2004-86 are merely factual statements regarding the provisions of the subject lease. Accordingly, it is our view that the IRS used the example of a fixed rental income stream to establish a "plain vanilla" arrangement so as to not have to address whether the payments provided for under the lease could create a partnership between the DST and the tenant.

As discussed below, we believe that each of the Master Leases should not constitute a partnership between the Trust and the Master Tenant for income tax purposes. The definition of "partnership" for federal income tax purposes is broad, and embraces unincorporated jointly-owned arrangements that are not partnerships under local law. Code Sections 761 (a) and 7701 (a)(2) define the term "partnership" as including a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of the Code, a corporation or trust or estate. Whether or not a joint enterprise, such as the one between the Master Tenant and the Trust, is a partnership under state law is not determinative of its status for federal income tax purposes. Thus, a joint enterprise may be classified as a partnership for income tax purposes even though it is not a partnership under state law.

There is no specific factor or set of factors to determine when an arrangement (including a lease) constitutes a partnership for federal income tax purposes. However, courts have indicated that the most important factor is evidence that the participants in an arrangement intended to join together to carry on a business or venture and divide the profits therefrom. *See, e.g., Commissioner v. Culbertson,* 337 U.S. 733 (1949). As discussed in greater detail below, additional factors that courts have taken into account are sharing of net profits, losses, joint ownership of capital, joint participation in management and filing partnership tax returns. While it is reasonably clear what types of factors are likely to be considered by the courts and the IRS in determining whether a partnership exists for tax purposes, such factors are generally subjective and difficult to apply.

Ever since *Commissioner v. Culbertson,* in which the Supreme Court said a partnership exists when "considering all the facts … the parties intended to join together in the … conduct of [a joint] enterprise," the parties' intent is a primary indication of the existence of a partnership. The Master Tenant and the Trust have manifested no intent to form a partnership. Section 3.08 of each of the Master Leases clearly reflects the intent of the parties that each of the Master Leases are a "true lease." Accordingly, this lack of intent to form a partnership is a strong indication that the Master Tenant and the Trust are not in a partnership.

As the Tax Court in *Federal Bulk Carriers, Inc., v. Commissioner,* 66 T.C. 283 (1976), *aff'd* 558 F.2d 128 (2d Cir. 1977), stated, another "central feature" of a partnership is that the parties have "a proprietary interest in the net profits of the enterprise coupled with an obligation to share its losses." Generally speaking, partners share net profits and

losses, whereas non-partnership relationships do not provide for such sharing (although they may provide for a sharing of gross revenues). *See, e.g., White 's Iowa Manual Labor Inst. v. Commissioner,* 66 T.C.M. 389 (1993); *Harlan E. Moore Charitable Trust v. U.S.,* 70 AFTR 2d 93-5386; IRS Action on Decision 1994 001 (IRS will no longer litigate the status of leases providing for gross revenue sharing along with a sharing of certain expenses between tenant and landlord in the context of certain agricultural leases); *but see Univ. Hill Foundation v. Commissioner,* 51 T.C. 548, 569 (1969), *rev'd on other grounds,* 446 F.2d 701 (9th Cir. 1971), *cert. denied,* 405 US 965 (1972) (lease providing for sharing of net profits between landlord and tenant respected as a lease and not recharacterized as a partnership). In this case, the economic relationships between the Trust and the Master Tenant should be viewed as consistent with the characterization of each of the Master Lease as a lease and not as a partnership or joint venture, because Base Rent and Stated Rent are each payable without regard to the cash flow generated by the applicable Property, subject to the Master Tenant's ability to defer payment (but not the obligation to pay) of Base Rent and a portion of the Stated Rent. Accordingly, the Trust does not share in the losses, if any, incurred by the Master Tenant in its operation of the applicable Property, and the Master Tenant is at risk for and obligated to pay the operating expenses of the Real Estate without recourse to the Trust.

Other elements of the relationship further indicate that the Master Tenant and the Trust are not in a partnership for tax purposes.

If parties combine their capital and services so that they are required to deal with each other to realize the economic benefits from the enterprise, the relationship could be characterized as a partnership. *See, e.g., Bussing v. Commissioner,* 88 T.C. 449 (1987). However, the Trust and the Master Tenant do not intend to pool their capital or their services. The Master Tenant did not contribute capital to the Trust's acquisition of the Properties and there is no provision in either of the Master Leases that suggests that it is being used by the Master Tenant to obtain an interest in the Properties. On the contrary, the Master Tenant at no time obtains an interest in the Properties.

Another factor that courts have cited to demonstrate that parties are in a partnership is joint participation in management. *Arthur Venneri Co. v. US.,* 340 F.2d 337 (Cl. Ct. 1965). The Master Tenant is solely responsible for operation and management of the Properties, and does not jointly manage the Properties with the Trust. The Trust's powers over the Properties are substantially limited, not only by the terms of the Master Leases (pursuant to which responsibility for day-to-day management of the Properties is vested in the Master Tenant), but also by the terms of the Trust Agreement, which impose strict limits on the actions that may be undertaken by the Trust with respect to the Properties. Because the Master Tenant and the Trust are not sharing in the management of the Properties, the "joint management" element is not present.

B. **The Master Leases should not Constitute an Agency Arrangement or**

Management Contract for Income Tax Purposes

The Master Leases should not be treated as an agency arrangement or management contract between the Trust and the Master Tenant for federal income tax purposes. Courts have consistently held that the underlying substance of the transaction, and not the form of the contract itself, dictates whether a contract will be treated as agency arrangement or lessor-lessee relationship for federal income tax purposes. *See e.g., Amerco v. Commissioner,* 82 T.C. 654 (1984). In determining whether an arrangement should be treated as a lessor-lessee relationship or agency agreement, the IRS and the courts have established two key factors: (1) control over the use of the property; and (2) who bears the risk of loss over the use of such property. *See, e.g., McNabb v. U.S.,* 47 AFTR 2d 81-513(1980). Consistent with this case law, Code Section 7701(e) provides certain rules for the mirror image issue of when a service contract should be recharacterized as a lease. This Code section specifically provides that a contract that purports to be a service contract is to be construed as a lease if the contract is properly treated as a lease, taking into account all relevant factors including whether or not (a) the service recipient is in physical possession of the property, (b) the service recipient controls the property, (c) the service recipient has a significant economic or possessory interest in the property, (d) the service provider does not bear any risk of substantially diminished receipts or increased expenditures if there is nonperformance under the contract, (e) the service provider does not use the property concurrently to provide significant services to entities unrelated to the service recipient, and (f) the total contract price does not substantially exceed the rental value of the property for the contract period.

If a property owner retains control over the use of property and does not sufficiently transfer control to a lessee, the relationship could be characterized as an agency agreement. The issue of whether a lessee has sufficient control over the use of property is a fact-intensive inquiry, but factors such as day-to-day management activities, the ability to set the terms of a sublease, and control over funds tend to indicate the existence of a true lease. Mere retention of supervisory functions that are necessary to protect an owner's position as a lessor-owner of property should not, without more, result in characterization of a lease as an agency agreement. *Freesen v. Commissioner,* 84 T.C. 920 (1985).

In *Amerco v. Commissioner,* 82 T.C. 654, the Tax Court held that contracts between U-Haul and individuals who owned the trailers used in U-Haul's business were properly treated as true leases and not management agreements. Concerning the control factor, the court relied on the fact that U- Haul managed the day-to-day operations of the trailers, set the terms of leasing the trailers to the public, and had exclusive control over operating expenses. *Id.* The owners of the trailers retained the right check on their property periodically and receive periodic reports from U-Haul, but such oversight did not amount to a level of control that would suggest a management contract. *Id.*

The arrangements provided in the Master Leases with respect to control of the

Properties are consistent with its characterization under the foregoing authority as a lease and not as an agency or management arrangement. As previously discussed, the Master Tenant is in physical possession of the Properties and is solely responsible for the operation and management of the applicable Properties. Pursuant to each of the Master Leases, the Master Tenant is responsible for the day-to-day management of the applicable Properties. To the extent that there are limits on the nature of the subleases that the Master Tenant may enter into, they are either consistent with the Trust's prudent management of its properties or mandated by the Lender (or both). These factors taken together are a strong indication that the Master Leases should not be treated as an agency or management arrangement.

In addition, the arrangements provided in the Master Leases with respect to the allocation of the risk of loss are consistent with its characterization as a lease and not as an agency or management arrangement. Arrangements in which the tenant bears the risk of loss, as opposed to the landlord, are likely to be respected as a true lease. Agreements which provide for rent payments only where the tenant has a net profit tend to be indicative of an agency agreement. *Meagher v. Commissioner,* TC Memo 1977-270 (noting "[i]f this contract were held to be a lease it would be a strange one, for the 'lessee' would be required to pay 'rent' only if its use of the property resulted in net profit."). However, agreements that provide for variable rent, as opposed to fixed rent, do not preclude an agreement from being treated as a true lease. *McNabb,* 47. AFTR 2d 81-513. In *McNabb,* the tenant's rent payments were set at thirty-five percent of the gross rentals from the property. *Id.* However, the tenant was responsible for paying all operating expenses out of its remaining percent share of the gross rentals and had no recourse against the landlord in the event that the operating expenses exceeded the tenant's share of gross rentals. *Id.* Thus, a lease which provides for variable rent based on gross revenue should not, by reason of the variable rent, be treated as an agency or management arrangement.

An obligation on the part of the landlord to indemnify a tenant for damages, losses or liabilities with respect to the property is also indicative of an agency relationship. In *Meagher,* the Tax Court determined that the owner retained the risk of loss with respect to the property because the property owner had agreed to defend, indemnify, and hold the tenant harmless from and against any and all loss, damage, or liability. TC Memo 1977-270. Under the terms of the contract, the tenant was authorized to deduct a portion of the rent payable to the landlord and reserve that amount to cover expenses associated with the use of the property. *Id.* The contract went one step further, however, providing that the owners of the property agreed to reimburse the tenant for any expenses incurred in excess of the amount held in the cash reserve allowance. *Id.*

Here, the Master Tenants have an unavoidable obligation to pay Base Rent and Stated Rent. In addition, the Trust has no obligation to reimburse the Master Tenants for any losses incurred related to the operation of the Properties. Unlike the facts in *Meagher,* the Base Rent and Stated Rent are payable regardless of the actual expenses incurred by the Master Tenants in operating the Properties, subject to the Master Tenants' ability to defer payment of a portion of each of the Base Rent and the Stated Rent and does not create

in form or in substance any indemnification obligation on the part of the Trust in favor of the Master Tenants.

C. Summary -- Characterization of the Master Leases between the Trust and the Master Tenants

As described above, the Master Leases should not constitute a partnership or an agency/management arrangement for income tax purposes between the Trust and the Master Tenants. While it is true that the Rent structure of the Master Leases may result in some irregularity in the amount of Rent that is paid year to year, we have identified no authority under the fixed investment trust rules or otherwise that implies that an asset held by a fixed investment trust is required to generate predictable cash flow. The Master Leases, including its rent structure, are an inherent element of the investment being acquired by Investors when they acquire an Interest in the Trust, and consistent with Revenue Ruling 2004-86 the Master Leases (including their provisions regarding Rent payment obligations) may not be amended except in the case of a Master Tenant's bankruptcy or insolvency. Accordingly, the Master Leases should not affect the classification of the Trust as an "investment" trust under Treasury Regulation Section 301.7701-4(c)(l).

V. OPINION

Based on our review of the Transaction Documents and the aforementioned assumptions, as well as our examination of applicable case law, informal policy guidance from the IRS and the requirements set forth in the Revenue Ruling, it is our opinion that the DST Interests should be treated as interests in real property for purposes of Code Section 1031.

Our opinion does not address and should not be viewed as expressing any opinion concerning tax treatment of the acquisition of DST Interests in light of the facts and circumstances applicable to a specific Investor under Section 1031 of the Code. Qualification of a transaction pursuant to Section 1031 for a specific beneficial owner involves issues based on specific facts that are not and cannot be known to us. Therefore, we give no opinion as to the ability of any beneficial owner to effectuate an acquisition of replacement property under Section 1031 of the Code. This Opinion addresses only one aspect of qualifying under Section 1031 of the Code, i.e., whether the DST Interests should be treated as interests in real property for purposes of Section 1031 of the Code. We express no opinion as to whether some portion of the Property may be "personal property" rather than "real property," or whether certain amounts that the Investors pay and are used for offering costs or expenses, financing costs, and funding reserves and impounds (as described in the PPM), or other items that are not attributable to the purchase of real estate will be considered taxable boot. We express no opinion as to the consequences of "springing back" into the Trust following a conversion of the Trust into a Delaware LLC or other transfer of either of the Properties to a Delaware limited liability company. We

also express no opinion about the state or local tax consequences of the transactions described herein.

In certain respects, the transaction that is the subject of this opinion varies from the facts of the arrangement that was the subject of Revenue Ruling 2004-86. Specifically, rather than taking the Properties subject to the Master Leases, the Trust will be a party to the Master Leases. The Signatory Trustee and the Depositor will be the issuer of the DST Interests and the Investors will make multiple contributions, rather than a single contribution, to the Depositor during the marketing cycle for the offering. The Depositor will be repaid for funding the Trust which is using the proceeds of the offering to pay offering expenses, fund reserves and repay the Depositor.. Although these facts were not present in Revenue Ruling 2004-86, the Trust's structure and ownership of the Properties is similar to the overall substance of the transactions described in Revenue Ruling 2004-86. In addition, the Trust Agreement grants the Signatory Trustee the authority to conduct activities on an ongoing basis, including the authority to dispose of the Trust Property in the Signatory Trustee's sole and absolute discretion and dissolve and wind-up the Trust in connection with such disposition or as otherwise provided in the Trust Agreement, to protect and conserve the Properties, and to effect a transfer distribution of each of the Properties to a newly formed Delaware limited liability company in certain limited circumstances. Also, each of the Master Leases contains a provision that allows each Master Tenant to exercise up to three options to extend the applicable Master Lease for additional five-year terms. Although such options were not contained in the lease that was the subject of Revenue Ruling 2004-86, the Trustee did not negotiate such option and such option does not confer on any of the Trustees the power to vary the terms of the investment or to conduct business. Accordingly, the factual differences between the trust arrangement described in Revenue Ruling 2004-86 and the transactions described in the PPM do not cause us to reach a different conclusion.

As described herein, we have made a number of assumptions, and have relied on the facts and conditions set forth in the Representation Letter, the PPM, and herein in rendering our opinion. Accordingly, our opinion is not a guarantee of the current status of the law and should not be accepted as a guarantee that a court of law or an administrative agency will concur in the opinion. If any of the facts or assumptions set forth in the Representation Letter, the PPM and herein prove incorrect, it is possible that the tax consequences would change.

In rendering our opinion, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings and revenue procedures issued by the IRS and such other authority as we have deemed relevant. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. No assurance can be made concerning the effect on our opinions that could result from such changes. This opinion is not binding on the IRS or courts of appropriate jurisdiction, which may disagree in whole or in part with the opinion expressed

herein. Legal conclusions generally, and this one in particular, should not be construed as a policy of insurance or other form of indemnification in the event of an adverse determination by the IRS or other appropriate judicial authority.

We undertake no obligation to update the opinion expressed herein after the date of this letter. This opinion does not address any tax consequences or benefits relating to the acquisition of DST Interests not expressly set forth herein. Furthermore, our opinion is conditioned upon the accuracy and completeness of the representations set forth in the Representation Letter. Our opinion does not constitute an opinion as to whether the exchange actually entered by a prospective investor satisfies all of the requirements of Section 1031 of the Code. This opinion does not address any other tax consequences of the sale of the DST Interests.

We are furnishing this opinion solely in connection with the sale of DST Interests described herein. Accordingly, the Trust may only provide this opinion to potential purchasers of the DST Interests, and may not use this opinion for any other purpose. This opinion may be relied upon by purchasers of the DST Interests in connection with their purchase of such DST Interests but may not be relied upon, circulated, quoted or otherwise referred to by any other persons in connection with any other property or co-ownership arrangement.

Our opinion is not intended or written to be used, and it cannot be used, by any prospective investor for the purpose of avoiding penalties that may be imposed under the Code. This opinion was written to support the promotion or marketing of the offering of the DST Interests. A prospective investor should seek advice based on the investor's particular circumstances from an independent tax advisor.

KVCF, PLC

By: /s/ KVCF

EXHIBIT G

Form of Purchaser Questionnaire

[See Attached]

BENEFICIAL INTERESTS
IN
1031CF PORTFOLIO 5 DST

PURCHASER QUESTIONNAIRE

Before deciding to subscribe, please read carefully the Confidential Private Placement Memorandum dated September 6, 2023, and all exhibits thereto (collectively, the "Memorandum"), for beneficial interests (the "Interests") in 1031CF Portfolio 5 DST, a Delaware statutory trust (the "Trust") formed for the purpose of acquiring and owning the portfolio consisting of (i) a 50-unit assisted living and memory care facility located at 3830 Old Kings Road, Plam Coast, Florida 32137, and (ii) a 64-unit memory care facility located at 213 NW Gleason Dr., Lake City, Florida 32055. 1031CF Portfolio 5 ST LLC, a Delaware limited liability company (the "Signatory Trustee"), will be responsible for the operation of the Trust. Defined terms used herein and not otherwise defined shall have the meaning ascribed to them in the Memorandum.

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

This Offering is limited to purchasers who certify that they meet all of the qualifications set forth in the Memorandum. If you satisfy these qualifications and desire to purchase Interests, please complete, execute and deliver the following: (i) this Purchaser Questionnaire and (ii) if you are an entity (as opposed to a natural person), the entity documents described herein. Upon the Trust's receipt of your Purchaser Questionnaire, the Trust may prepare an individualized Purchase Agreement and Escrow Instructions ("Purchase Agreement"), in the form attached to the Memorandum, for you. If you desire to purchase Interests, you must (i) execute the Purchase Agreement, and (ii) mail or deliver an original executed copy of your Purchase Agreement to the Trust at the following address:

1031CF Portfolio 5 DST
c/o 1031 Crowdfunding, LLC
2603 Main Street, Suite 1050
Irvine, California 92614
Attn: Edward E. Fernandez
Investors@crowdfunding.com

Upon receipt of the signed Purchaser Questionnaire, verification of your investment qualifications, and acceptance of your subscription, the Signatory Trustee will notify you of receipt and acceptance of your subscription. The Signatory Trustee reserves the right, in its sole discretion, to accept or reject a subscription for any reason whatsoever.

Important Note: The person or entity actually making the decision to purchase the Interests should complete and execute this Purchaser Questionnaire. For example, retirement plans often hold certain real estate purchases in trust for their beneficiaries, but the beneficiaries may maintain control and discretion over the real estate. In such a situation, the beneficiary with control must complete and execute the Purchase Agreement and Escrow Instructions, this Purchaser Questionnaire and the other agreements listed above (this also applies to trusts, custodial accounts and similar arrangements).

BENEFICIAL INTERESTS
IN
1031CF PORTFOLIO 5 DST

PURCHASER QUESTIONNAIRE

This Purchaser Questionnaire relates to the undersigned's intention to purchase an Interest or Interests in the Trust for a purchase price of $_____. PLEASE NOTE: the minimum purchase for Section 1031 Investors is $25,000 subject to the terms, conditions, acknowledgments, representations and warranties stated herein and in the Memorandum.

In order to induce the Trust to accept the Purchase Agreement, and as further consideration for such acceptance, the undersigned hereby makes the following acknowledgments, representations and warranties, with the full knowledge that the Trust will expressly rely thereon in making a decision to accept or reject the undersigned's Purchase Agreement:

1. My primary state of residence is: _____.

2. My date of birth is: _____.

3. My 45-day identification period expires on _____, and my 180-day exchange period expires on _____. I expect to have available cash to complete this investment on _____.

4. I hereby represent and warrant that I am an "*accredited investor*" as defined in Regulation D promulgated under the Securities Act of 1933, as amended and meet the criteria initialed below (initial as appropriate):

   (a) _____ That I have an individual net worth, or joint net worth with my spouse (or spousal equivalent), ***excluding primary residence*** (see Memorandum, "WHO MAY INVEST") but including home furnishings and personal automobiles, of more than $1,000,000; or

   (b) _____ That I have individual income in excess of $200,000 or joint income with my spouse (or spousal equivalent) in excess of $300,000, in each of the two most recent years and I have a reasonable expectation of reaching the same income level in the current year.

   (c) _____ A corporation, Massachusetts or similar business trust, partnership, or organization described in Code Section 501(c)(3), not formed for the specific purpose of acquiring Interests, with total assets over $5,000,000.

   (d) _____ A holder in good standing of certain professional certifications or designations, including the Financial Industry Regulatory Authority, Inc. Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65), or Licensed Private Securities Offerings Representative (Series 82) certifications.

   (e) _____ An entity with investments (as defined in Section 2a51-1(b) of the Investment Company Act) exceeding $5,000,000, not formed for the specific purpose of acquiring Interests.

   (f) _____ Any investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act"), or an exempt reporting adviser (as defined in Section 203(l) or Section 203(m) of the Advisers Act), or a state-registered investment adviser.

   (g) _____ A trust, with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Interests as described in Rule 506(b)(2)(ii) under the Securities Act..

(h) _____ A family client of a family office, with total assets of at least $5,000,000, not formed for the specific purpose of acquiring Interests and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of an investment in Interests as described in Section 202(a) (11)(G)-1(b) under the Advisers Act.

(i) _____ A broker-dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended.

(j) _____ An investment company registered under the Investment Company Act or a business development company (as defined in Section 2(a)(48) of the Investment Company Act).

(k) _____ Any small business investment company licensed by the Small Business Administration under Section 301(c) or (d) or the Small Business Investment Act of 1958, as amended.

(l) _____ A rural business investment company (as defined in Section 384A of the Consolidated Farm and Rural Development Act).

(m) _____ An employee benefit plan within the meaning of ERISA, if 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 advisor, or if such employee benefit plan has total assets over $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are accredited investors.

(n) _____ A private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended).

(o) _____ A bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act.

(p) _____ A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than $5,000,000.

(q) _____ An executive officer, director, advisory board member or trustee or person serving in a similar capacity of the Signatory Trustee or, if applicable, its manager; or

(r) _____ An entity in which all of the equity owners are accredited investors.

Furthermore, if other than a natural person, such entity represents and warrants that it meets the requirements of the initialed category: **(INITIAL AND COMPLETE THE APPLICABLE CATEGORY):**

(a) _____ The entity is purchasing the Interests with funds that constitute, directly or indirectly, the assets of a Benefit Plan Investor (defined below). The entity hereby represents and warrants that its investment in the Trust: (i) does not violate and is not otherwise inconsistent with the terms of any legal document constituting or governing the employee benefit plan; (ii) has been duly authorized and approved by all necessary parties; and (iii) is in compliance with all applicable laws.

(b) _____ The entity is not purchasing the Interests with funds that constitute, directly or indirectly, the assets of a "Benefit Plan Investor" (defined below).

The term "*Benefit Plan Investor*" means a benefit plan investor within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, which includes (i) any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not such plan is subject to Title I of ERISA (which includes both U.S. and Non-U.S. plans, plans of governmental entities as well as private employers, church plans and certain assets held in connection with nonqualified deferred compensation plans); (ii) any plan described in Code Section 4975(e)(1) (which includes a trust described in Code Section 401(a) which forms a part of a plan, which trust or plan is exempt from tax under Code Section 501(a), a plan described in Code Section 403(a), an individual retirement account described in Code Sections 408(a) or 408A, an individual retirement annuity described in Code Section 408(b), a medical savings account described in Code Section 220(d), and an education individual retirement account described in Code Section 530); and (iii) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (generally because 25 percent (25%) or more of a class of interests in the entity is owned by plans). Benefit Plan Investors also include that portion

of any insurance company's general account assets that are considered "plan assets" and the assets of any insurance company separate account or bank common or collective trust in which plans invest. 100% of an investor's Interests whose underlying assets include "plan assets," such as a fund investor, shall be treated as "plan assets" by the Trustee for purposes of meeting an exemption under the Department of Labor regulation.

5. I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of a purchase of the Interests. The following is a description of my experience in financial and business matters:

_____

_____

_____

6. Title to the Interests to be taken in accordance with the attached vesting instructions.

7. Because this is a Rule 506(c) Offering, the Signatory Trustee is required to obtain additional verification of the prospective Investor's status as an accredited investor, as defined by SEC Rule 501(a). If the Investor is a natural person, this may be done by providing verification by one the methods listed in (a)-(c) below:

   (a) Tax Returns and Investor Representation

   If the Investor is an accredited investor on the basis of income, the Investor must provide an Internal Revenue Service form that reports the subscriber's income for the two most recent years (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and provide a written representation prospective investor has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year;

   (b) Financial Documentation Dated within Prior 3 Months

   If the Investor is an accredited investor on the basis of net worth, provide one or more of the following types of documentation dated within the prior three months and provide a written representation that all liabilities necessary to make a determination of net worth have been disclosed: (1) with respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties; and (2) with respect to liabilities, a consumer report from at least one of the nationwide consumer reporting agencies; or

   (c) Third Party "Accredited Investor" Attestation

   The prospective Investor may also satisfy the additional verification requirement by having the appropriate professional complete the Third Party "Accredited Investor" Attestation below.

   If the Investor is an entity, please contact the Signatory Trustee regarding required verification information.

8. THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

9. I have read the Memorandum, and I have specifically read, and specifically acknowledge and agree to the matters set forth in the section titled "FEDERAL INCOME TAX CONSEQUENCES." I represent and warrant that I:

   (i) have consulted my 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;

(ii) I am not relying on the Sponsor, the Signatory Trustee or any of their Affiliates or agents, including their Counsel, or accountants, or any member of the Selling Group for tax advice regarding the qualification of the Interests under Section 1031 of the Code or any other matter;

(iii) I am not relying on any statements made in the Memorandum regarding the qualifications of the Interests under Section 1031 of the Code;

(iv) I understand the tax opinion is only Counsel's view of the anticipated tax treatment of the Interests, is a marketed tax opinion upon which an investor may not rely to avoid tax penalties, and there is no guarantee that the IRS will agree with such opinion;

(v) I am aware that the IRS has issued Revenue Ruling 2004-86, 2004-2 C.B. 191 addressing Delaware Statutory Trusts, 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 a partnership interest for federal income tax purposes; and

(vi) I will, for federal income tax purposes, report the purchase of the Interest pursuant to the Purchase Agreement and Escrow Instructions as a purchase of a direct ownership interest in the Properties.

10. I hereby agree to indemnify, defend and hold harmless the Sponsor, the Signatory Trustee, the Trust, the Master Tenants and all of their members, managers, officers, affiliates and advisors, of and from any and all damages, losses, liabilities, costs and expenses (including attorneys' fees and costs) that they may incur by reason of my failure to fulfill all of the terms and conditions of the associated Purchase Agreement and Escrow Instructions or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) incurred by the Sponsor, the Signatory Trustee, the Trust, the Master Tenants or any of their members, managers, officers, affiliates or advisors, defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with this transaction.

11. In connection with this Purchaser Questionnaire, a consumer report may be requested. Upon my request, I will be informed whether or not such a report was requested, and, if so, the name and address of the consumer reporting agency that furnished the report. I hereby authorize such reports and verification of my employment history.

12. To the extent I am purchasing an Interest in connection with a tax-deferred exchange under Section 1031 of the Code, I agree to provide the Signatory Trustee (including its representatives and agents), upon request, any documentation relating to my identification of replacement properties with respect to such tax-deferred exchange.

13. Neither I nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity:

    (a) is a Sanctioned Person (as defined below);
    (b) has more than 15% of its assets in Sanctioned Countries (as defined below); or
    (c) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

For purposes of the foregoing, a "*Sanctioned Person*" shall mean (a) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("*OFAC*") at *https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists*, or as otherwise published from time to time, or (b) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "*Sanctioned Country*" shall mean a

country subject to a sanctions program identified on the list maintained by OFAC and available at *https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information*, or as otherwise published from time to time.

14. If the Investor is an entity, trust, or benefit plan investor, then Investor represents to the applicable following representation and warranty:

(a) If the subscriber is a CORPORATION, then the undersigned hereby represents, warrants and agrees that (i) the undersigned has been duly authorized by all requisite action on the part of the corporation listed below (the "Corporation") to acquire the Interests, (ii) the Corporation has all requisite power and authority to acquire the Interests, and (iii) the undersigned officer of the Corporation has authority under the Articles of Incorporation, Bylaws, and resolutions of the Board of Directors of the Corporation to execute this Purchaser Questionnaire and the Purchase Agreement and Escrow Instructions. The undersigned officer encloses a true copy of the Articles of Incorporation, the Bylaws and, as necessary, the resolutions of the Board of Directors authorizing a purchase of the Interests, in each case as amended to date.

(b) If the subscriber is a PARTNERSHIP, then the undersigned hereby represents, warrants and agrees that (i) the undersigned is a general partner of the partnership named below (the "Partnership"), (ii) the undersigned general partner has been duly authorized by the Partnership to acquire the Interests and the general partner has all requisite power and authority to acquire the Interests, and (iii) the undersigned general partner is authorized by the Partnership to execute this Purchaser Questionnaire and the Purchase Agreement and Escrow Instructions. The undersigned general partner encloses a true copy of the Partnership Agreement of the Partnership, as amended to date, together with a current and complete list of all partners and, as necessary, the resolutions of the Partnership authorizing the purchase of the Interests.

(c) If the subscriber is a TRUST, then the undersigned hereby represents, warrants and agrees that (i) the undersigned trustee is duly authorized by the terms of the trust instrument (the "Trust Instrument") for the Trust ("Trust") set forth below to acquire the Interests, (ii) the undersigned, as trustee, has all requisite power and authority to acquire the Interests for the Trust, and (iii) the undersigned trustee is authorized by the Trust to execute this Purchaser Questionnaire and the Purchase Agreement and Escrow Instructions. The undersigned trustee encloses a true copy of the Trust Instrument of said Trust, as amended to date, and, as necessary, the resolutions of the trustees authorizing the purchase of the Interests.

(d) If the subscriber is a LIMITED LIABILITY COMPANY, then the undersigned hereby represents, warrants and agrees that (i) the undersigned is either the authorized manager or authorized representative of the limited liability company named below (the "LLC"), (ii) the undersigned has been duly authorized by the LLC to acquire the Interests and has all requisite power and authority to acquire the Interests, and (iii) the undersigned is authorized by the LLC to execute this Purchaser Questionnaire and the Purchase Agreement and Escrow Instructions. The undersigned encloses a true copy of the Articles of Organization and the Operating Agreement of the LLC, as amended to date, together with a current and complete list of all members and managers and, as necessary, the resolutions of the LLC authorizing the purchase of the Interests.

(e) If the subscriber is a BENEFIT PLAN INVESTOR (as defined in Question 4, above), then the undersigned hereby represents, warrants and agrees that: (i) the undersigned is duly authorized by the terms of the such investor's governing instrument trust instrument (the "Governing Instrument") for the entity ("entity") set forth below to acquire the Interests; (ii) the entity has all requisite power and authority to acquire the Interests; and (iii) the undersigned has authority under the Governing Instrument to execute this Purchaser Questionnaire and the Purchase Agreement. The undersigned encloses a true copy of the Governing Instrument of the entity, as amended to date, and, as necessary, any resolutions authorizing the purchase of the Interests.

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*** * * * * * ***

REGISTRATION

A. **Registration Information**

Please print the exact name of the purchaser:

_____

B. **Contact Information**

Please send all correspondence to the following:

Contact Name: _____

Mailing Address: _____

_____

Primary Phone: _____ Primary Fax: _____

Additional Phone: _____

E-mail Address: _____

C. **Release of Information**

As a courtesy to investors, 1031 Crowdfunding, LLC compiles and distributes an ownership contact directory. As your personal information and privacy are among our top priorities, 1031 Crowdfunding, LLC does not release this information without your prior written consent. Please complete the authorization below by indicating which, if any, information may be released to all purchasers of Interests in this Offering.

_____ DO NOT release any personal information (other than public record information) to the other Interest owners.

Name: _____ May release: Yes__ No__

Address:_____ May release: Yes__ No__

Phone #:_____ May release: Yes__ No__

E-Mail: _____ May release: Yes__ No__

Signed: _____

Date: _____

[Remainder of Page Intentionally Left Blank]

EXECUTION

Please execute this Purchaser Questionnaire by completing the appropriate section below.

INDIVIDUAL, HUSBAND AND WIFE, AND JOINT TENANT

If the subscriber is an INDIVIDUAL, please complete the following:

_____

Signature of Investor (or Joint Owner or Spouse, as applicable)

Signature of Investor (Joint Owner Two or Spouse Two, as applicable)

_____

Name (Please type or print)

Name of Spouse or Joint Owner (if applicable)

_____

Social Security Number

Social Security Number of Joint Owner (if applicable)

_____

State of Legal Residence

OR

ENTITY, TRUST, OR BENEFIT PLAN

If the subscriber is an ENTITY, TRUST, or BENEFIT PLAN, complete the following:

_____

Name of Entity (Please type or print)

_____

Type of Entity (i.e. Corporation, LLC, Trust, Partnership, etcetera)

Signature: _____

Name: _____

Title: _____

Signature: _____

Name: _____

Title: _____

_____

Federal Employer ID Number

_____
State of Formation

Benefit Plan Investor? (As defined in Question 4 above): Yes or No (Circle One)

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

VESTING INSTRUCTIONS

Ownership of the Interests is to be vested as follows:

Please indicate vesting by marking the appropriate box and print names exactly as they appear on the Deed of your relinquished property. PLEASE REMEMBER TO SIGN WHERE INDICATED AT THE BOTTOM OF THIS PAGE.

☐ A Single Man ☐ A Single Woman (Single means never married)

☐ An Unmarried Man ☐ An Unmarried Woman (Unmarried means divorced)

☐ A Widower ☐ A Widow

Complete Name: _____

☐ Husband and Wife as Joint Tenants ☐ Husband and Wife as Community Property

☐ A Married (Man) (Woman) as (His) (Her) Sole and Separate Property (*Both spouses must be listed below*)

Name of Spouse: _____ **Name of Spouse:** _____

☐ As Joint Tenants (Joint Tenants have right of survivorship)

☐ As Tenants in Common (Tenants in Common must set forth each person's undivided interest percentage)

Joint Tenant or TIC Name: _____ **Joint Tenant or TIC Name:** _____.

☐ Trust Name of Trust: _____
Date of Trust: _____

This Trust is: ☐ Revocable ☐ Irrevocable

Trustee Name: _____ **Trustee Name:** _____

**Please attach a copy of your trust agreement.

☐ Corporation ☐ Partnership
☐ Limited Liability Company

Company Name: _____ **State Formed:**

GP/President/Manager: _____ **Tax ID #:** _____

**Please attach copies of your Articles of Incorporation/Formation, LLC/partnership agreement, and authorizing consents.

☐ Benefit Plan Investor **Name of entity**: _____

Print Name: _____
Title: _____
Tax ID #: _____
State Formed: _____

☐ Other _____

_____ _____

Signature (Purchaser) Signature (Purchaser)

[Signature Page to Vesting Instructions]

1031 EXCHANGE INFORMATION AND AUTHORIZATION AGREEMENT

Prospective Purchaser's Intent to Exchange

If the undersigned is completing a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code in connection with an investment in the Trust, please complete this page. The minimum investment for a Section 1031 investor is $25,000, which equals a 0.0880%* Interest.

The undersigned's exchange information is as follows:

45-day identification period expires on: _____

180-day exchange period expires on: _____

Cash to complete this investment will be available on: _____

The undersigned hereby confirms that the acquisition of Interests is part of a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code, pursuant to an Exchange Agreement between Buyer and _____ (the "Accommodator") whose address, telephone number and contact person are as follows **(Please complete in full)**:

_____
Street Address

_____
City State Zip Code

_____
Telephone No. Fax No. E-mail

_____
Contact Person

Authorization of Inquiry

Signing this form authorizes the Trust and its authorized representatives to contact the Accommodator to obtain and confirm the following information:

- Funds available for exchange;
- Expiration date of 45-day identification period; and
- Expiration date of 180-day exchange period.

The Trust will use this information solely for the purpose of approving the undersigned's investment in the Interests and establishing the required time period for completing the exchange.

Please indicate the undersigned's approval by printing the undersigned's name and signing below.

Print Name:_____ Date:_____

Signature:_____

* Rounded to the nearest 1000th of a percent.

INVESTOR'S FINANCIAL STATEMENT

Individual(s): _____

ASSETS		**LIABILITIES**	
Liquid Assets:	$		
Other Assets**:	$		
Total Assets:	**$**	**Total Liabilities:**	**$**
		Net Worth: **(Total Assets - Total Liabilities)**	**$**
Signature	**Date**	**Signature**	**Date**

**Excluding the value of the Investor's primary residence.

ACH AUTHORIZATION FORM

This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter**

Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____

Distribution Payment Information

Bank Name/Custodial Entity: _____
Account Owner: _____
Account Name: _____
Address: _____
City: _____ State: _____ Zip: _____
Routing # (9 digits) _____
Account # _____

_____ authorizes 1031CF Portfolio 5 ST, LLC, or its designated assignee (hereinafter referred to as the "Signatory Trustee"), to initiate ACH transfer entries and to credit the account identified herein for distributions relating to the Beneficial Interests in 1031CF Portfolio 5 DST. This authorization shall remain in effect unless and until Investor notifies the Signatory Trustee that this authorization has been terminated in such time and manner to allow the Signatory Trustee to act. Undersigned represents and warrants to the Signatory Trustee that the person executing this Release is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

_____ / / _____
Account Owner Signature Date

_____
Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK
OR
BANK LETTER

BROKER-DEALER AND REGISTERED REPRESENTATIVE REPRESENTATIONS AND WARRANTIES

Standards of suitability have been established by the Signatory Trustee and fully disclosed in the section of the Memorandum entitled "WHO MAY INVEST." Prior to recommending purchase of the Interests, we have reasonable grounds to believe, on the basis of information supplied by the subscriber concerning his or her investment objectives, other investments, financial situation and needs, and other pertinent information that: (i) the subscriber meets the standards established by the Signatory Trustee; (ii) the subscriber has a net worth and income sufficient to sustain the risks inherent in the Interests, including loss of the entire investment and lack of liquidity; and (iii) the Interests are otherwise a suitable investment for the subscriber. We will maintain in our files documents disclosing the basis upon which the suitability of this subscriber was determined.

We verify that the above subscription either does not involve a discretionary account or, if so, that the subscriber's prior written approval was obtained relating to the liquidity and marketability of the Interests during the term of the purchase.

Purchaser Name _____

Broker-Dealer Firm Name _____

Registered Representative _____
(Please Print)

_____
Registered Representative's BRANCH ADDRESS, City, State, Zip

Registered Representative CRD # _____

Branch Phone Number (_____) _____

E-mail address: _____

I certify that I am registered to sell securities in the state in which this investor(s) reside(s).
INITIAL _____ Reg. Rep.

I certify that I am currently licensed with the FINRA and all necessary state regulatory agencies to sell the security which is the subject of this document.
INITIAL _____ Reg. Rep.

I certify that I have not participated in any general solicitation or advertising of the offering of this security and I have a pre-existing relationship with this investor.
INITIAL _____ Reg. Rep.

The Broker-Dealer hereby certifies that the following compensated solicitors (collectively, "Compensated Solicitors") is/are the only persons who will receive any compensation, directly or indirectly, for the solicitation of this/these investor's/s' subscription for Interests, and none of the Compensated Solicitors is subject to any Disqualifying Event (as that term is defined in the Managing Broker-Dealer Agreement and/or Soliciting Broker-Dealer Agreement with respect to the offering of the Interests to which the Broker-Dealer is a party) ***[Insert names of Compensated Solicitors]***: _____

_____

_____ _____

Signature of Registered Representative (REQUIRED) **Signature of Broker Dealer Principal (REQUIRED)**

Third Party "Accredited Investor" Attestation

The prospective investor may satisfy the additional verification requirement by having the appropriate professional complete this Third Party "Accredited Investor" Attestation.

The undersigned hereby certifies to the Trust that it is (initial at least one):

_____A registered broker-dealer;

_____ An investment advisor registered with the SEC;

_____A licensed attorney in good standing under the laws of the jurisdictions in which he or she is licensed to practice law; or

_____A certified public accountant who is duly registered and in good standing under the laws of his or her residence or principal office.

Prospective Investor Name: _____ (Name of Client)

Street Address: _____

City, State, ZIP: _____

Date: _____

The undersigned hereby certifies to 1031CF Portfolio 5 ST, LLC, a Delaware limited liability company, that:

(i) The prospective investor named above is an "accredited investor" within the meaning of such term as set forth in Rule 501 of Regulation D promulgated by the United States Securities and Exchange Commission (the "SEC");

(ii) Within three (3) months prior to the date of this certificate, the undersigned has taken reasonable steps to determine that the above named prospective investor is an accredited investor; and

(iii) In taking such reasonable steps, the undersigned has reviewed such documentation as would be required to comply with the terms of Rule 506(c)(2)(ii)(A) or (B) promulgated by the SEC, or has otherwise determined the above named prospective investor is accredited in the context of the particular facts and circumstances of such investor.

The undersigned has taken reasonable steps to verify that the prospective investor is an "accredited investor" based on his or her income or net worth (whether individual or together with his or her spouse) and, based on these steps, the undersigned has determined that the prospective investor is an "accredited investor." To the undersigned's knowledge, after reasonable investigation, no facts, circumstances or events have arisen after that date to lead the undersigned to believe that the prospective investor has ceased to be an "accredited investor." The undersigned acknowledges that that Trust will rely on this Attestation in determining the prospective investor's eligibility to participate in the Trust's offering and the undersigned consents of such participation.

[Third Party "Accredited Investor Attestation" Signature Required on Following Page]

If by an entity:

_____
(print entity name)

By:_____(signature)

Name_____(Print)

Title:_____(Print)

If by an individual:

_____
(print name)

_____
(signature)

[*Signature Page to Third Party "Accredited Investor" Attestation*]

EXHIBIT H

Form of Demand Note from the Sponsor in favor of Master Tenants

[See Attached]

DEMAND PROMISSORY NOTE

$600,000 September 1, 2023

FOR VALUE RECEIVED, 1031 CF Properties, LLC, a California limited liability company ("**Maker**"), promises to pay on demand (as described below), without offset, to the order of 1031CF Palm Coast MT LLC and 1031CF Lake City MT LLC, each a Delaware limited liability company, at 2603 Main Street, Suite 1050 Irvine, California 92614, and their successors and assigns ("**Holders**"), in lawful money of the United States of America, the principal sum of up to Six Hundred Thousand and NO/100 Dollars ($600,000). No interest shall accrue or be due and payable on this Note unless any principal due hereunder is not paid to Holders within 10 days after demand is made, at which point interest will begin to accrue on the amount demanded at an annual interest rate equal to the "Prime Rate" as reported by *The Wall Street Journal* from time to time.

This Note is intended to represent the initial $600,000 capitalization of the Holders. Either of the Holders may demand payment of all or any portion of the Note as described in this paragraph. If either of the Holders, as Lessees, do not have sufficient funds to make any rent payment or otherwise perform any other obligation of lessees required under the separate Master Leases between each of the Lessees and 1031CF Portfolio 3 DST, a Delaware statutory trust, and its assigns, as Landlord ("**Master Leases**"), and either of the Holders do not then have sufficient cash or other liquid assets on hand to cover such deficiency, either of the Holders may demand payment from Maker of any amount of principal remaining under the Note up to an amount equal to the amount of funds necessary to cover the deficiency and the Maker shall pay to the applicable Holder such amounts within five (5) business days. For example, if either Lessee does not have sufficient funds to make a rent payment under the applicable Master Lease and the amount needed, net of cash currently available to applicable Lessee, to make such rent payment is $20,000, and applicable Holder has only $10,000 in liquid assets on hand, applicable Holder would be entitled to utilize the $10,000 in its liquid assets and demand payment of $10,000 of principal from this Note. Notwithstanding anything to the contrary herein, the maximum principal amount of this Note shall decrease on a dollar-for-dollar basis for every bona fide cash contribution to the capital of either of the Holders. This Note shall automatically be deemed cancelled (i) at such time as the total amount of bona fide capitalization deposited into (without regard to whether any such amounts are then currently held by) the Holders by the Maker equals or exceeds $600,000 in cash or other assets in the aggregate (excluding this Note or any similar note from Maker), (ii) upon termination of both of the Master Leases, or (iii) sale of both of the properties subject to the Master Leases.

Maker, to the extent permitted by law, hereby waives (a) presentment, demand, protest, notices of dishonor and protest, and the benefits of homestead exemptions; and (b) all defenses and pleas with respect to any extensions of the time for payment under this Note, whether in whole or in part, before or after maturity, with or without notice.

This Note may be prepaid, in whole or in part, at any time and from time to time, without premium or penalty.

This Note shall be governed and controlled as to validity, enforcement, interpretation, construction, and in all other respects, by the laws of the State of Delaware, exclusive of any conflicts of law provisions or principles thereof.

MAKER HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING RELATING TO THIS NOTE AND CONSENTS THAT ALL CONTROVERSIES OR DISPUTES RELATING TO THIS NOTE SHALL BE HEARD AND DETERMINED BY A JUDGE SITTING WITHOUT A JURY.

This Note shall inure to the benefit of Holders and its successors and assigns and shall be binding on Maker and its successors and assigns; provided, however, that Holders may not assign this Note or any of its obligations hereunder without having obtained the prior written consent of Maker, which consent may be withheld or granted in Maker's sole discretion.

[*Signature Page Follows*]

MAKER:

1031 CF PROPERTIES, LLC,
a California limited liability company,

By: 1031 Crowdfunding, LLC
a California limited liability company,
Its: Manager

By: DNS Capital, LLC,
a California limited liability company,
Its: Manager

By: _____
Name: Edward Fernandez
Its: Manager

[Signature Page to Demand Promissory Note]