
ANNEX J

RSM FINANCIAL STATEMENTS

**Consolidated Financial Statements and
Report of Independent Certified Public
Accountants**

RealSource Management, LLC

December 31, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
RealSource Management, LLC

Opinion

We have audited the consolidated financial statements of RealSource Management, LLC (a Utah limited liability company) and subsidiary (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 11, 2025

RealSource Management, LLC

CONSOLIDATED BALANCE SHEET

December 31, 2024

ASSETS

Cash	\$ 203,399
Accounts receivable - related parties	2,347,749
Prepaid and other current assets	<u>36,880</u>
Total current assets	2,588,028
Other assets	<u>148,814</u>
Total assets	<u>\$ 2,736,842</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 154,013
Other liabilities	175,529
Due to affiliate	<u>29,528</u>
Total liabilities	359,070

Members' equity

Total liabilities and members' equity	<u>\$ 2,377,772</u>
	<u>\$ 2,736,842</u>

The accompanying notes are an integral part of this consolidated financial statement.

RealSource Management, LLC

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2024

Revenue - related parties

Property management fees and other revenues	\$ 4,638,237
Cost reimbursement revenue	2,062,860
Support and advertising revenue	<u>700,784</u>
Total revenue - related parties	<u>7,401,881</u>

Operating expenses

Reimbursable expenses	2,069,316
Support and advertising expenses	143,495
Payroll expenses	3,185,002
General and administrative expenses	<u>1,427,469</u>
Total operating expenses	<u>6,825,282</u>

Operating income 576,599

Other income, net

37,108

NET INCOME \$ 613,707

The accompanying notes are an integral part of this consolidated financial statement.

RealSource Management, LLC

CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

Year ended December 31, 2024

	<u>Members' Equity</u>
Balance - December 31, 2023	\$ 1,708,272
Contributions	502,589
Distributions	(446,796)
Net income	<u>613,707</u>
Balance - December 31, 2024	<u>\$ 2,377,772</u>

The accompanying notes are an integral part of this consolidated financial statement.

RealSource Management, LLC

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024

Cash flows from operating activities

Net income	\$ 613,707
Changes in operating assets and liabilities:	
Accounts receivable - related parties	276,830
Prepaid and other current assets	(176,492)
Accounts payable and accrued expenses	(384,660)
Other assets	(339,425)
Other liabilities	(27,117)
Due to affiliate	<u>29,528</u>
Net cash used in operating activities	<u>(7,629)</u>

Cash flows from financing activities

Contributions	502,589
Distributions	<u>(446,796)</u>
Net cash provided by financing activities	<u>55,793</u>

NET CHANGE IN CASH 48,164

Cash, beginning of year 155,235

Cash, end of year \$ 203,399

The accompanying notes are an integral part of this consolidated financial statement.

RealSource Management, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - ORGANIZATION AND BUSINESS

RealSource Management, LLC ("RSM") is a Utah Limited Liability Company formed on January 1, 2006. Unless the context indicates otherwise, the "Partnership," "we," "our" or "us" refers to RSM and its wholly-owned subsidiary RSM Investment Club, LLC ("RSM Investment Club"). RSM was formed to provide property management services for multifamily apartment communities located throughout the United States. RSM Investment Club was formed to assist employees with investing in real estate properties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance accounting principles generally accepted in the United States of America ("GAAP") and includes the accounts of RSM and RSM Investment Club. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

We consider all cash on deposit, money market funds and short-term investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of amounts the Company has on deposit with major commercial financial institutions. There were no cash equivalents during the year ended December 31, 2024.

Accounts Receivable - Related Parties

Accounts receivable consists of amounts due from managed properties for fees and other reimbursable expenses. We present our accounts receivable net of allowances for amounts that may not be collected. We assess all accounts receivable for credit losses and establish an allowance to reflect the net amount expected to be collected. The allowance is determined based on an assessment of historical collection activity, the nature of the receivable, and the current business environment. As of December 31, 2024, there was no allowance for credit losses.

Loans Payable

Loans payable consist of loans provided by employees to invest in certain real estate properties. The loans are payable on demand and do not carry an interest rate. Subsequent to December 31, 2024, RSM repaid the loans to employees in full.

Revenues - Related Parties

Revenue consists of property management fees, construction management fees and other fees charged to properties under management, including allocated shared costs or fees paid by tenants who opt into a waiver program that covers accidental property damage. Performance obligations are defined in each contract and revenue is recognized on a monthly basis over the term of the agreement as services are performed. Fees are variable consideration, as the property management fees are based on a percentage of the total gross rental income, and construction management fees are based on a percentage of the cost of construction expenditures. At the point the revenues are invoiced and recognized, the amount of

RealSource Management, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

consideration to be received is finalized and the uncertainty has been resolved. In addition, RSM provides shared services such as support and advertising based on fees in accordance with the property operating budgets. The support and advertising fees will be used for advertising, marketing, promotion and sales services on a group basis. Support and advertising fees earned are included in support and advertising revenue in the accompanying statement of operations. Support and advertising fee revenue is recognized on a monthly basis over the term of the agreements as services are performed.

RSM is also reimbursed for expenses paid or incurred on behalf of the properties under management in connection with the services it provides. Revenue for cost reimbursements is recognized on a gross basis as incurred, included in cost reimbursement revenue and reimbursable expenses, respectively, in the accompanying statement of operations.

RSM generally receives payments from properties as it satisfies its performance obligations and records a receivable when it has an unconditional right to receive payment and only the passage of time is required before payment is due. Construction management fees are paid when the related construction is complete.

Concentration of Credit Risks

Financial instruments that potentially subject RSM to concentrations of credit risk consist principally of cash and cash equivalents. At times, balances with any one financial institution may exceed the Federal Deposit Insurance Corporation insurance limits. RSM believes it mitigates this risk by investing its cash with high-credit quality financial institutions.

Advertising Costs

RSM expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2024 totaled \$146,913 and are included in general and administrative expenses and support and advertising expenses in the accompanying statement of operations.

Leases

RSM leases office space from an entity owned by the RSM's CEO under a month-to-month lease arrangement with no expiration date. RSM determines if an arrangement is a lease or contains a lease at the inception of a contract and categorizes leases at inception as either operating or finance leases. As the lease arrangement is month-to-month, we do not recognize a lease right-of-use asset and lease liability related to such payments. Rent expense is recognized as incurred and is included in general and administrative expenses on the accompanying consolidated statement of operations, which totaled \$27,054 for the year ended December 31, 2024.

Income Taxes

Due to RSM being a partnership, it has no tax liability, and all of its income or losses are passed onto the individual members.

NOTE 3 - MEMBERS' EQUITY

Members' equity consists of one class of member units. As of December 31, 2024, total members' equity was \$2,377,772. For the year ended December 31, 2024, we paid distributions of \$446,796.

RealSource Management, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

RSM's operations are entirely to perform services for real estate properties owned by RealSource Properties OP, LP subsidiaries under property management agreements. RSM's revenues and accounts receivable reflected in the accompanying statement of operations and balance sheet, respectively, are entirely due from related parties. See also Note 2.

The due to affiliates balance of \$29,528 is due to RealSource Properties Advisor, LLC for payroll and benefits expense allocation.

RSM leases office space from an entity owned by RSM's CEO under a month-to-month lease arrangement. Total rent paid during the year ended December 31, 2024 was \$27,054.

NOTE 5 - SUBSEQUENT EVENTS

We have evaluated subsequent events through November 11, 2025, the date the financial statements were available to be issued for recognition or disclosure and have determined there are none to be reported or disclosed in the financial statements other than those mentioned below.

Merger

On June 25, 2025, Cottonwood Communities, Inc. ("CCI"), Cottonwood Residential O.P., LP, a subsidiary and the operating partnership of CCI ("CROP"), Cottonwood Communities GP Subsidiary, LLC, a wholly owned subsidiary of CCI ("Merger Sub" and together with CCI and CROP, the "CCI Parties"), RealSource Properties, Inc. ("RS") and RealSource Properties OP, LP ("RPOP") (together with RS, the "RS Parties"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). Contemporaneously with signing the Merger Agreement, the RS Parties entered into an Internalization Agreement with (i) RealSource Properties Advisor, LLC ("RSPA"), which is the external advisor to the RS Parties, (ii) RS Property Management, LLC ("RSPM"), which provides property management services to properties owned by subsidiaries of RPOP, (iii) RealSource Management, LLC ("RSM"), which provides personnel to RSPA and RSPM and property management services to properties owned by subsidiaries of RSOP as well as seven properties held by third parties (RSPA, RSPM and RSM are referred to collectively as the "Contributed Entities").

Pursuant to the Internalization Agreement, RPOP will acquire all of the equity interest in RSPA, RSPM and RSM (collectively, the "Contributed Equity Interests"). The Internalization Agreement also provides for, among other things:

- The termination of the RSPA's Advisory Agreement with RPOP (the "Advisory Agreement") other than those sections which expressly survive termination of the Advisory Agreement and other matters related to the termination of the Advisory Agreement, including the following:
 - The waiver of the right of RSPA, as holder of a special limited partnership interest in RPOP, to require RPOP to purchase such special limited partnership interest in connection with the termination of the Advisory Agreement; and
 - A waiver of RSPA's right under the Advisory Agreement to receive disposition fees in connection with the Merger.

RealSource Management, LLC

Financial Statements

June 30, 2025 (Unaudited)

RealSource Management, LLC

Financial Statements

June 30, 2025 (Unaudited)

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RealSource Management, LLC

Consolidated Balance Sheets

	June 30, 2025	December 31, 2024
Assets	(Unaudited)	
Cash	\$ 741,982	\$ 203,399
Accounts receivable - related parties	1,704,581	2,347,749
Prepaid and other current assets	—	36,880
Total current assets	\$ 2,446,563	\$ 2,588,028
Other assets	10,878	148,814
Total assets	\$ 2,457,441	\$ 2,736,842
Liabilities and members' equity		
Liabilities		
Accounts payable and accrued expenses	\$ 250,114	\$ 154,013
Other liabilities	79,394	175,529
Due to affiliate	—	29,528
Total liabilities	329,508	359,070
Members' equity	2,127,933	2,377,772
Total liabilities and members' equity	\$ 2,457,441	\$ 2,736,842

See accompanying notes.

RealSource Management, LLC

Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue - related parties				
Property management fees and other revenues	\$ 1,168,212	\$ 1,215,658	\$ 2,117,683	2,218,532
Cost reimbursement revenue	543,731	511,668	1,069,524	988,728
Support and advertising revenue	210,009	178,436	403,686	349,856
Total revenue - related parties	1,921,952	1,905,762	3,590,893	3,557,116
Operating expenses				
Reimbursable expenses	561,143	498,986	1,085,321	981,914
Support and advertising expenses	19,313	2,721	59,014	83,385
Payroll expenses	666,512	794,334	1,593,123	1,536,643
General and administrative expenses	315,415	329,042	434,093	677,493
Total operating expenses	1,562,383	1,625,083	3,171,551	3,279,435
Operating income	359,569	280,679	419,342	277,681
Other income, net	15,882	6,327	27,792	9,335
Net income	\$ 375,451	\$ 287,006	\$ 447,134	\$ 287,016

See accompanying notes.

RealSource Management, LLC

Statements of Members' Equity

(Unaudited)

	Total Members' Equity
Balance at January 1, 2024	<u>\$ 1,708,272</u>
Contributions	492,227
Distributions	316,486
Net income	103,529
Balance at March 31, 2024	<u>\$ 2,620,514</u>
Contributions	3,600
Distributions	(108,399)
Net income	183,487
Balance at June 30, 2024	<u>\$ 2,699,202</u>

	Total Members' Equity
Balance at January 1, 2025	<u>\$ 2,377,772</u>
Contributions	(24,744)
Distributions	(77,207)
Net income	220,796
Balance at March 31, 2025	<u>\$ 2,496,617</u>
Contributions	4,975
Distributions	(599,997)
Net income	226,338
Balance at June 30, 2025	<u>\$ 2,127,933</u>

See accompanying notes.

RealSource Management, LLC

Statements of Cash Flows

(Unaudited)

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 447,134	\$ 287,016
Changes in operating assets and liabilities:		
Accounts receivable - related parties	643,168	336,081
Prepaid and other current assets	36,880	(201,373)
Accounts payable and accrued expenses	(29,561)	(198,608)
Other assets	137,935	—
Net cash provided by operating activities	1,235,556	223,116
Cash flows from investing activities		
Investments	—	(370,710)
Net cash used in investing activities	—	(370,710)
Cash flows from financing activities		
Contributions	(19,770)	79,340
Distributions	(677,204)	208,087
Net cash (used in) provided by financing activities	(696,974)	287,427
Net change in cash	538,582	139,833
Cash, beginning of year	203,399	155,235
Cash, end of year	<u>\$ 741,981</u>	<u>\$ 295,068</u>

See accompanying notes.

RealSource Management, LLC

Notes to the Financial Statements

(Unaudited)

NOTE 1 - ORGANIZATION AND BUSINESS

RealSource Management, LLC (“RSM”) is a Utah Limited Liability Company formed on January 1, 2006. Unless the context indicates otherwise, the “Partnership,” “we,” “our” or “us” refers to RSM and its wholly-owned subsidiary RSM Investment Club, LLC (“RSM Investment Club”). RSM was formed to provide property management services for multifamily apartment communities located throughout the United States. RSM Investment Club was formed to assist employees with investing in real estate properties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance accounting principles generally accepted in the United States of America (“GAAP”) and includes the accounts of RSM and RSM Investment Club. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

We consider all cash on deposit, money market funds and short-term investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of amounts the Company has on deposit with major commercial financial institutions. There were no cash equivalents at June 30, 2025 or December 31, 2024.

Accounts Receivable – Related Parties

Accounts receivable consists of amounts due from managed properties for fees and other reimbursable expenses. We present our accounts receivable net of allowances for amounts that may not be collected. We assess all accounts receivable for credit losses and establish an allowance to reflect the net amount expected to be collected. The allowance is determined based on an assessment of historical collection activity, the nature of the receivable, and the current business environment. As of June 30, 2025 and December 31, 2024, there was no allowance for credit losses.

Revenues – Related Parties

Revenue consists of property management fees, construction management fees and other fees charged to properties under management, including allocated shared costs or fees paid by tenants who opt into a waiver program that covers accidental property damage. Performance obligations are defined in each contract and revenue is recognized on a monthly basis over the term of the agreement as services are performed. Fees are variable consideration, as the property management fees are based on a percentage of the total gross rental income, and construction management fees are based on a percentage of the cost of construction expenditures. At the point the revenues are invoiced and recognized, the amount of

RealSource Management, LLC

Notes to the Financial Statements- Continued

(Unaudited)

consideration to be received is finalized and the uncertainty has been resolved. In addition, RSM provides shared services such as support and advertising based on fees in accordance with the property operating budgets. The support and advertising fees will be used for advertising, marketing, promotion and sales services on a group basis. Support and advertising fees earned are included in support and advertising revenue in the accompanying statement of operations. Support and advertising fee revenue is recognized on a monthly basis over the term of the agreements as services are performed.

RSM is also reimbursed for expenses paid or incurred on behalf of the properties under management in connection with the services it provides. Revenue for cost reimbursements is recognized on a gross basis as incurred, included in cost reimbursement revenue and reimbursable expenses, respectively, in the accompanying statement of operations.

RSM generally receives payments from properties as it satisfies its performance obligations and records a receivable when it has an unconditional right to receive payment and only the passage of time is required before payment is due. Construction management fees are paid when the related construction is complete.

Concentration of Credit Risks

Financial instruments that potentially subject RSM to concentrations of credit risk consist principally of cash and cash equivalents. At times, balances with any one financial institution may exceed the Federal Deposit Insurance Corporation insurance limits. RSM believes it mitigates this risk by investing its cash with high-credit quality financial institutions.

Advertising Costs

RSM expenses advertising costs as incurred. Advertising costs are included in general and administrative expenses and support and advertising expenses in the accompanying statement of operations.

Leases

RSM leases office space from an entity owned by the RSM's CEO under a month-to-month lease arrangement with no expiration date. RSM determines if an arrangement is a lease or contains a lease at the inception of a contract and categorizes leases at inception as either operating or finance leases. As the lease arrangement is month-to-month, we do not recognize a lease right-of-use asset and lease liability related to such payments. Rent expense is recognized as incurred and is included in general and administrative expenses on the accompanying consolidated statement of operations.

Income Taxes

Due to RSM being a partnership, it has no tax liability, and all of its income or losses are passed onto the individual members.

NOTE 3 - MEMBER'S EQUITY

Members' equity consists of one class of member units. As of June 20, 2025 and December 31, 2024, total owner equity was \$2.1 million and \$2.4 million, respectively.

RealSource Management, LLC

Notes to the Financial Statements- Continued

(Unaudited)

NOTE 4 - TRANSACTIONS WITH RELATED PARTIES

RSM's operations are entirely to perform services for real estate properties owned by RealSource Properties OP, LP subsidiaries under property management agreements. RSM's revenues and accounts receivable reflected in the accompanying statement of operations and balance sheet, respectively, are entirely due from related parties. See also Note 2.

The due to affiliates balance of \$29,528 at December 31, 2024 was due to RealSource Properties Advisor, LLC for payroll and benefits expense allocation. There was no due to affiliates balance at June 30, 2025.

RSM leases office space from an entity owned by RSM's CEO under a month-to-month lease arrangement. Total rent paid during the six months ended June 30, 2025 and 2024 was not significant.

NOTE 5 - SUBSEQUENT EVENTS

We have evaluated subsequent events through November 11, 2025, the date the financial statements were available to be issued for recognition or disclosure and have determined there are none to be reported or disclosed in the financial statements other than those mentioned below.

Merger

On June 25, 2025, Cottonwood Communities, Inc. (“CCI”), Cottonwood Residential O.P., LP, a subsidiary and the operating partnership of CCI (“CROP”), Cottonwood Communities GP Subsidiary, LLC, a wholly owned subsidiary of CCI (“Merger Sub” and together with CCI and CROP, the “CCI Parties”), RealSource Properties, Inc. (“RS”) and RealSource Properties OP, LP (“RPOP”) (together with RS, the “RS Parties”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). Contemporaneously with signing the Merger Agreement, the RS Parties entered into an Internalization Agreement with (i) RealSource Properties Advisor, LLC (“RSPA”), which is the external advisor to the RS Parties, (ii) RS Property Management, LLC (“RSPM”), which provides property management services to properties owned by subsidiaries of RPOP, (iii) RealSource Management, LLC (“RSM”), which provides personnel to RSPA and RSPM and property management services to properties owned by subsidiaries of RSOP as well as seven properties held by third parties (RSPA, RSPM and RSM are referred to collectively as the “Contributed Entities”).

Pursuant to the Internalization Agreement, RPOP will acquire all of the equity interest in RSPA, RSPM and RSM (collectively, the “Contributed Equity Interests”). The Internalization Agreement also provides for, among other things:

- The termination of the RSPA’s Advisory Agreement with RPOP (the “Advisory Agreement”) other than those sections which expressly survive termination of the Advisory Agreement and other matters related to the termination of the Advisory Agreement, including the following:
 - The waiver of the right of RSPA, as holder of a special limited partnership interest in RPOP, to require RPOP to purchase such special limited partnership interest in connection with the termination of the Advisory Agreement; and
 - A waiver of RSPA’s right under the Advisory Agreement to receive disposition fees in connection with the Merger.